

ORIGINAL

Decision No. 55136

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
KAY TEE FREIGHTLINES, a California
corporation, for authority to sell
and issue its capital stock;

-and-

In the Matter of the Application of
KAY TEE FREIGHTLINES, a California
corporation, to purchase, and
RINGSBY TRUCK LINES, INC., a
Nebraska corporation, to sell
certain operating rights.

Application No. 39086

O P I N I O N

This is an application for an order (1) authorizing Ringsby Truck Lines, Inc., a Nebraska corporation, to sell operative rights to Kay Tee Freightlines, a California corporation, and (2) authorizing Kay Tee Freightlines to issue 100 shares of its no par common stock.

The operative rights to be transferred were acquired by Ringsby Truck Lines, Inc., under authorization granted by Decision No. 54213, dated December 11, 1956, and permit operations as a highway common carrier of general commodities between Los Angeles and certain adjacent points, on the one hand, and points on Highway 127 between Baker and the California-Nevada state line and 15 miles laterally, on the other hand, and between Death Valley Junction and Stovepipe Wells and all intermediate points. Ringsby Truck Lines, Inc., desires to dispose of such operations and has entered into an

agreement to sell the operative rights to Kay Tee Freightlines for the sum of \$1,000 in cash.

Information filed with the Commission shows that Kay Tee Freightlines was organized recently by Ralph A. Hagopian, that Ralph A. Hagopian has been operating as a radial highway common carrier, a highway contract carrier, and a city carrier and that he proposes to transfer to the new corporation, in exchange for 100 shares of stock, five tractors and eight semitrailers having a reported net value of \$19,761. The corporation will assume \$13,789 of notes outstanding against the equipment.

The application shows that Ralph A. Hagopian has been engaged in the motor truck transport business for many years and that he has agreed to make available to the new corporation such operating capital as may be required.

Upon reviewing this matter we are of the opinion, and so find, that a public hearing is not necessary and that the transfer will not be adverse to the public interest. In making our order, we place applicants on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the state as the consideration for the grant of such rights. Aside from their purely permissive aspect, they extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be changed or destroyed at any time by the state, which is not in any respect limited as to the number of rights which may be given.

The action taken herein shall not be construed to be a finding of the value of the operative rights herein authorized to be transferred.

O R D E R

The Commission having considered the above-entitled matter and being of the opinion that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for by the issue of the shares of stock herein authorized is reasonably required by applicant corporation for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Ringsby Truck Lines, Inc., may sell and transfer to Kay Tee Freightlines, a corporation, the operative rights referred to in the preceding opinion.
2. Kay Tee Freightlines, a corporation, may issue not exceeding 100 shares of its common stock and may assume the payment of outstanding liabilities of \$13,789 in consideration for the transfer of the equipment described in Exhibit C filed in this proceeding.
3. On not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of such transfer, applicants shall supplement or reissue the tariffs

on file with the Commission naming rates, rules and regulations governing the common carrier operations here involved to show that Ringsby Truck Lines, Inc., has withdrawn or canceled and Kay Tee Freightlines has adopted or established as its own, said rates, rules and regulations. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 80.

4. Kay Tee Freightlines shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

5. The authority herein granted will become effective twenty days after the date hereof.

Dated at San Francisco, California, this 2nd day of July, 1957.

[Signature]
President
[Signature]
[Signature]
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Commissioners