

ORIGINAL

Decision No. 58837

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:

(a) BLYTHE TRANSPORTATION, a corporation, and of RAY WOLFE, an individual doing business as BLYTHE TRANSPORTATION, to sell a certificate of public convenience and necessity for the transportation of general and special commodities between various points in Southern California, pursuant to Sections 851-853 of the California Public Utilities Code.

Application No. 41245

(b) BLYTHE TRANSPORTATION, a corporation, to issue shares of its common capital stock and evidence of indebtedness, 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 Ray Wolfe to transfer operative rights and equipment to Blythe Transportation, a corporation, and (2) authorizing Blythe Transportation, a corporation, to issue \$15,000 par value of its common stock and to incur long-term indebtedness of \$25,000.

Ray Wolfe, doing business as Blythe Transportation, is engaged in the operation of a highway common carrier service for the transportation of general commodities, with certain exceptions, between Los Angeles and Riverside, on the one hand, and Blythe and points within 25 miles, on the other hand, and for the transportation of special commodities between Azusa, Claremont, Corona and

Ontario, on the one hand, and Blythe and points within 25 miles, on the other hand, under a certificate of public convenience and necessity granted by the Commission, and in the operation of a radial highway common carrier service under a permit. According to his latest annual report, his total revenues for 1958 aggregated \$67,088, and his net revenues, \$5,465.

It appears that Ray Wolfe now has found it necessary to retire from the operation of his business and that he has made arrangements to sell his operative rights and equipment to Glenn E. Whitlock and George A. Prall who, in turn, have made an assignment to Blythe Transportation, a corporation which they have organized for the express purpose of taking over the operative rights and equipment and of continuing the operations and which will issue stock and incur indebtedness in order to finance the acquisition and to provide working capital. A pro forma balance sheet, showing the new corporation's initial financial position and capitalization, is contained in Exhibit D and is as follows:

<u>Assets</u>	
Current assets -	
Cash on hand	\$15,000
Fixed assets -	
Motor vehicle equipment, office equipment, dock equipment and tools	25,000
Certificate of public convenience and necessity, radial highway common carrier permit, goodwill	<u>          </u>
Total	<u>\$40,000</u>
<u>Liabilities and Capital</u>	
Long-term liabilities -	
Five-year contract for purchase of motor vehicle equipment, office equipment, dock equipment, tools	\$25,000
Capital -	
1,500 shares	<u>15,000</u>
Total	<u>\$40,000</u>

The outstanding shares of stock will be held by Glenn E. Whitlock and George A. Prall. The \$25,000 five-year contract will be payable to applicant Wolfe in equal monthly installments of \$416.67 over a period of five years, with interest at the rate of 6% per annum. The tangible property includes eight units of rolling stock, together with tools, equipment, spare parts and office facilities.

The new corporation will continue the present motor carrier operations of Ray Wolfe in substantially the same manner as at present and with the same facilities. It appears that there will be no change in the rates or service to the public and, accordingly, we are of the opinion, and so find, that the proposed transfer will not be adverse to the public interest. We will enter our order granting the application.

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 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 operative rights and equipment 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, that the money, property or labor to be procured or paid for by the issue of the stock and long-term indebtedness herein authorized is reasonably required by applicant corporation 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. Ray Wolfe, on and after the effective date hereof and on or before December 31, 1959, may transfer to Blythe Transportation, a corporation, the operative rights acquired by him by virtue of Decision No. 54865, dated April 16, 1957, as amended by Decision No. 55275, dated July 15, 1957, and the operative equipment as set forth in this application.

2. Blythe Transportation, a corporation, in acquiring said operative rights and equipment, and in order to provide working capital, may issue not to exceed 1,500 shares of common stock of the total par value of \$15,000, and may execute long-term indebtedness of \$25,000, payable over a period of five years.

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 operations here involved to show that Ray Wolfe has withdrawn or canceled and Blythe Transportation, 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.

4. Blythe Transportation, 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.

5. The authority herein granted will become effective when Blythe Transportation, a corporation, has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California, this  
4th day of August, 1959.

Carroll A. Reed  
President  
Marion D. Doolan  
E. J. Fox  
Theodore J. Danner

