

ORIGINAL

Decision No. 41237

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
Reader Truck Lines, a California	)	
corporation, to sell, and Valley	)	
Motor Lines, Inc., a California	)	
corporation, to purchase, a common	)	Application No. 28864
carrier transportation right between	)	Amended
the Hanford area, on the one hand,	)	
and Los Angeles and Los Angeles	)	
Harbor Commercial Zones, on the other	)	
hand.	)	

R. Edward Burton, for applicant Valley Motor Lines, Inc.  
Glanz & Russell by Arthur H. Glanz, for applicant Reader  
 Truck Lines.  
Gordon & Knapp by Wyman C. Knapp, for Pacific Freight Lines  
 and Pacific Freight Lines Express, Interested Parties.  
Edward Stern, for Railway Express Agency, Inc., Interested  
 Party.  
F. W. Turcotte, for R. P. Higgins and Higgins Trucks, Inc.,  
 Interested Parties.

O P I N I O N

In this proceeding Reader Truck Lines, a corporation  
 seeks authority to transfer to Valley Motor Lines, Inc., a corpora-  
 tion, and the latter proposes to purchase and acquire from the  
 former an operative right, granted under Section 50-3/4 of the Public  
 Utilities Act, pursuant to which Reader may engage in the transpor-  
 tation of general commodities as a highway common carrier between  
 Los Angeles and Los Angeles Commercial Zones, on the one hand, and  
 Hanford Area points, on the other hand. The matter was submitted  
 at a public hearing had before Commissioner Potter and Examiner  
 Austin, at Los Angeles on January 12, 1948. Appearances as inter-  
 ested parties were entered by Pacific Freight Lines and its affiliate,  
 Pacific Freight Lines Express; by Railway Express Agency, Inc.,

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(1) For brevity, Reader Truck Lines and Valley Motor Lines, Inc.,  
 will be referred to as Reader and as Valley, respectively.

and by R. P. Higgins and Higgins Trucks, Inc.

Applicants' proposal was described by Harold Frasher, president of Valley, and by A. R. Reader, formerly president of Reader. The showing of Pacific Freight Lines and Pacific Freight Lines Express was presented through Ellis T. Longnecker, general manager of both companies. No evidence was offered on behalf of any of the other carriers represented at the hearing.

The operative right which Valley now seeks to acquire was granted originally to Reader by Decision No. 39666.<sup>(2)</sup> There, a certificate of public convenience and necessity was issued to Reader authorizing the operation of a highway common carrier service.

" . . . for the transportation of general commodities between the Los Angeles Harbor Commercial Zone and the Los Angeles Commercial Zone (as described in the preceding opinion), on the one hand, and on the other hand Hanford, Corcoran, Lemoore, Lemoore Air Field, Alpaugh, Angiola, Armona, Bowles, Furrel, Caruthers, Conejo, Grangeville, Guernsey, Hardwick, Hub, Lanare, Laton, Monmouth, Odessa, Paige, Raisin City, Riverdale Stratford, Sunrise City, Waukena and Wheatville, situated in Fresno and Kings Counties, respectively; serving also off-route points within a radius of five miles of each of the places mentioned, except points and places situated on U. S. Highway No. 99."

This certificate was issued subject to certain limitations. These affected not only the commodities which could be transported, but also the points to be served.

The areas within which service may be provided under this certificate are somewhat extensive. As stated in Decision No. 39666,

" . . . The Los Angeles zones mentioned extend, generally, from Long Beach and San Pedro to San Fernando; and from Santa Monica to Alhambra and Maywood.

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(2) Decision No. 39666, rendered November 26, 1946, in Application No. 26544. (Reported at 47 Cal. P.U.C. 11.)

"The territory lying within the San Joaquin Valley, which applicant offers to serve, extends from Bowles and Raisin City on the north to Alpaugh and Sunrise City on the south, the principal communities being Hanford, Corcoran, Riverdale, Lemoore, Armona, Stratford and Caruthers. Generally speaking, it measures some 60 miles north and south, and varies from 15 to 35 miles in width."

In the decision mentioned, the districts described were referred to as the Los Angeles Zone and as the Hanford Area, respectively. They will be similarly designated here.

The routes over which the service would be conducted were specified in the service regulations appearing in the order. Generally, they provided that the routes reaching the Hanford Area should diverge from U. S. Highway No. 99 near Tulare and also at Earlimart.

As the purchase price for this operative right, Valley has agreed to pay Reader the sum of ten dollars. But this nominal sum does not represent the total amount expended to obtain control of this certificate. Reader's capital stock has been purchased from its former owners, A. R. Reader and Phillip Reader, by United Motor Transport Lines, Inc., a corporation, of which Harold Frasher is president. United, which is now the sole owner of Reader's outstanding stock, is not engaged in any public utility operation, and therefore, is not subject to regulation by this Commission. The consideration paid by United to the Readers for this stock, so Frasher testified, aggregated some \$136,000, which included an item

(3)  
of \$30,175 representing the value assigned to the Hanford certificate. For accounting reasons, Valley and Reader have agreed upon the nominal amount specified, as the consideration passing to the latter for the transfer of the operative right.

The character of the service which Reader has provided between the Los Angeles Zone and the Hanford Area, was fully described. Since operations commenced, under the certificate granted by Decision No. 39666, in February, 1947, Reader has performed a direct overnight service, without interchange of traffic except at break-bulk points in the Hanford Area. Throughout this period, there has been no interruption in the service. A freight terminal was established at Hanford.

