

Decision No. 55955

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:

(a) G & H TRANSPORTATION, INC., a corporation to purchase, and of JERRY GOODWILL, an individual doing business as G & H TRANSPORTATION, to sell, a certificate of public convenience and necessity for transportation of general commodities between various points in southern California, pursuant to Sections 851-853 of the California Public Utilities Code.

Application No. 39578

(b) G & H TRANSPORTATION, INC., a corporation, to issue shares of its common capital stock pursuant to Sections 816-830 of the California Public Utilities Code.

O P I N I O N

This is an application for an order of the Commission (1) authorizing Jerry Goodwill, doing business as G & H Transportation, to transfer operative rights, business and assets to G & H Transportation, Inc., a corporation, and (2) authorizing said corporation to assume the payment of liabilities and to issue 17,114 shares of its common stock of the par value of \$1 each and of the aggregate par value of \$17,114.

By Decision No. 54906, dated April 22, 1957, the Commission granted to Jerry Goodwill a certificate of public convenience and necessity authorizing him to operate as a highway common carrier for the transportation of general commodities, with certain exceptions, in portions of southern California. By Decision No. 55611, dated

September 24, 1957, the Commission authorized Jerry Goodwill, doing business as G & H Transportation, and N. D. Williams, doing business as Desert Transfer & Storage, to establish through service, through routes and joint rates, and to depart from the long-and-short haul provisions of the Constitution of the State of California and the Public Utilities Code to the extent necessary to establish the joint rates.

A condensed statement of applicant Jerry Goodwill's assets, liabilities and net worth as of September 30, 1957, prepared from Exhibit B attached to the application, is as follows:

| <u>Assets</u> | |
|--|-----------------|
| Current assets | \$23,820 |
| Fixed assets, less reserve for accrued depreciation | <u>18,796</u> |
| Total | <u>\$42,616</u> |
| <u>Liabilities and Net Worth</u> | |
| Current liabilities | \$18,318 |
| Equipment obligations | 6,845 |
| Clearing account | 339 |
| Net worth - Jerry Goodwill | <u>17,114</u> |
| Total | <u>\$42,616</u> |

It now appears that Jerry Goodwill has concluded his operations can be conducted more advantageously by means of a corporate form of organization and that he proposes to transfer his operative rights, business and assets to G & H Transportation, Inc., a corporation which he caused to be formed on August 23, 1954, under the laws of the State of California, for the express purpose of taking over his rights, business and assets and of continuing the operations. The corporation, in acquiring the operative rights, business and assets will assume the outstanding liabilities and will issue its stock in

the amount of \$17,114, being the reported net worth at September 30, 1957. A detailed statement of the balance sheet figures indicates that nothing is included in the asset values for operative rights.

It is reported that there will be no change in the rates of service as the result of the transfer, that the same operative properties will be available to the corporation as now are utilized by applicant Jerry Goodwill, and that he will continue to participate in the management. Upon reviewing the verified application, we are of the opinion and so find that the transfer will not be adverse to the public interest and should be authorized.

Applicants are hereby 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 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 rights and properties herein authorized to be transferred.

O R D E R

The Commission having considered the above-entitled matter and being of the opinion that a public hearing is not necessary, 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 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. Jerry Goodwill, on and after the date hereof and on or before May 31, 1958, may transfer to G & H Transportation, Inc., a corporation, the operative rights granted by the Commission by Decision No. 54906, dated April 22, 1957, and his business and assets as set forth in this application.
2. G & H Transportation, Inc., a corporation, in payment for such rights, business and assets, may issue not exceeding 17,114 shares of its common stock of the aggregate par value of \$17,114, and may assume the payment of the outstanding indebtedness.
3. Effective concurrently with the consummation of such transfer, Decision No. 55611, dated September 24, 1957, hereby is modified by substituting G & H Transportation, Inc., a corporation, for Jerry Goodwill in connection with joint arrangements with N. D. Williams.
4. 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 operations here involved to show that Jerry Goodwill has withdrawn or

anceled and G & H Transportation, Inc., a corporation, 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.

5. G & H Transportation, Inc., a corporation, 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.

6. This order will become effective on the date hereof.

Dated at San Francisco, California, this 16th day of December, 1957.

John E. Walsh
President
Ray E. Linter
Wm. H. Doolan
R. H. Hardy
E. J. Fox
Commissioners