

ORIGINAL

Decision No. 65886

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:

(a) JAKE'S TRUCKING COMPANY, a corporation, to purchase, and of WALTER B. JACOBSEN, an individual doing business as JAKE'S TRUCKING COMPANY, to sell a certificate of public convenience and necessity for the transportation of general commodities between points in the Los Angeles and Orange Counties, pursuant to Section 851-853 of the California Public Utilities Code.

Application No. 45607
Filed July 19, 1963

(b) JAKE'S TRUCKING COMPANY, a corporation, to issue shares of its common capital stock, pursuant to Section 816-830 of the California Public Utilities Code.

O P I N I O N

This is an application for an order of the Commission (1) authorizing Walter B. Jacobsen to sell and transfer operative rights and equipment to Jake's Trucking Company, and (2) authorizing Jake's Trucking Company, in acquiring said rights and equipment, to assume outstanding indebtedness and to issue 80 shares of its common stock of the aggregate par value of \$8,000.

The operative rights to be transferred include an in-lieu certificate of public convenience and necessity granted to Walter B. Jacobsen by Decision No. 59793, dated March 15, 1960, in Application No. 41585, authorizing operations as a

highway common carrier for the transportation of general commodities, with certain exceptions, between points and places in Los Angeles and Orange Counties.

The application shows that Walter B. Jacobsen desires to conduct his operations under a corporate form of organization and that he has arranged to transfer his operative rights and equipment to the corporation he has organized, namely, Jake's Trucking Company, in exchange for 80 shares of stock. It appears that the new corporation will take over the tangible and current assets at their book values, subject to liabilities of \$2,532.80, with no value being assigned to the operative rights, and that there will be no change in the rates, management and equipment as a result of the transfer.

We find 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 shares 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. . . A public hearing is not necessary.

Jake's Trucking Company 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. 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 herein shall not be construed to be a finding of the value of the operative rights and equipment to be transferred.

O R D E R

IT IS ORDERED that:

1. On or before December 31, 1963, Walter B. Jacobsen may sell and transfer, and Jake's Trucking Company may purchase and acquire, the public utility operative rights and equipment referred to in this application.
2. Jake's Trucking Company, for the purpose of acquiring the operative rights and equipment referred to in this application, may assume the payment of outstanding indebtedness and may issue not to exceed \$8,000 par value of common stock.
3. Within thirty days after the consummation of the transfer herein authorized, Jake's Trucking Company 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.

4. Jake's Trucking Company shall amend or reissue the tariffs on file with the Commission, naming rates, rules and regulations governing the public utility highway common carrier operations herein to show that it 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 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-A.

5. Jake's Trucking Company 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. The authority herein granted shall become effective twenty days after the date hereof.

Dated at San Francisco, California,
this 20th day of August, 1963.

William L. Bennett
President
John E. ...
...
George L. Brewer
Fredrick B. Holhoff
Commissioners