

Decision No. 59564

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of JOHN MOROSA, JOE MOROSA  
and MARIANA MOROSA PURYEAR, co-partners  
doing business as MOROSA BROS.  
TRANSPORTATION, for authority to sell  
and transfer utility properties and  
certificate to MOROSA BROS.  
TRANSPORTATION CO., a California  
corporation, and

Application  
No. 41813

Application of MOROSA BROS.  
TRANSPORTATION CO., a California  
corporation, for authority to purchase  
utility properties and certificate and  
for authority to issue shares as and  
for the purchase price thereof.

O P I N I O N

This is an application for an order of the Commission  
(1) authorizing John Morosa, Joe Morosa and Mariana Morosa  
Puryear, co-partners doing business as Morosa Bros. Transportation,  
to sell and transfer operative rights, equipment and other assets  
to Morosa Bros. Transportation Co., a corporation, and (2)  
authorizing Morosa Bros. Transportation Co., a corporation, to  
assume the payment of outstanding liabilities and to issue  
10,000 shares of its capital stock having an aggregate par  
value of \$100,000.

Morosa Bros. Transportation, a partnership, is engaged  
in the operation of a highway common carrier service for the  
transportation of livestock upon and along routes in California  
and between points as more particularly described and authorized

by this Commission in Decision No. 44837, dated September 26, 1950, in Application No. 31442. According to Exhibit C filed in this proceeding, the co-partners' total motor carrier revenues for the year 1958 amounted to \$527,390 and their net carrier operating income, before income taxes, for the year ended December 31, 1958 amounted to \$9,034.

The partnership owns and operates both utility property and non-utility property. It is desirous of conducting utility operations as a motor carrier under a corporate form of organization in order to separate the utility business from non-utility business, thus providing more stability and continuity in said utility business. To accomplish this objective, the co-partners have caused to be formed Morosa Bros. Transportation Co., a corporation, which will take over the operative rights and equipment of the partnership and will continue the motor carrier operations formerly conducted by the co-partners. The new corporation will acquire the tangible equipment and other net assets at book value and will issue shares of its capital stock to finance the acquisition. A balance sheet of the partnership as of December 31, 1958, is contained in Exhibit C attached to the application and is as follows:

Assets

Current assets -		
Cash in bank	\$ 15,012	
Accounts receivable	45,347	
Prepayments	16,684	
Total current assets		\$ 77,043
Tangible property -		
Carrier property	390,968	
Less: Depreciation reserve	192,667	
Net tangible property		198,301
Total assets		<u>\$275,344</u>

Liabilities and Capital

Current liabilities -		
Accounts payable	\$ 27,216	
Taxes payable	13,529	
Total current liabilities		\$ 40,745
Equipment and other long-term liabilities -		
Equipment obligations	97,294	
Loans - partners	14,084	
Loans - Bakersfield Cattle Feeding Co.	23,221	
Total other liabilities		134,599
Partnership capital		100,000
Total liabilities and capital		<u>\$275,344</u>

The new corporation will continue the 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 a 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. John Morosa, Joe Morosa and Mariana Morosa Furyear, co-partners doing business as Morosa Bros. Transportation, on and after the effective date hereof and on or before June 30, 1960, may sell and transfer to Morosa Bros. Transportation Co., a corporation, the operative rights acquired by them by virtue of Decision No. 44837, dated September 26, 1950, in Application No. 31442, together with the operative equipment and other assets as set forth in this application.

2. Morosa Bros. Transportation Co., a corporation, in acquiring said operative rights, equipment and other assets, may assume the payment of outstanding liabilities and may issue not to exceed 10,000 shares of capital stock of the total par value of \$100,000.

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 John Morosa, Joe Morosa and Mariana Morosa Puryear, co-partners doing business as Morosa Bros. Transportation, have withdrawn or canceled and Morosa Bros. Transportation Co., 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. Morosa Bros. Transportation Co., 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. For accounting purposes only, applicants may record the transfer herein authorized as of January 1, 1960.

6. The authority granted herein shall become effective on the date hereof.

Dated at San Francisco, California,  
this 1st day of February, 1960.

Everett W. Page  
President  
John E. Hatch  
William F. Cook  
Edwin J. Linton  
Frederic J. Jenner  
Commissioners