

ORIGINAL

Decision No. 57549

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of HARRY STEWARD, an individual doing business as AUTO PURCHASING AGENCY, and AUTO PURCHASING AGENCY, INC., a California corporation, for transfer of Certificate of Public Convenience and Necessity to operate as a highway common carrier, from HARRY STEWARD to AUTO PURCHASING AGENCY, INC. (Pursuant to Sections 816-830 and 851-853 of the Public Utilities Code.)

Application
No. 40492

O P I N I O N

This is an application for an order of the Commission authorizing Harry Steward, an individual doing business as Auto Purchasing Agency, to transfer his highway common carrier operations to Auto Purchasing Agency, Inc.

It appears that on December 4, 1951, by Decision No. 46503, the Commission granted to Harry Steward a certificate of public convenience and necessity authorizing him to operate as a highway common carrier of automotive parts and accessories; automotive material, supplies and tools; automotive gas and diesel engines and parts; and agricultural implements and parts, between the Los Angeles metropolitan area and certain other points in the southern part of the state; that said Harry Steward has been conducting operations since that time; and that during 1957 he reported operating revenues of \$310,016 and net income of \$20,297.

The present application shows that Harry Steward desires to conduct his operations by means of a corporate agency, that on July 7, 1958, he organized the Auto Purchasing Agency, Inc., and that he proposes to transfer his operations to it under arrangements whereby he will receive shares of stock, at dollar for dollar, in cancellation of amounts advanced by him in the sum of \$19,000.

A statement showing the assets and liabilities of the enterprise, as of July 8, 1958, is as follows:

<u>Assets</u>		
Tangible assets, less reserves		\$19,476.60
Current assets -		
Cash	\$19,209.90	
Account receivable	18,386.65	
Prepaid expenses	<u>3,069.52</u>	
Total current assets		<u>40,666.07</u>
Total		<u>\$60,142.67</u>
<u>Liabilities</u>		
Equipment obligations		\$ 1,843.29
Current liabilities		20,689.13
Advances by officers -		
Notes payable	\$18,610.25	
Loans payable	<u>19,000.00</u>	
Total advances		<u>37,610.25</u>
Total		<u>\$60,142.67</u>

Upon the conclusion of the transaction, the corporation will have outstanding \$19,000 of stock and \$18,610 of notes payable to officers, on the basis of the foregoing figures.

Upon review of the application it appears that there will be no change in the operations as the result of the transfer and, accordingly, we are of the opinion that the proposed transaction will not be adverse to the public interest and that it 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 as a finding of the value of the operative rights and equipment herein authorized to the 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, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Harry Steward may transfer the operative rights referred to in the preceding opinion, and his equipment, to Auto Purchasing Agency, Inc., a corporation, and Auto Purchasing Agency, Inc., in acquiring the same, may assume the payment of outstanding liabilities as indicated in the financial statement appearing in said opinion and may issue not to exceed \$19,000 par value of its capital stock, it being the opinion of the Commission that the money, property or labor to be procured or paid for by the issue of said stock is reasonably required for the purpose indicated herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

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 Harry Steward, an individual doing business as Auto Purchasing Agency, has withdrawn or canceled and Auto Purchasing Agency, 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.

3. Auto Purchasing Agency, 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.

4. The authority herein granted shall become effective on the date hereof and, if not exercised, will expire on April 30, 1959.

Dated at San Francisco, California, this 3rd day of November, 1958.

C. Lynn Fox
President
Paul H. Bremer
Theodore Bremer
Commissioners