

Decision No. 62071

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
VALLEY MOTOR LINES, INC.,
a corporation, to acquire 680 shares
or more of the common stock of United
Motor Transport Lines, Inc., a corpo-
ration, from the stockholders thereof
in exchange for stock of applicant of
equal valuation.

ORIGINAL

Application No. 22614

Ware and Berol, by Edward M. Berol, for applicants.

BY THE COMMISSION:

O P I N I O N

In this proceeding, Valley Motor Lines, Inc. asks permission to acquire all of the outstanding stock of United Motor Lines, Inc. from the owners thereof in exchange for its stock of equal valuation.

This application does not involve the issue of stock by either Valley Motor Lines, Inc. or by United Motor Transport Lines, Inc. It is filed under Section 51 of the Public Utilities Act which provides that a public utility may not, without permission from the Commission, acquire the stock of another public utility.

United Motor Transport Lines, Inc. is engaged in the transportation of property by motor truck as a common carrier between Sacramento and Auburn and intermediate points; between Sacramento and Georgetown via Auburn; between Sacramento and Wheatland via Roseville; and between Sacramento and Chico on the one hand and Susanville and intermediate points north of Chico on the other hand. It is also engaged in the transportation of interstate commerce between Sacramento and Reno, and conducts a freight transportation business as a contract carrier. Its operating revenues, for the year 1938, are in Exhibit 1 reported at \$213,935.70 and its net loss at \$3,018.61. Of its operating revenues, \$143,298.73 was obtained from common carrier opera-

tions, \$62,465.58 from contract carrier operations, and \$8,171.39 from miscellaneous activities.

Valley Motor Lines, Inc. is engaged in the transportation of property as a common carrier by motor truck under certificates of public convenience and necessity granted by the Commission. Subject to the conditions of such certificates, it may transport property by motor truck between San Francisco and Fresno, between San Francisco and Sacramento via Manteca; between Sacramento and Stockton; between Stockton and Fresno; and between other points mentioned in said certificates of public convenience and necessity. For the year 1938 it reports operating revenues at \$385,640.94 and an operating profit of \$38,943.62.

It is of record that the Valley Motor Lines, Inc. and United Motor Transport Lines, Inc. interchange from 20 to 30 tons of freight per day at Sacramento. It is primarily for the purpose of protecting this interchange of freight that Valley Motor Lines, Inc. desires to acquire the outstanding stock of United Motor Transport Lines, Inc. It is believed that through the acquisition of the stock the Sacramento terminal expenses of the Valley Motor Lines, Inc. and United Motor Transport Lines, Inc. can be materially reduced, and that other expenses of the United Motor Transport Lines, Inc. can be curtailed.

There is filed in this proceeding a copy of an agreement, Exhibit A, entered into by and between E. J. Muzio, R. G. Colby, W. G. Schneider, Oscar F. Schneider and Frank Schneider, owners of a majority of the stock of United Motor Transport, Inc., Valley Motor Lines, Inc. and United Motor Transport Lines, Inc. The agreement provides that an appraisal shall be made of the tangible assets of Valley Motor Lines, Inc., and of United Motor Transport Lines, Inc., and that Valley Motor Lines, Inc. shall transfer to the stockholders of United Motor Transport Lines, Inc. stock of Valley Motor Lines, Inc., having a value equal to the stock of the United Motor Transport Lines, Inc. The appraisal of

the properties has not yet been completed, but the record shows that approximately one share of stock of the Valley Motor Lines, Inc. will be exchanged for three shares of stock of the United Motor Transport Lines, Inc. In arriving at the value of the properties, no consideration is to be given to operative rights, good will, or any other intangible assets of either company.

While the agreement has been entered into with the principal stockholders of the United Motor Transport Lines, Inc. the testimony shows that all the stock of United Motor Transport Lines, Inc. has been deposited for exchange of stock of Valley Motor Lines, Inc., and that if the agreement is consummated, Valley Motor Lines, Inc. will acquire all of the stock of the United Motor Transport Lines, Inc.

ORDER

A public hearing having been held on this application by Examiner Fankhauser, the Commission having considered the testimony submitted at such hearing, and it being of the opinion that this application should be granted, therefore,

IT IS HEREBY ORDERED that Valley Motor Lines, Inc. be, and it is hereby authorized, to acquire and hold all, but not less than all, of the outstanding capital stock of the United Motor Transport Lines, Inc.

DATED at San Francisco, California, this 31st day of May, 1939.

Raymond W. [Signature]
Frank D. [Signature]
W. D. [Signature]
Justice F. Coarner

Commissioners.