

ORIGINAL

Decision No. 61755

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:)

EDW. P. WHITE, RICHARD I. PROSSER,)
ANTHONY E. PERRY, MARIE C. BROWN,)
and WILLIAM N. COEY, copartners)
doing business as C. A. WORTH)
& CO., a copartnership,)

SIGNAL TRUCKING SERVICE, LTD.,)
a corporation,)

and)

C. A. WORTH & CO., a corporation,)

Application No. 43149

for authority for SIGNAL TRUCKING)
SERVICE, LTD. to purchase the operative)
rights and property of C. A. WORTH &)
CO., a copartnership, subject to)
certain liabilities, and to transfer)
such operative rights and property to)
C. A. WORTH & CO., a corporation, and)
for C. A. WORTH & CO., a corporation,)
to issue stock, and to assume)
liabilities.)

O P I N I O N

This application was filed on February 10, 1961, for an order of the Commission (1) authorizing Edw. P. White, Richard I. Prosser, Anthony E. Perry, Marie C. Brown, and William N. Coey, copartners doing business as C. A. Worth & Co., to transfer their operative rights and assets, subject to liabilities, to Signal Trucking Service, Ltd., (2) authorizing said corporation to transfer such operative rights and assets, subject to liabilities, to C. A. Worth & Co., a corporation, and (3) authorizing said latter corporation, in acquiring said operative rights and assets, to

assume outstanding indebtedness and to issue \$100,000 par value of its capital stock to Signal Trucking Service, Ltd.

Edw. P. White, Richard I. Prosser, Anthony E. Perry, Marie C. Brown, and William N. Coey, copartners doing business as C. A. Worth & Co., operate as a highway common carrier of general commodities, with certain exceptions, between points in the San Francisco-East Bay Cartage Zone pursuant to a certificate of public convenience and necessity granted by Decision No. 50995, dated January 18, 1955, in Application No. 35127. They report that members of the copartnership desire to retire from business and that for this reason arrangements have been made with Signal Trucking Service, Ltd. for the sale of the operative rights and equipment for the sum of \$100,000.

Signal Trucking Service, Ltd. is a California corporation operating as a public utility under the jurisdiction of this Commission as a warehouseman in Los Angeles County, and as a highway common carrier of property in portions of southern California and as a carrier of petroleum and petroleum products in bulk elsewhere in California. Its operations primarily are in the southern part of the state and the company reports it will be advantageous for it to retain the trade name of C. A. Worth & Co. and to keep operations in and about San Francisco separate from its other operations and that it desires, accordingly, to transfer the rights and properties it will receive from the copartners to a separate corporation named C. A. Worth & Co., in exchange

for \$100,000 of stock.⁽¹⁾ It appears that General Appraisal Company has made a recent valuation of the equipment and that the entire purchase price is assignable to the tangible properties, no part to operative rights or other intangibles.

It appears that the operations of the copartnership have been successful. For the fiscal year ended June 30, 1960, for example, the copartners reported gross revenues of \$355,644 and net profit of \$49,980, before copartnership withdrawals. The new carrier, C. A. Worth & Co., will adopt the tariffs now on file by the copartners, will succeed to the going concern which the copartners have established, and will enter upon its operations with proprietary investment of \$100,300 and current liabilities and equipment obligations which amounted to approximately \$43,000, as of November 30, 1960.

It appears that there will be no change in the rates or service and accordingly we find and conclude that the proposed transfers will not be adverse to the public interest; that the proposed stock issue is for a proper purpose; that the money, property or labor to be procured or paid for by the issue of the 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. On the basis of these findings we will enter our order granting the application.

(1) C. A. Worth & Co. heretofore has issued and now has outstanding \$300 par value of stock.

The action taken herein shall not be construed to be a finding of the value of the operative rights or equipment herein authorized to be transferred. 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.

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 ORDERED -

1. That Edw. P. White, Richard I. Prosser, Anthony E. Perry, Marie C. Brown, William N. Coey and Signal Trucking Service, Ltd. may enter into the agreement of purchase and sale, a copy of which is attached to the application as Exhibit B, and said individuals may sell and transfer to Signal Trucking Service, Ltd. their assets and the certificate of public convenience and necessity granted by Decision No. 50995, dated January 18, 1955, in Application No. 35127, all of which said Signal Trucking Service, Ltd. may sell and transfer to C. A. Worth & Co., a corporation.

2. That Signal Trucking Service, Ltd. and C. A. Worth & Co., a corporation, in acquiring the certificate and the assets referred to in this proceeding, may assume the payment of outstanding indebtedness, and, in addition, C. A. Worth & Co., a corporation, may issue not to exceed \$100,000 par value of its common capital stock.

3. That Signal Trucking Service, Ltd. may purchase, acquire, take and hold not to exceed \$100,300 par value of the common capital stock of C. A. Worth & Co., a corporation.

4. That on not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of such transfers, applicants shall supplement or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the highway common carrier operations here involved to show that Edw. P. White, Richard I. Prosser, Anthony E. Perry, Marie C. Brown, and William N. Coey have withdrawn or canceled and C. A. Worth & 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.

5. That C. A. Worth & 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.

6. This order shall become effective 20 days after the date hereof.

Dated at San Francisco, California,
this 4th day of April, 1961.

President

Commissioners