

**ORIGINAL**

Decision No. 55603

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
1) DOUDELL TRUCKING COMPANY, a corporation, to issue stock, to reduce its stated capital and to transfer certificates of public convenience and necessity, equipment and property to TANKWAYS, a corporation; and 2) of TANKWAYS to issue stock.

Application No. 39350

O P I N I O N

In this application the Commission is asked to make an order authorizing Doudell Trucking Company, a corporation, to transfer operative rights, equipment and assets to Tankways, a corporation; authorizing Doudell Trucking Company to issue \$54,380 par value of common stock; and authorizing Tankways to issue \$129,990 par value of common stock.

Doudell Trucking Company is engaged in business as a petroleum irregular route carrier and as a highway common carrier of petroleum products and also as a highway common carrier of general commodities between all points in the San Francisco Territory and certain specified commodities between Avon and points in the San Francisco Territory. The management of the corporation now desires to separate the petroleum transportation from the dry commodities transportation and has made arrangements to transfer the certificates permitting the transportation of petroleum products to Tankways, a new corporation which it has organized to take over such operations. To bring about the proposed separation the following steps are contemplated:

1. Doudell Trucking Company will transfer to Tankways its certificates of public convenience and necessity to operate as a highway common carrier of petroleum products and as a petroleum irregular route carrier and motor vehicle equipment, tires and tubes having a net book value of \$106,975 in exchange for Tankways' common stock of the par value of \$106,970.

2. Doudell Trucking Company will transfer said \$106,970 of Tankways' stock to John W. Doudell, its sole stockholder, in consideration for the surrender to it of shares of its presently outstanding stock and will reduce its stated capital.

3. Doudell Trucking Company will issue \$54,380 par value of its common stock to John W. Doudell in exchange for motor vehicle equipment owned by him having a net book value of \$54,387.

4. Tankways will issue \$106,970 of its common stock in acquiring the rights, equipment and assets of Doudell Trucking Company.

5. Tankways will issue, in addition, \$23,020 par value of its common stock to John W. Doudell in exchange for \$4,472.12 of cash and equipment having a net book value of \$18,552.10.

For 1956, Doudell Trucking Company reported gross revenues of \$1,355,614, of which about 71 per cent arose from its tanker operations, and net income of \$18,383. It asserts that the separation of the two classes of transportation, as proposed, will facilitate the segregation of operating costs and the determination of the results of operations and will result in tax advantages. Upon conclusion of the transactions, all the stock of both companies

will be held by John W. Doudell and each corporation will own the equipment it utilizes in its operations.

Upon reviewing the application we are of the opinion, and so find, that the transfer will not be adverse to the public interest, that the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. Accordingly, we will enter our order authorizing the transfer of rights and properties and the issue of stock as requested. No authorization by this Commission is required for the reduction in the stated value of the stock of Doudell Trucking Company.

Applicants are placed 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 limited in any respect 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 rights and properties herein authorized to be transferred.

ORDER

The Commission having considered the above-entitled matter and being of the opinion that a public hearing is not necessary and that the application should be granted, therefore,

IT IS HEREBY ORDERED as follows:

1. Doudell Trucking Company, a corporation, may transfer to Tankways, a corporation, the certificates of public convenience and necessity granted by Decision No. 43505, dated November 7, 1949, and Decision No. 44378, dated June 20, 1950, together with the authority granted by Decision No. 55509, dated September 3, 1957, to publish lower than established minimum rates, and the motor vehicle equipment, tires and tubes described in Exhibit B-1 attached to the application.
2. Doudell Trucking Company may issue not exceeding \$54,380 par value of common stock to John W. Doudell in consideration for his transfer of motor vehicle equipment described in Exhibit B-2 attached to the application.
3. Tankways, a corporation, may issue not exceeding \$106,970 par value of common stock in consideration for the transfer to it of the certificates, equipment and property referred to in ordering paragraph 1 herein.
4. Tankways may issue not exceeding \$23,020 par value of common stock in consideration for the transfer to it of cash in the sum of \$4,472.12 and the equipment described in Exhibit B-3 attached to the application.
5. On not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of the transfer herein authorized, applicants shall supplement or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the operations here involved to show that

Doudell Trucking Company has withdrawn or canceled and that Tankways 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.

6. Doudell Trucking Company and Tankways 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.

7. The authority herein granted will become effective 20 days after the date hereof and if not exercised will expire on February 28, 1958.

Dated at Los Angeles, California, this 24th day of September, 1957.

[Signature]  
 President

[Signature]  
 [Title]

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 Commissioners