Valley undertakes to continue the performance of such a service, without interchange of traffic at any intermediate point, and also to continue the maintenance of the Hanford terminal, should this application be approved. Improvements in the service are contemplated, such as the substitution of diesel tractors for the gasoline tractors which Reader currently uses.

The certificate sought to be acquired, Frasher testified, would be integrated with Valley's system-wide operations. As a result, Valley would thus be enabled to provide a through service, with its own facilities, between Los Angeles and San Francisco Bay territory, as well as other points on its lines. Such a service,

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(3) The total price of \$136,000 paid by United to acquire Reader's stock, was predicted upon valuations assigned to certain properties controlled by Reader, as follows: for equipment and facilities of Reader Truck Lines, \$64,950; for equipment and facilities of Reader Brothers, \$19,500; for highway common carrier operative rights between points in Los Angeles and Orange Counties, \$20,375; for highway common carrier operative right between Los Angeles Zones and Hanford Area, \$30,175; and for adjustments of Reader's accounts payable and accounts receivable, \$1000.

this witness stated, would be more expeditious than that now afforded by Valley in conjunction with Pacific Freight Lines, under their existing arrangement for the interchange <sup>(4)</sup> at Fresno of equipment laden with freight moving under Valley Express billing. Valley is financially qualified to supply such a service, he said. This appears from financial statements offered on behalf of that applicant.

Reader's operations between the Los Angeles Zone and the Hanford Area, so A. R. Reader testified, were profitable. Between February, 1947, (when the operation was commenced) and November, 1947, (when this witness relinquished control of the company) both the tonnage transported and the resulting revenues doubled in volume, it was shown. <sup>(5)</sup> Financial statements submitted show that, as of September 30, 1947, the operation had yielded a small net profit.

Although Pacific Freight Lines does not oppose the granting of this application, it requests that the matter be held

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- (4) At present, it appears, the time consumed, under the current arrangement for the interchange of equipment at Fresno, averages 5.43 days per round trip. This period, it is contemplated, would be reduced to two days per round trip, on the average, if Valley were free to provide the through service with its own facilities. Responsibility for the existing delays, it was shown, must be shared by the participating carriers, viz., by both Valley and Pacific Freight Lines, although the degree of culpability attributable to each of them is not clear from the record. Many shippers, Frasher testified, have complained of the delays encountered in the transportation of their traffic under this arrangement.
- (5) The substantial increase, both in the tonnage handled and in the gross revenue received, is indicated by the following tabulation, viz.:

	March 1947	October 1947
Tonnage handled	854,856 pounds	1,662,335 pounds
Gross revenue received	\$ 5,655.48	\$ 10,754.50

in abeyance pending the determination of Application No. 27573 — a proceeding in which that carrier sought to extend its operations northward to San Francisco Bay points, among others. That application is now in course of hearing, in connection with other proceedings involving the same or related territory.

Pacific Freight Lines also contends that it would be prejudiced by the granting of this application. Its manager testified that Valley has threatened to discontinue the interchange of equipment, should it be permitted itself to provide the through service contemplated. In this event, Pacific Freight Lines would suffer the loss of the gross revenues flowing from this traffic, aggregating some \$700,000 annually. On behalf of Valley, Frasher stated he had no such intention; on the contrary, he said, the existing arrangement would be continued in effect.

Mr. Longnecker also testified that Valley would be unable, were it permitted to engage in the through operation, to provide an adequate pickup and delivery service at Los Angeles with its available facilities. The larger shippers, he stated, might be adequately served, but the smaller shippers would be disregarded. Pacific Freight Lines, he pointed out, had ample equipment to provide an adequate pickup and delivery service throughout the Los Angeles territory.

Upon consideration of the facts shown of record, we find that the public interest would not be adversely affected by the approval of the transfer of the operative right with which we are here concerned. In our judgment, it would not be reasonable to defer action in this matter until the final determination of Application No. 27573. The present applicants are entitled to a prompt decision in

the pending proceeding. Valley, however, will be expected to observe its commitments with respect to the character and quality of service to be provided between the points which Reader was authorized to serve.

The application, accordingly, will be granted. However, the action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

O R D E R

Application as above entitled having been filed, a public hearing having been held thereon, the matter having been duly submitted, and the Commission being now fully advised in the premises,

IT IS ORDERED, that:

(1) Reader Truck Lines, a corporation, is hereby authorized, on or before April 30, 1948, to transfer to Valley Motor Lines, Inc., a corporation, and the latter is hereby authorized to acquire from the former and thereafter operate thereunder, the certificate of public convenience and necessity granted to Reader Truck Lines by Decision No. 39666, in Application No. 26544.

(2) 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 after the effective date hereof, and on or before April 30, 1948, on not less than one day's notice to the Commission and the public.

(3) In the event applicants consummate the transfer as authorized, Valley Motor Lines, Inc., within thirty days thereafter

shall file with the Commission a copy of any bill of sale or other instrument of transfer executed.

The effective date of this order shall be 20 days from the date hereof.

Dated at Los Angeles, California, this 17<sup>th</sup> day of February, 1948.

*A. J. ...*

*Ernest Russell*

*Harold Hule*

*Samuel ...*  
COMMISSIONERS