

ORIGINAL

Decision No. 59866

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:)
)
 B. C. LAWSON, an individual doing)
 business as B. C. LAWSON DRAYAGE,)
 to sell and transfer, and B. C.)
 LAWSON DRAYAGE, INC., a California)
 corporation, to purchase and acquire)
 the operative rights, equipment and)
 other assets of seller and to assume)
 liabilities of seller, also for)
 authority to issue shares of its)
 capital stock.)

Application No. 42020

O P I N I O N

This is an application, filed on March 9, 1960, for an order of the Commission (1) authorizing B. C. Lawson, doing business as B. C. Lawson Drayage, to transfer operative rights, equipment and assets to B. C. Lawson Drayage, Inc., a California corporation, and (2) authorizing said corporation to assume indebtedness and to issue \$20,000 par value of its common stock.

B. C. Lawson is engaged in the transportation of general commodities, with certain exceptions, in the San Francisco-East Bay Cartage Zone, under a certificate of public convenience and necessity granted by Decision No. 50991, dated January 18, 1955, in Application No. 35343, and under city carrier, household goods carrier, and radial highway common carrier permits. A condensed statement of the assets, liabilities and net worth of the operations, as of December 31, 1959, prepared from Exhibit B attached to the application, is as follows:

Assets

Current assets -		
Cash	\$ 5,066.56	
Accounts receivable	19,729.62	
Other current assets	<u>5,750.00</u>	
Total current assets		\$30,546.18
Tangible assets, less reserves		<u>8,501.84</u>
Total		<u>\$39,048.02</u>

Liabilities and Net Worth

Current liabilities		\$ 9,445.53
Net worth		<u>29,602.49</u>
Total		<u>\$39,048.02</u>

For the year 1959, revenues were reported at \$141,371.16 and net profit at \$19,668.34.

It now appears that B. C. Lawson has concluded the operations can be conducted more advantageously by means of a corporate form of organization and that he proposes to transfer his operative rights, equipment and assets to B. C. Lawson Drayage, Inc., a new corporation which he has formed for the express purpose of having it take over such rights, equipment and assets and of continuing the operations. The corporation, in acquiring said operative rights, equipment and assets, will assume the outstanding liabilities and will issue a 6 per cent demand note in the principal sum of \$9,602.49 and common stock in the total par value of \$20,000.

The application shows that there will be no change in the rates or service as the result of the transfer, that the same operative properties and management will be available to the corporation as now are utilized in the operations, and that nothing is claimed for value of the operative rights. Upon reviewing the application,

we are of the opinion, and so find, that the transfer will not be adverse to the public interest and 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 to be a finding of the value of the rights and properties 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. B. C. Lawson may transfer to B. C. Lawson Drayage, Inc., a corporation, the certificate of public convenience and necessity granted by Decision No. 50991, dated January 18, 1955, in Application No. 35343, and the equipment and assets, as set forth in this application.

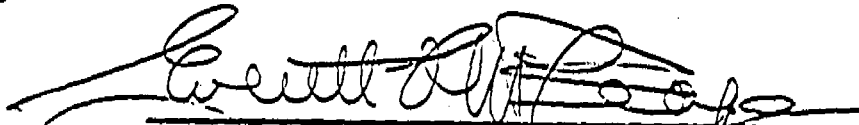
2. B. C. Lawson Drayage, Inc., a corporation, in part payment for such rights, equipment and assets, may issue not to exceed \$20,000 par value of its common stock, and may assume the payment of outstanding indebtedness.


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 B. C. Lawson has withdrawn or canceled and B. C. Lawson Drayage, 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.


4. B. C. Lawson Drayage, 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.

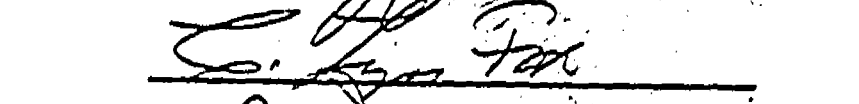
5. This order shall become effective on the date hereof.

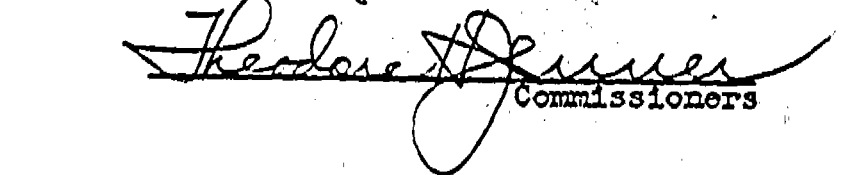
Dated at San Francisco, California, this 5th day of April, 1960.



President








Commissioners