

Decision No. 53404**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of MISSION FREIGHT LINES, INC., to)
transfer, and DELTA LINES, INC., to)
acquire properties and operative) Application No. 37996
rights, and for DELTA LINES, INC.,)
to assume obligations of MISSION)
FREIGHT LINES, INC.)

O P I N I O N

An order is sought by this application filed May 4, 1956, to authorize Mission Freight Lines, Inc., hereinafter called "Mission", to sell and Delta Lines, Inc., hereinafter called "Delta", to purchase a certain operative right.

Applicants allege:

(1) That Mission possesses a certificate of public convenience and necessity authorizing the transportation of freight as a highway common carrier between San Francisco, Gilroy, Los Gatos and intermediate points and between San Pablo, Gilroy and Los Gatos and intermediate points. (Decision No. 51022, dated January 25, 1955, in Application No. 35331, and Decision No. 51631, dated July 5, 1955, in Application No. 36967.)

(2) That Delta operates under Commission authority as a highway common carrier between San Francisco, Oakland, Alameda, Richmond, Sacramento, Stockton, Woodland, Chico, Marysville, Placerville, Jackson, Alpine Lake and intermediate points, and between the foregoing points and points on U. S. Highway 99 south of Stockton to and including Turlock, on the one hand, and Los Angeles territory, on the other hand.

(3) That pursuant to authority granted by Decision No. 52805, dated March 27, 1956, in Application No. 37698, Delta, on April 2, 1956, acquired, and now owns, all of the capital stock of Mission.

(4) That the consideration for the transfer is the promise of Delta to assume all the liabilities of Mission and Mission is to transfer all its assets to Delta and Mission will thereupon wind up its affairs and dissolve.

(5) That the reasons for the proposed transactions are the desired economies that will result from the unification of the ownership of both corporations.

There are attached to the application a copy of the agreement covering the operative rights and property to be transferred, a balance sheet of Delta as of February 29, 1956, and an income statement of the same date and like documents reflecting the financial condition of Mission. Also attached are a statement of the operative equipment to be transferred and a statement of the obligations of Mission which will be assumed by Delta.

Applicant Mission, by its balance sheet of December 31, 1955, indicates that it has liabilities totalling \$60,005.09 and assets totalling \$114,811.06. Of the liabilities \$32,007.17 consist of obligations on equipment being purchased. No consideration is to be paid for operative rights and the only consideration for the physical and intangible assets, including good will, is the undertaking of Delta to assume the obligations of Mission, its wholly owned subsidiary. The action hereinafter taken of authorizing the acquisition of assets and the assumption

by Delta of the obligations of Mission shall not be construed to be a finding of the value of the rights or properties herein authorized to be transferred. The Commission is of the opinion and finds that the purposes for which applicant Delta proposes to assume the obligations of Mission are proper.

The Commission finds that the public interest will not be adversely affected by the transfer as proposed herein. The application will be granted. Delta Lines, Inc., 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. A public hearing is not necessary.

O R D E R

An application having been filed, and the Commission being of the opinion that the authority requested should be granted,

IT IS ORDERED:

(1) That Mission Freight Lines, Inc., a corporation, after the effective date hereof and on or before September 1, 1956, may sell and transfer to Delta Lines, Inc., a corporation, and the latter may acquire and purchase the operative rights and property above described in accordance with the contract attached to the application as Exhibit A, and may assume all the obligations of said Mission Freight Lines, Inc.

(2) That within thirty days after the completion of the transfer herein authorized, Delta Lines, Inc., shall so notify the Commission in writing and within said period shall file with it true copies of the instruments executed to effect such transfer.

(3) That applicants shall, effective concurrently with the consummation of such transfer, and on not less than five days' notice to the Commission and the public, amend tariffs on file with the Commission naming rates, rules and regulations governing the operative rights here involved to show that Mission Freight Lines, Inc., has withdrawn and Delta Lines, Inc., has adopted as its own said rates, rules and regulations.

(4) That, effective concurrently with the consummation of such transfer, the operative rights, the transfer of which has hereinabove been authorized, shall be deemed consolidated with the operative rights heretofore granted to and possessed by Delta Lines, Inc.

Dated at San Francisco, California, this 13th day of July, 1956.

[Signature]
President
[Signature]
[Signature]
[Signature]

Commissioners

Commissioner Rox Hardy, being necessarily absent, did not participate in the disposition of this proceeding.