

A certified copy of the Articles of Incorporation is attached to the application and authorizes the corporation to issue one class of stock in the amount of \$75,000.00 and 750 shares at a par value of \$100.00 per share.

In Exhibit A annexed to the application, the partners report, as of March 31, 1963, total investment in assets of \$202,431.06, outstanding liabilities of \$117,615.72, and proprietary capital of \$84,815.34. In effecting the transfer, it is contemplated that the corporation will issue a total of \$50,000.00 par value of common stock or \$12,500.00 par value common stock to each of the partners and will retain as capital stock unissued \$25,000.00 par value of common stock. It is reported that the corporation will adopt the same rates, rules and regulations of the partnership.

Upon reviewing the verified application, as amended, we find (1) that the proposed transfer would not be adverse to the public interest; (2) that the proposed stock issue is for a proper purpose; (3) 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 (4) 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 conclude that the application should be granted.

A public hearing is not necessary.

In issuing our order herein, we place applicant and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return applicant should be allowed to earn on its investment in plant and that the approval herein given is not to be construed as a finding of value of applicant's stock or properties nor as indicative of amounts to be included in a future rate base for the determination of just and reasonable rates.

Steverson Bros., a California 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.

O R D E R

IT IS ORDERED that:

1. On or before sixty days after the effective date hereof, Carl R. Steverson, J. L. Steverson, H. G. Tibbet and R. C. Schweitzer, doing business as Steverson Bros. Co., may sell and transfer, and Steverson Bros., a California corporation, may purchase and acquire, the operative rights and property referred to in the application. Steverson Bros., a corporation, for the purpose of acquiring said certificate and assets, may assume the payment of outstanding indebtedness and may issue not to exceed \$50,000.00 par value of its capital stock.

2. Within thirty days after the consummation of the transfer herein authorized, Steverson Bros., 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. Steverson Bros., a corporation, shall amend or reissue the tariffs on file with the Commission, naming rates, rules and regulations governing the 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 thirty days after the effective date of this order on not less than thirty 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.

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

Dated at San Francisco, California, this 3rd day of SEPTEMBER, 1963.

William M. Bennett
President
George T. Grover
Frederick B. Holbeck
Commissioners