

ORIGINAL

Decision No. 63899

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application  
of HUDDLESTON DRAYAGE CO., INC.,  
a corporation, for authority to  
issue its capital stock

-and-

In the matter of the application  
of HUDDLESTON DRAYAGE CO., INC.,  
a corporation, to acquire, and  
FRANK E. COSTA and GEORGE J.  
ROSSI, JR., copartners doing  
business as HUDDLESTON DRAYAGE  
COMPANY, to transfer, a certain  
Certificate of Public Convenience  
and Necessity.

Application No. 44561  
Filed June 19, 1962

O P I N I O N

This is an application for an order of the Commission authorizing Huddleston Drayage Co., Inc., to issue 4,492 shares of its \$10 par value common stock in exchange for the operative rights and properties of Frank E. Costa and George J. Rossi, Jr.

The application shows that Huddleston Drayage Co., Inc., was organized by Frank E. Costa and George J. Rossi, Jr., on or about May 1, 1962, under the laws of the State of California with an authorized capital stock of 7,500 shares of the par value of \$10 each, that the corporation was organized for the purpose of acquiring the highway operations and properties of said Frank E. Costa and

George J. Rossi, Jr., copartners doing business as Huddleston Drayage Company, and of continuing the operations, and that it is intended the corporation will issue to said Frank E. Costa and George J. Rossi, Jr., its shares of stock, divided equally between the two, in an aggregate amount approximately equal to the net worth of the business.

The properties to be acquired by the corporation include a certificate of public convenience and necessity granted by the Commission by Decision No. 62555, dated September 12, 1961, in Application No. 43029, in lieu of an existing certificate and authorizing transportation of general commodities in the San Francisco Territory, certain radial, contract and city carrier permits, and tangible assets consisting of land, buildings, trucks, automobiles and equipment. A statement showing the assets to be transferred, the liabilities to be assumed by the corporation and the net worth, as of April 30, 1962, is as follows:

<u>Assets</u>		
Current assets		\$21,458
Real estate and improvements -		
Book value	\$68,569	
Less: mortgage	<u>49,691</u>	
Net investment		18,878
Trucks, automobiles and equipment, net		<u>19,690</u>
Total		<u>\$60,026</u>
<u>Liabilities and Capital</u>		
Current liabilities		\$15,102
Partnership capital		<u>44,924</u>
Total		<u>\$60,026</u>

The partners report their revenues for 1961 at \$182,940 and their net income at \$45,984, before income taxes or partners' withdrawals. For the first four months of 1962 they similarly report revenues of \$61,917 and net income of \$13,638.

According to the application there will be no change in the rates, service or management as a result of the incorporation of the business. Upon considering the matter we find and conclude that the proposed transfer will not be adverse to the public interest, 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. We will enter an order granting the application.

Huddleston Drayage Co., Inc., is 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 action taken on this application shall not be construed to be a finding of the value of the operative rights and properties herein authorized to be transferred. The authority to transfer operative rights refers to certificated rights only; applicants must file a separate application, or applications, for approval of the transfer of the permitted rights.

O R D E R

The Commission has considered the above-entitled application and has determined that a public hearing is not necessary, therefore,

IT IS ORDERED that -

1. On or before November 1, 1962, Frank E. Costa and George J. Rossi, Jr., doing business as Huddleston Drayage Company, may sell and transfer, and Huddleston Drayage Co., Inc., may purchase and acquire the highway common carrier operative rights and properties referred to in the application and, in payment, may assume the outstanding indebtedness as set forth in this application and may issue not to exceed 4,492 shares of its \$10 par value common stock.

2. Within thirty days after the consummation of the transfer herein authorized, Huddleston Drayage Co., Inc., 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 and a report as required by General Order No. 24-A.

3. Applicants shall amend or reissue the tariffs on file with the Commission, naming rates, rules and regulations governing the common carrier operations here involved to show that Frank E. Costa and George J. Rossi, Jr., doing business as Huddleston Drayage Company, have withdrawn or canceled and Huddleston Drayage Co., Inc., has adopted or established, as its own, said rates, rules and regulations. The tariff filings shall be made effective not earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and to the public, and the effective date of the tariff filings shall be concurrent with the consummation of the transfer herein authorized. 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. This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California,  
this 10th day of July, 1962.

George F. Grover  
President

Paul R. Mitchell

E. L. Fox

Ernest C. [unclear]

Fredrick B. Holbrook  
Commissioners