

ORIGINAL

Decision No. 56306

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of DAVIES WAREHOUSE COMPANY, a corporation, to sell, and DAVIES TRANSPORTATION COMPANY, a corporation, to purchase operating rights and certain properties of a highway common carrier, and the Application of DAVIES TRANSPORTATION COMPANY, a corporation, to issue stock

Application No. 39694

O P I N I O N

Davies Warehouse Company, applicant herein, is a California corporation engaged in business as a public warehouseman in Los Angeles and as a highway common carrier of property. It now seeks to separate its two classes of business and in this application requests authorization to transfer its highway common carrier operative rights and certain assets to Davies Transportation Company, a new corporation which it has organized for the purpose of taking over such rights and assets and of continuing the transportation operations. The new corporation asks for a permit to issue \$7,000 par value of its common stock.

The operative rights to be transferred were granted to Davies Warehouse Company by Decision No. 55019, dated May 21, 1957, in Application No. 36423 and authorized the transportation of general commodities between all points within a 60-mile radius of Los Angeles. The other assets included in the transaction consist of seven trucks and seven trailers and current assets having a total book value of \$7,000, as follows:

Assets

Trucks and trailers	\$26,720.20	
Reserve for depreciation	<u>25,683.53</u>	
Net		\$1,036.67
Prepaid insurance		1,161.50
Cash		<u>4,801.83</u>
Total		<u>\$7,000.00</u>

It appears that as the result of the transfer there will be no change in the rates or service offered the public and that the same equipment will be available to Davies Transportation Company as is now utilized by Davies Warehouse Company. It is reported that certain leased equipment operated by Davies Warehouse Company in its business as a highway common carrier will be assigned to Davies Transportation Company.

Upon a review of the verified application, we are of the opinion, and so find, that the proposed 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 purpose specified herein and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

Davies Transportation Company is 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 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, and that the application should be granted, therefore,

IT IS HEREBY ORDERED as follows:

1. Davies Warehouse Company, on and after the effective date hereof and on or before July 31, 1958, may transfer to Davies Transportation Company the certificate of public convenience and necessity granted to it by Decision No. 55019, dated May 21, 1957, and the other assets referred to in this application.

2. Davies Transportation Company, in payment for said assets, may issue not exceeding \$7,000 par value of its common stock.

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 Davies Warehouse Company has withdrawn or canceled and Davies Transportation Company 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. Davies Transportation Company 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 20 days after the date hereof.

Dated at Los Angeles, California, this 3rd day of MARCH, 1958.

[Signature]
President
[Signature]
[Signature]
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Commissioners