

ORIGINAL

Decision No. 54301

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of ZIMMERMAN TRANSPORTATION COMPANY, INC., a corporation, and FORTIER TRANSPORTATION COMPANY, a corporation, for authority to merge the former corporation into the latter.

Application No. 38918

O P I N I O N

In this application, Zimmerman Transportation Company, Inc., and Fortier Transportation Company seek an order of the Commission approving an agreement of merger.

By Decision No. 53642, dated August 28, 1956, as amended by Decision No. 54394, dated January 15, 1957, the Commission granted a certificate of public convenience and necessity to Zimmerman Transportation Company, Inc., authorizing it to operate as a highway common carrier for the transportation of general commodities between (a) points and places in the Los Angeles Basin Territory, (b) San Francisco, on the one hand, and San Diego, on the other hand, and (c) Los Angeles Territory, on the one hand, and Oxnard, Santa Barbara, Ventura, Point Magu, Fort Hueneme and San Diego, on the other hand. The authority to operate outside of the Los Angeles Basin Territory does not include the right to render service to, from or between intermediate points.

Fortier Transportation Company operates as a highway common carrier of general commodities between San Francisco and the East Bay Area, on the one hand, and the Los Angeles Territory, on the other hand, serving intermediate points, under the authority

of a certificate of public convenience and necessity granted by Decision No. 53116, dated May 22, 1956, as amended by Decision No. 53258, dated June 19, 1956, and further amended by Decision No. 53632, dated August 28, 1956. In addition, it operates as a highway common carrier and a petroleum irregular route carrier of petroleum and petroleum products throughout the State of California under authority of certificates of public convenience and necessity granted by Decision No. 42623, dated March 15, 1949, as amended by Decision No. 43049, dated June 28, 1949, with respect to such highway common carrier operations, and Decision No. 44325, dated June 20, 1950, with respect to the petroleum irregular route carrier operations.

All of the outstanding capital stock of Zimmerman Transportation Company, Inc., is owned by Fortier Transportation Company, and the operation and management of the two corporations are similar. Those in control of the affairs of the corporations have concluded that economies can be effected and operations simplified by a merger of the two corporations into one and an agreement of merger, dated February 20, 1957, has been made whereby the separate existence of Zimmerman Transportation Company, Inc., will cease and Fortier Transportation Company, as the surviving corporation, will succeed to all its assets and operations and to all its debts and liabilities. All the outstanding shares of stock of Zimmerman Transportation Company, Inc., will be surrendered for cancellation.

Statements of the assets, liabilities and capital of the present corporations as of December 31, 1956, and a pro forma statement giving effect to the merger and to the elimination of intercompany accounts, are as follows:

<u>Assets</u>	<u>Zimmerman Transporta- tion Company, Inc.</u>	<u>Fortier Transporta- tion Company</u>	<u>Pro Forma</u>
Current assets	\$ 47,284	\$1,037,938	\$1,076,256
Tangible property	50,448	1,530,138	1,580,586
Investments	-	139,452	72,952
Other assets	<u>31,779</u>	<u>17,050</u>	<u>48,829</u>
Totals	<u>\$129,511</u>	<u>\$2,724,578</u>	<u>\$2,778,623</u>
 <u>Liabilities and Capital</u>			
Current liabilities	\$ 51,086	\$ 342,320	\$ 884,440
Long-term obligations	11,519	1,078,685	1,090,204
Reserves	1,032	66,113	67,145
Capital -			
Common stock	12,000	193,750	193,750
Capital surplus	50,000	12,027	7,527
Earned surplus	<u>3,874</u>	<u>531,683</u>	<u>525,557</u>
Total capital	<u>65,874</u>	<u>737,460</u>	<u>736,834</u>
Totals	<u>\$129,511</u>	<u>\$2,724,578</u>	<u>\$2,778,623</u>

Financial statements filed with the application show that for the year of 1956, Zimmerman Transportation Company, Inc., had operating revenues of \$539,544 and net profit of \$381 and that Fortier Transportation Company had operating revenues of \$4,079,002 and a net profit of \$1,344.

The merging of the two organizations will eliminate the necessity of keeping separate sets of books and of making separate reports and maintaining joint rates between the two corporations. Upon a review of the application, it appears that there will be no curtailment of service to the shippers and we are of the opinion that the transaction, as proposed, will not be adverse to the public interest.

Applicants are 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. Aside from their purely permissive aspect, they extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be changed or destroyed at any time by the state, which is not in any respect limited as to the number of rights which may be given.

The action taken herein shall not be construed to be a finding of the value of the properties referred to in this proceeding.

O R D E R

The Commission having considered the above-entitled matter and being of the opinion that a public hearing is not necessary, and that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Zimmerman Transportation Company, Inc., and Fortier Transportation Company may enter into an agreement of merger whereby Zimmerman Transportation Company, Inc., is merged into Fortier Transportation Company and may carry out the terms of said agreement.
2. The previously authorized joint rates and through routes of Fortier Transportation Company are extended to include those points served by Zimmerman Transportation Company, Inc., which, upon consummation of the merger, will be served by the surviving corporation.

3. On not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of such merger, applicants shall supplement or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the common carrier operations here involved to show that Zimmerman Transportation Company, Inc., has withdrawn or canceled and Fortier Transportation Company has adopted or established, as its own, said rates, rules and regulations. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 80.

4. The authority herein granted will become effective on the date hereof.

Dated at San Francisco, California, this 9th day of April, 1957.

[Signature]
President
[Signature]
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Commissioners