

**ORIGINAL**

Decision No. 60946

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
TWEEDY & MANGOLD, INC., a corporation, and  
ARTHUR F. TWEEDY and HARRY R. MANGOLD, co-  
partners, doing business as TWEEDY &  
MANGOLD, for a permit authorizing the sale  
of and issuance of securities and the  
transfer of a certificate of public con-  
venience and necessity and other property.

Application  
No. 42549

O P I N I O N

In this application, filed on August 8, 1960, Arthur F. Tweedy and Harry R. Mangold, copartners, doing business as Tweedy & Mangold, request authority to sell and transfer their operative rights and all of the assets utilized in their petroleum irregular route carrier operations to Tweedy & Mangold, Inc., a corporation, and Tweedy & Mangold, Inc., a corporation, requests authority to issue shares of its capital stock in payment for the operative rights and assets being acquired.

It is alleged that Tweedy & Mangold, a copartnership, operates as a petroleum irregular route carrier over all public highways and between all points and places in the State of California as authorized by Decision No. 44390, pursuant to Application No. 31229; that the partnership was also issued Permit No. 19-39622 on February 7, 1950, by the Commission to operate as a city carrier, and that said permit is still in effect; and that a separate application is being filed for the transfer of the permit.

In the profit and loss statement for the year ended December 31, 1959, Tweedy & Mangold, a copartnership, reports income

from hauling operations of \$82,333.00 and net operating profit of \$5,584.82 and profit on sale of equipment of \$3,637.80, with total net profit of \$9,222.62 after provision for depreciation and with no provisions for income tax. The assets and liabilities, as reflected in the May 1, 1960, balance sheet, are in condensed form as follows:

ASSETS

Cash in Bank (Verified)		\$ 8,022.80
Accounts Receivable	Schedule "1"	5,000.08
Inventory - Fuel		176.96
Revenue Equipment - Trucks & Trailers	\$75,534.94	
Less: Reserve for Depreciation	<u>64,534.97</u>	10,999.97
Equipment & Building	432.50	
Service Cars	<u>12,496.20</u>	
	12,928.70	
Less: Reserve for Depreciation	<u>9,915.78</u>	3,012.92
Prepaid Taxes & Licenses - Miscellaneous		467.25
Guarantee Deposits	Schedule "2"	<u>1,230.00</u>
Total Assets		<u><u>\$28,909.98</u></u>

LIABILITIES

Accounts Payable	Schedule "3"	\$ 1,430.89
Taxes Payable	Schedule "4"	677.83
Contracts Payable	Schedule "5"	1,800.00
Less: Unearned Interest		<u>133.28</u>
Accrued Payroll		1,666.72
Accrued Compensation Insurance		960.70
		<u>75.90</u>
Total Liabilities		<u><u>\$ 4,812.04</u></u>

Cash in Bank verified by A. L. Bakewell,  
Public Accountant, by letter dated May 25,  
1960.

Arthur F. Tweedy and Harry R. Mangold advise that they now desire to conduct their operations under a corporate form of organization. To accomplish this objective they have caused the

formation of Tweedy & Mangold, Inc., a California corporation, and propose to transfer all of their net assets to the corporation in exchange for 2,000 shares of the corporation's capital stock of the par value of \$10.00 per share and an aggregate par value of \$20,000.00. In transferring the assets to the corporation, no value is assigned to the certificate.

From a review of the application the Commission finds and concludes that the proposed transfer will not be adverse to the public interest, that there will be no change in the rates to be charged to the public as a result of the transfer, that the money, property or labor to be procured or paid for by the issue of the \$20,000 par value of stock herein authorized is reasonably required for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

Tweedy & Mangold, Inc., a corporation, is 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, such rights extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

The order entered herein is not to be construed to be a finding of the value of the operative rights and assets 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, therefore,

IT IS HEREBY ORDERED as follows:

1. Arthur F. Tweedy and Harry R. Mangold, copartners, doing business as Tweedy & Mangold, on or before January 2, 1961, may sell and transfer to Tweedy & Mangold, Inc., a corporation, the petroleum irregular route carrier operative rights and the assets referred to in this application.

2. Within thirty days after the consummation of the transfer herein authorized, Tweedy & Mangold, Inc., a corporation, shall notify the Commission, in writing, of that fact and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect said transfer.

3. Tweedy & Mangold, Inc., a corporation, may assume the payment of outstanding liabilities and may issue not to exceed \$20,000 par value of its common stock for the purpose set forth in this application.

4. 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 this Commission naming rates, rules and regulations governing the operations here involved to show that Tweedy & Mangold, a copartnership, has withdrawn or canceled, and Tweedy & Mangold, 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.

5. Tweedy & Mangold, 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.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 25<sup>th</sup> day of OCTOBER, 1960.

[Signature]  
President

[Signature]

[Signature]

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Commissioners