

ORIGINAL

Decision No. 38896

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
THE CALIFORNIA TRANSPORTATION)
COMPANY, a corporation,)
SACRAMENTO & SAN JOAQUIN RIVER)
LINES, INC., a corporation, and)
SACRAMENTO NAVIGATION COMPANY,)
a corporation,)

for an order (1) authorizing execution)
and performance of an agreement to)
transfer certain certificates of public)
convenience and necessity and proper-)
ties, (2) authorizing The California)
Transportation Company to acquire cer-)
tain capital stock of Sacramento & San)
Joaquin River Lines, Inc., and (3))
authorizing The California Transpor-)
tation Company and Sacramento & San)
Joaquin River Lines, Inc., to discon-)
tinue and Sacramento Navigation)
Company to carry on certain highway)
common carrier operations.)

Application
No. 27349

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McCutchen, Thomas, Matthew, Griffiths and Greene,
by Allan P. Matthew and Scott Elder, for Sacramento
& San Joaquin River Lines, Inc.; Walter R. Severson,
for The California Transportation Company, and F. W.
Mielke, for Sacramento Navigation Company.

O P I N I O N

The California Transportation Company and the Sac-
ramento & San Joaquin River Lines, Inc. are, under the name and
style of The River Lines, engaged in the operation of vessels
as a common carrier between points on San Francisco Bay and on
the Sacramento and San Joaquin Rivers and tributaries, under
and by virtue of certain statutory operative rights and certain
certificates of public convenience and necessity issued by

orders of the Railroad Commission. They are also engaged in the operation of auto trucks as a highway common carrier under and by virtue of certificates of public convenience and necessity issued to them or acquired by them under the name and style of The River Lines by orders of the Railroad Commission in the following decisions:

Decision No. 26228, dated August 14, 1933,
as amended, in Application No. 18016

Decision No. 26994, dated April 30, 1934,
as amended, in Application No. 19088

Decision No. 28497, dated January 13, 1936,
as amended, in Application No. 20308

Decision No. 31209, dated August 15, 1938,
as amended,

Decision No. 32649, dated December 12, 1939,
as amended, and

Decision No. 34865, dated December 16, 1941,
as amended,
in Application No. 20785

Decision No. 30853, dated May 16, 1938, as
amended, in Application No. 21836

Decision No. 34004, dated March 11, 1941,
as amended, and

Decision No. 34565, dated September 2, 1941,
as amended,
in Application No. 23843

Decision No. 35158, dated March 24, 1942,
in Application No. 24569

Decision No. 30324, dated November 9, 1937,
in Application No. 21538

By Decision No. 38380, dated November 4, 1945, in Application No. 26983, et al., the Commission amended the certificates of public convenience and necessity granted by Decision No. 26228, in Application No. 18016; Decision No. 26994, as amended, in Application No. 19088; Decision No. 28497, in Application No. 20308; Decisions Nos. 31209, 32649

and 34865, in Application No. 20785; Decision No. 30853, in Application No. 21836; and Decisions Nos. 34004 and 34565, as amended, in Application No. 23843, by removing the restrictions which make operations thereunder supplementary to or contingent upon the continuance of the vessel operations here involved, and that the aforesaid highway common carrier certificates shall hereafter permit the performance of operations thereunder independent of the vessel operation.

The California Transportation Company and Sacramento & San Joaquin River Lines, Inc. ask permission to transfer said certificates of public convenience and necessity authorizing them to engage in the operation of trucks as highway common carriers to Delta Lines, Inc. formerly known as Sacramento Navigation Company. They also ask permission to transfer to Delta Lines, Inc., or its nominee, the land, buildings, truck equipment, office equipment, and other equipment referred to in the agreement filed in this application as Exhibit "1" and in the exhibits attached thereto. The transfer of said properties will be made in accordance with the terms and conditions of the agreement filed as Exhibit "A" attached to said Exhibit "1". At the hearing applicants amended the application to include the transfer of any certificate of public convenience and necessity that the Commission may grant in Application No. 27271, now pending before it. At the appropriate time, said application can be amended and Delta Lines, Inc. made a party thereto.

The testimony shows that the truck terminal properties at Sacramento will by Delta Lines, Inc. be transferred to Delta Terminals, Inc., a California corporation. The latter will pay

to the former the fair market value, estimated by applicants at \$25,000, for such properties and make the necessary additions and improvements upon said properties and lease them to Delta Lines, Inc. for use as a freight terminal. The Commission is not called upon to authorize the execution of the lease. It will pass upon the reasonableness of the rentals paid by Delta Lines, Inc. if they become an issue in a subsequent proceeding.

