

Decision No. 58859

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:

(a) NEEDLES-BLYTHE FREIGHT LINES, a corporation, to purchase, and of WILLIAM M. CLAYPOOL, JR., ARIMA W. CLAYPOOL, FRANCES C. BOOM, HERBERT B. BOOM, COURTNEY H. BOOM, WILLIAM M. CLAYPOOL, III, JOHN W. CLAYPOOL, JAMES B. CLAYPOOL, ELIZABETH BARROWS, and JANE JOHNSTON, copartners doing business as CLAYPOOL & CO., to sell certificates of public convenience and necessity for the transportation of general commodities between various points in Southern California, pursuant to Section 851-853 of the California Public Utilities Code; and

(b) NEEDLES-BLYTHE FREIGHT LINES, a corporation, to issue shares of its common capital stock pursuant to Sections 816-830 of the California Public Utilities Code.

Application No. 41309

O P I N I O N

This is an application for an order of the Commission

(1) authorizing William M. Claypool, Jr., Arima W. Claypool, Frances C. Boom, Herbert B. Boom, Courtney H. Boom, William M. Claypool, III, John W. Claypool, James B. Claypool, Elizabeth Barrows, and Jane Johnston, copartners doing business as Claypool & Co., to transfer operative rights and equipment to Needles-Blythe Freight Lines, a corporation, and (2) authorizing Needles-Blythe Freight Lines, a corporation, to issue 500 shares of its common stock of the aggregate par value of \$50,000.

The partnership is engaged in the operation of a highway common carrier service for the transportation of general commodities, with certain exceptions, between San Bernardino, on the one hand, and points on U. S. Highway 66 between Ludlow and Needles, both inclusive, on the other hand, and between Los Angeles and Riverside, on the one hand, and Blythe and points within 25 miles, on the other hand, under certificates of public convenience and necessity granted by the Commission and in the operation of highway contract carrier and radial highway common carrier service under permits. According to Exhibit B filed in this proceeding, its total revenues for the first five months of 1959 amounted to \$63,763 and its net operating income to \$4,534.

It appears that the members of Claypool & Co. are engaged in numerous activities and that they now desire to separate their carrier operations by transferring the operative rights and equipment to a corporation, named Needles-Blythe Freight Lines, which they have organized for the express purpose of taking over the operative rights and equipment and of continuing the operations. The new corporation will acquire the tangible equipment at its book value and will issue shares of common stock to finance the acquisition and to provide working capital. A pro forma balance sheet, showing the corporation's initial financial position and capitalization, is contained in Exhibit D and is as follows:

Assets

Cash	\$24,021.27
Equipment	<u>25,978.73</u>
Total	<u>\$50,000.00</u>

Liabilities and Capital

Capital stock	<u>\$50,000.00</u>
Total	<u>\$50,000.00</u>

The application shows that 465 shares of stock will be issued to certain individuals as trustees for Claypool & Co., and that the remaining 35 shares will be issued to 11 other individuals. The new corporation will continue the present motor carrier operations of the partnership in substantially the same manner as at present and under the same management 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, 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. William M. Claypool, Jr., Arima W. Claypool, Frances C. Boom, Herbert B. Boom, Courtney H. Boom, William M. Claypool, III, John W. Claypool, James B. Claypool, Elizabeth Barrows, and Jane Johnston, copartners doing business as Claypool & Co., on and after the effective date hereof and on or before December 31, 1959, may transfer to Needles-Blythe Freight Lines, a corporation, the operative rights acquired by them by virtue of Decision No. 54200, dated December 4, 1956, and Decision No. 56436, dated April 1, 1958, and the operative equipment as set forth in this application.


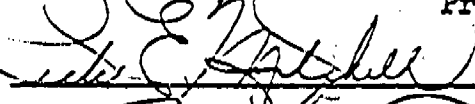

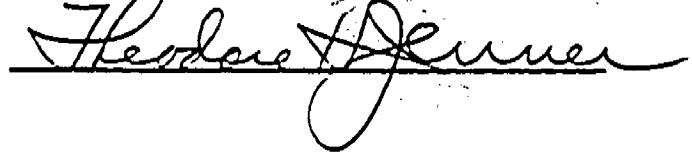
2. Needles-Blythe Freight Lines, a corporation, in acquiring said operative rights and equipment, and in order to provide working capital, may issue not to exceed 500 shares of common stock of the total par value of \$50,000.

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 the present partners have withdrawn or canceled and Needles-Blythe Freight Lines, 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. Needles-Blythe Freight Lines, 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
20 days after the date hereof.

Dated at San Francisco, California, this
11th day of August, 1959.


President



Commissioners