

Decision No. 37321

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of)
F. E. WARD, an individual, doing)
business as VALLEJO EXPRESS COMPANY,)
and VALLEJO, NAPA & CALISTOGA)
TRANSPORT CO., a corporation, to)
merge their highway common carrier)
operations, and of VALLEJO, NAPA &)
CALISTOGA TRANSPORT CO. to issue)
stock.)

Application No. 26267

DOUGLAS BROOKMAN, for applicants.

BY THE COMMISSION:

O P I N I O N

In this proceeding, F. E. Ward, an individual doing business as Vallejo Express Company, and Vallejo, Napa & Calistoga Transport Co., a corporation, ⁽¹⁾ have applied for authority to merge their respective highway common carrier operations; and Vallejo Transport also seeks authority to issue shares of its capital stock in an amount to be determined by the Commission. Following the merger, the business would be conducted by Vallejo Transport under a unified management. The latter plans to change its corporate name to Vallejo Express Company in order to preserve the good will which has become associated with that name. A public hearing was had before Examiners Fankhauser and Austin at San Francisco on August 23, 1944, when the matter was submitted.

The transaction, though referred to as a merger of applicants' operations, would not fall within the purview of Section 361, Civil Code, which deals with the merger of one or more corporations

(1) For convenience, applicants will be referred to as Ward and as Vallejo Transport, respectively.

with another constituent corporation. Essentially, the plan contemplates the transfer of Ward's operative rights and property to Vallejo Transport in exchange for shares of the latter's capital stock, and in consideration of an undertaking on its part to employ him as vice-president and general-manager. A merger would occur only in the sense that, following the acquisition of Ward's properties by Vallejo Transport, the operations which formerly had been severally conducted by the two carriers, thereafter would be unified and consolidated under the management of the purchasing carrier.

Under certificates acquired pursuant to authority granted by the Commission, Ward operates as a highway common carrier between San Francisco and Oakland, on the one hand, and Vallejo, Mare Island Navy Yard and points within three miles of Vallejo, on the other hand, via Carquinez and San Francisco Bay Bridges, and also via Golden Gate Bridge. ⁽²⁾ The service has existed, in various forms,

(2) This operative right was acquired by Ward from F. H. Holloway pursuant to Decision No. 36561, rendered August 17, 1943, in Application No. 25720. By Decision No. 25570, rendered January 23, 1933, in Application No. 18526, (38 C.R.C. 413), F. H. Holloway, doing business as Vallejo Express Company, was authorized to conduct a common carrier motor vehicle service for the transportation of general commodities between San Francisco and Vallejo and a zone extending three miles beyond the corporate limits of Vallejo, and Mare Island Navy Yard, via the steamers of San Francisco-Golden Gate Ferries, Ltd., operating between Vallejo and San Francisco. Upon the abandonment of this ferry service by Southern Pacific-Golden Gate Ferries, Ltd., Holloway was authorized to operate over the highways, between the terminals specified in Decision No. 25570, via Carquinez Bridge, Rodeo, San Pablo Avenue, and San Francisco-Oakland Bay Bridge or common carrier ferry service between San Francisco and Oakland, (Decision No. 30086, rendered September 7, 1937, in Application No. 20814; 40 C.R.C. 709, 739, 746). By Decision No. 30597, rendered February 7, 1938, in Application No. 21723, Holloway was authorized to conduct his service via Sears Point Road, Black Point Cutoff and Golden Gate Bridge, as an alternate route. He was authorized to serve Oakland as an intermediate point by Decision No. 34265, rendered May 27, 1941, in Application No. 24123. This operation was limited to the transportation of freight interchanged at Oakland with Haslett Warehouse Company,

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for over fifty years. As the successor of San Francisco and Napa Valley Railroad, Vallejo Transport operates as a highway common carrier between Calistoga and Vallejo and intermediate points, on the one hand, and Oakland and San Francisco, on the other hand, via Carquinez Bridge and San Francisco-Oakland Bay Bridge. ⁽³⁾ Applicants severally hold permits issued by the Commission authorizing operation as a radial highway common carrier, as a highway contract carrier and as a city carrier.

