

ORIGINALDecision No. 55245

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Edwin T. Hughes, doing)
 business as HUGHES TRUCK-A-WAY, and)
 Corbin Douglass to transfer operating)
 rights and other public utility property)
 to HUGHES TRUCK-A-WAY, INC., a) Application No: 38922
 corporation; and of HUGHES TRUCK-A-WAY,)
 INC., a corporation, for authority to)
 issue capital stock.)

Gordon, Knapp and Gill, by Wyman C. Knapp
 for applicants.
Phil Jacobson for Insured Transporters Inc.,
 and Auto Shippers Inc., protestants,
 and Hadley Auto Transport and Robertson
 Truckaway, interested parties.

O P I N I O N

In this application the Commission is asked to make an order authorizing Hughes Truck-A-Way, Inc., to issue not exceeding 45,242 shares of its common stock of the aggregate par value of \$45,242.

A public hearing was held in Los Angeles before Examiner Mark V. Chiesa. Oral and documentary evidence having been adduced the matter was submitted for decision.

Hughes Truck-A-Way, Inc., was incorporated in this state on April 9, 1946, under its original name of "Trailer Maintenance Corporation" with a capital stock structure of 75,000 shares of the par value of \$1.00 each. Prior to this application it has issued and there are now outstanding 10 shares, 5 shares each in the name of Edwin T. Hughes and Lois Hughes, his wife. The corporation has been inactive.

Edwin T. Hughes is the owner of a certificate of public convenience and necessity granted by Decision No. 45990, dated July 24, 1948, authorizing the transportation of motor vehicles and related items generally throughout the state. He has been using in the conduct of his business as an individual motor vehicle equipment, under lease arrangements with Corbin Douglass, consisting of four Ford tractors and five A.T.S. trailers having a reported depreciated book value of \$34,123.

By the application, as amended, it is proposed to issue 34,123 shares to Corbin Douglass for said equipment, 6,119 shares to Edwin T. Hughes for his business and assets including the operating right, subject to liabilities, and an additional 5,000 shares to Hughes for cash to further finance the corporation. The corporation will then continue to operate said business, as heretofore authorized, applying the same rates, rules and regulations.¹

A pro forma balance sheet, as amended at the hearing, shows the financial condition of Hughes Truck-A-Way, Inc., as of January 31, 1957, as follows: Total Assets \$72,776.87; Total Liabilities \$27,534.21; Net Worth \$45,242.66, represented by 45,242 shares of capital stock.²

There is no evidence of record that would justify a denial of the application and the Commission is of the opinion and finds that the proposed transfer will not be adverse to the

¹ A statement of the assets and liabilities of Edwin T. Hughes and a list of the equipment of Corbin Douglass being acquired by the transferee corporation are shown in Exhibits B and C attached to the application.

² Does not include 10 shares now outstanding.

public interest and should be approved. 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 properties herein authorized to be transferred.

O R D E R

A public hearing having been held, the Commission having found, as hereinabove set forth, and being of the opinion that the money, property or labor to be procured or paid for through the issue of \$45,242 of common stock herein authorized is reasonably required by applicant for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Edwin T. Hughes and Corbin Douglass may transfer the operative rights and equipment referred to herein to Hughes Truck-A-Way, Inc., and Hughes Truck-A-Way, Inc., in acquiring the

same, may assume the payment of outstanding indebtedness and issue 45,242 shares of its common stock at its par value for the purposes set forth in the preceding opinion.

2. 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 Edwin T. Hughes has withdrawn or canceled and Hughes Truck-A-Way, Inc., 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.

3. Hughes Truck-A-Way, Inc., 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.

4. The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 9th day of July, 1957.

President
Paul J. [unclear]

Matthew [unclear]

P. [unclear]

C. [unclear]
Commissioners

-4- Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.