Exclusive of truck equipment fully depreciated but still in service, the cost of the properties to be transferred is reported at \$201,985.35, and the cost of such properties less depreciation, at \$91,016.49. Applicants' testimony is to the effect that the value of the properties is in excess of \$100,000.

Under the authority granted by Decision No. 28853, Sacramento & San Joaquin River Lines, Inc. issued 2,000 shares of stock of the par value of \$100 each. Of said shares, 1,000 were issued to Fay Transportation Company, a partnership, and 1,000 shares to Sacramento Navigation Company, Farmers' Transportation Company and Sacramento Transportation Company in payment for properties which the several companies transferred to Sacramento & San Joaquin River Lines, Inc. Subsequently, the shares issued to the last two named companies were transferred to Sacramento Navigation Company, now known as Delta Lines, Inc. In the agreement (Exhibit "A") The California Transportation Company agrees to transfer to Delta Lines, Inc. its interest in said truck operative rights and properties in exchange for 500 shares of stock of Sacramento & San Joaquin River Lines, Inc. In

payment for the interest that Sacramento & San Joaquin River Lines, Inc. has in said truck operative rights and equipment, Delta Lines, Inc. will surrender to that company for cancellation 500 shares of stock of Sacramento & San Joaquin River Lines, Inc. Thus, upon the consummation of the agreement, Delta Lines, Inc. will own and operate the common carrier trucking certificates and properties, while The California Transportation Company and Sacramento & San Joaquin River Lines, Inc. will render only unified dock-to-dock vessel service. The California Transportation Company will own 500 shares of the outstanding stock of Sacramento & San Joaquin River Lines, Inc. while 1,000 shares of the outstanding stock of that company, as now, will be owned by the successors of the partners of Fay Transportation Company, namely, N. A. Fay and American Trust Company as trustee.

The testimony shows that The River Lines now engages in two types of operations, to wit: vessel and truck operations. It is in need of added truck equipment but is not in a position to finance the same. Delta Lines, Inc. has made tentative arrangements to acquire additional trucking equipment costing about \$160,000. The execution of the proposed agreement will effect a partial division of the rights and properties now employed in the unified operation under the name of The River Lines. The highway common carrier certificates and trucking properties are all owned in common by The California Transportation Company and Sacramento & San Joaquin River Lines, Inc. The transfer of such rights and properties, as herein proposed, obviates practical and legal difficulties that would be encountered upon the termination of the contract for the unified operations. Further, it is believed that the segregation of the properties and their operations

will result in economies and better service, and will simplify the negotiation of labor contracts and lessen the danger of all operations being suspended in the event of a disagreement between the management and labor organizations.

No one appeared at the hearing to protest the granting of this application.

O R D E R

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

IT IS HEREBY ORDERED as follows:

1. The California Transportation Company and Sacramento & San Joaquin River Lines, Inc., and Delta Lines, Inc. formerly Sacramento Navigation Company, may execute an agreement in, or substantially in, the same form as the agreement filed in this application as Exhibit "A" attached to Exhibit "1", and consummate the proposed agreement in accordance with its terms and conditions and thereby transfer to Delta Lines, Inc. the operative rights and other properties referred to in the foregoing opinion and more specifically described in said Exhibit "A" and exhibits attached thereto.

2. The California Transportation Company may acquire and hold 500 shares of the capital stock of Sacramento & San Joaquin River Lines, Inc.

3. Upon the consummation of said agreement (Exhibit "A"), The California Transportation Company and Sacramento & San Joaquin River Lines, Inc. may discontinue, and Delta Lines, Inc. may carry on, the highway common carrier operations presently conducted under the name and style of The River Lines, subject to the provisions of said certificates of public convenience and necessity.

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

5. Within thirty (30) days after the exercise of the authority herein granted, Delta Lines, Inc. shall file with the Railroad Commission a copy of the agreement executed under the authority herein granted, and a copy of the journal entries by which it records the acquisition of said rights and properties.

6. The authority herein granted is effective upon the date hereof.

Dated at San Francisco, California, this 23^d day of April, 1946.

Harold Anderson
Justin F. Coe
John W. Blain
Joseph H. Powell
Harold A. Hull
Commissioners