(2) Continued

a highway common carrier. By this decision, Holloway and Haslett Warehouse Company were authorized to establish joint rates and through routes applicable to freight interchanged at Oakland, and moving between Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont, on the one hand, and Vallejo and Mare Island Navy Yard, on the other hand.

(3) For many years this territory was served by the rail facilities of San Francisco and Napa Valley Railroad, extending from Vallejo to Calistoga, and connecting at Vallejo with the steamer line of Monticello Steamship Company, predecessor of San Francisco-Golden Gate Ferries, Ltd., which operated between Vallejo and San Francisco. By Decision No. 30086, supra, in Application No. 20804, (40 C.R.C. 709, 732, 745), San Francisco and Napa Valley Railroad was authorized, coincidentally with the abandonment of ferry service between Vallejo and San Francisco by San Francisco-Golden Gate Ferries, Ltd., to conduct a highway common carrier service between Calistoga and Vallejo and intermediate points (excepting the right to provide a pickup and delivery service at Mare Island Navy Yard, at Vallejo and within a zone extending three miles beyond the corporate limits of Vallejo), on the one hand, and Oakland and San Francisco, on the other hand, via Vallejo, Carquinez Bridge, Rodeo, San Pablo Avenue and San Francisco-Oakland Bay Bridge, or common carrier ferry service between Oakland and San Francisco. By Decision No. 33314, rendered July 19, 1940, in Supplemental Application No. 20804, Decision No. 30086 was modified so as to permit the performance of pickup and delivery service within the territory where such service had been prohibited by the certificate originally issued. The operative right was acquired by Vallejo, Napa & Calistoga Transport Co., applicant herein, pursuant to Decision No. 33838, rendered January 28, 1941, in Application No. 23933. By Decision No. 33857, rendered January 28, 1941, in Application No. 23934, Vallejo Transport was authorized to issue 192½ shares of its no-par stock, at \$50 per share, for the purpose of acquiring certain motor truck equipment, and to provide working capital.

A more efficient service, it was shown, could be provided, and the operation could be conducted more economically, if applicants' proposal were approved. Ward's business is predominantly north-bound from San Francisco to Vallejo and Mare Island, there being but little south-bound tonnage. Although the north-bound traffic handled by Vallejo Transport preponderates, there is a substantial movement south-bound from the Vallejo-Calistoga territory to Oakland and San Francisco. The unification of the two operations, therefore, would result in a more balanced flow of traffic throughout the territory served, and would permit a more complete utilization of equipment. Ward's major terminal facilities have been maintained at Vallejo, and those of Vallejo Transport at San Francisco and Oakland. Were the operations merged, both terminals would be available to Vallejo Transport. Ward's present San Francisco terminal, which is less extensive than that of Vallejo Transport, would be discontinued. More efficient use of available man-power, it was shown, could be effected - a decided advantage in view of the current shortage. The present employees of both carriers, it appears, will continue in the service of Vallejo Transport.

Vallejo Transport asks permission to issue such additional shares of its capital stock as will represent its net assets after the merger of the two properties. Vallejo Transport will assume all liabilities of Vallejo Express Company as of the date the proposed transaction is consummated. All indebtedness incurred in connection with the acquisition of equipment will be paid.

In Exhibit 8 Vallejo Express Company reports as of June 30, 1944 its assets and liabilities as follows:

Assets

Cash		\$ 6,077.66
Accounts Receivable		4,168.35
Deposit with Transport Clearing Association		532.87
Trucks and Equipment		25,796.31
Cost of Trucks and Equipment	\$30,740.53	
Less Reserve for Depreciation	4,944.22	
Unexpired Insurance		813.16
Prepaid Taxes		489.52
Materials and Supplies		1,069.72
Other deferred Expense		705.75
		<hr/>
Total Assets		<u>\$39,653.34</u>

Liabilities and Net Worth

Accounts Payable		\$ 2,001.07
C.O.D.'s and Advances Payable		739.69
Taxes Accrued		1,318.11
Installment Note		23,748.40
Net Worth		<u>11,846.07</u>
		<hr/>
Total Liabilities and Net Worth		<u>\$39,653.34</u>

The installment note was issued to Ward G. Walkup to obtain funds to acquire the properties of F. H. Holloway doing business under the name of Vallejo Express Company. Upon the sale of said properties Vallejo Transport will assume all of the liabilities of Vallejo Express Company. The \$23,748.40 note will be refunded through the issue of stock to Ward G. Walkup, the holder of the note. The Order herein will authorize Vallejo Transport to issue 711 shares of its no-par value stock at \$50 per share to acquire the properties of Vallejo Express Company and to pay its installment note in the amount of \$23,748.40.

Exhibit 9 shows the assets and liabilities of Vallejo Transport as of July 31, 1944. It shows that the company has expended for equipment the sum of \$62,863 and that it has accrued depreciation on such equipment in the amount of \$32,930. Its net investment in the equipment is reported at \$29,933. The company has

(4) Decision No. 36561, supra.

issued under previous authorization by the Commission against such equipment stock in the amount of \$4,625. The Order herein will authorize Vallejo Transport to issue 506 shares of its no-par value common capital stock at \$50 per share to pay indebtedness incurred in connection with the acquisition of equipment and to reimburse its treasury because of income expended for the purchase of equipment.

To permit the accomplishment of the plan contemplated by the parties, Ward will be authorized to transfer to Vallejo Transport the operative rights, equipment and other operating property used to provide the service in which the former has been engaged; and, Vallejo Transport will be authorized to issue shares of stock in the amount mentioned. The action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved.

O R D E R

Application having been made as above entitled; a public hearing having been had; and the Commission now being fully advised,

IT IS ORDERED as follows:

(1) That F. E. Ward, an individual doing business as Vallejo Express Company, be and he hereby is authorized, on or before December 31, 1944, to transfer to Vallejo, Napa & Calistoga Transport Co., a corporation, the operative rights described in the foregoing opinion, and the motor vehicle equipment and other operative property used by Ward to conduct the highway common carrier service in which he has been engaged; and Vallejo, Napa & Calistoga Transport Co. is hereby authorized to acquire said operative rights

and property, and thereafter to operate under said operative rights.

(2) That applicants shall comply with the provisions of General Order No. 80 and Part IV of General Order No. 93-A by filing in triplicate, and concurrently making effective, appropriate tariffs and time tables within sixty (60) days from the effective date hereof, and on not less than one (1) day's notice to the Commission and the public.

(3) That in the event such authority to transfer is exercised, Vallejo, Napa & Calistoga Transport Co. shall notify the Commission thereof within ten (10) days from the actual date of such transfer.

The Commission has considered the request of Vallejo, Napa & Calistoga Transport Co. for permission to issue and sell additional stock and it being of the opinion that the money, property or labor to be procured or paid for through the issue of the stock herein authorized is reasonably required by said Vallejo, Napa & Calistoga Transport Co. for the purposes herein stated and that the expenditures for said purposes are not in whole or in part reasonably chargeable to operating expenses or to income; therefore,

IT IS FURTHER ORDERED:

(4) That Vallejo, Napa & Calistoga Transport Co. be, and it is hereby authorized to issue, on or before December 31, 1944, at not less than \$50 per share 1,217 shares of its no-par value common capital stock and expend the proceeds for the following purposes:

- (a) To pay for the properties of F. E. Ward, doing business as Vallejo Express Company, \$35,550.
- (b) To pay indebtedness of Vallejo, Napa & Calistoga Transport Co. and to reimburse its treasury, \$25,300.

(5) That within thirty (30) days after the issue of the stock herein authorized Vallejo, Napa & Calistoga Transport Co. shall file with the Railroad Commission a statement showing the number of shares of stock issued under the authority herein granted, the consideration received for such shares of stock, and the purposes for which such consideration was expended.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 13th day of September, 1944.

Richard Kachse

Francis R. Havenner
Commissioner

Joseph L. Lawrence
COMMISSIONERS