

**ORIGINAL**

Decision No. 57228

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of FORTIER TRANSPORTATION COMPANY, a corporation, and SACRAMENTO FREIGHT LINES, INC., a corporation, for authority of the former to purchase the stock of the latter, and to transfer operating rights and property.

Application No. 40090

O P I N I O N

In this application the Commission is asked to make its orders (1) authorizing Fortier Transportation Company to acquire all the outstanding capital stock of Sacramento Freight Lines, Inc., and (2) authorizing Sacramento Freight Lines, Inc., to transfer all of its operative rights and property to Fortier Transportation Company.

Both applicants are California corporations which are engaged in business as highway common carriers of property, with certain exceptions, in intrastate and interstate commerce. Fortier Transportation Company, generally speaking, operates between San Diego and Los Angeles in the south, to points in the San Joaquin Valley and in the San Francisco Territory in the north. Sacramento Freight Lines, Inc., generally speaking, operates between points in the Los Angeles Territory in the south, to points in the San Francisco Territory, via the San Joaquin Valley, and Sacramento, Redding, Greenville and Herlong in the north. Joint rates between the two carriers are in effect.

Financial statements attached to the application show the results of operations for 1957, as follows:

	<u>Fortier</u>	<u>Sacramento</u>
Revenues	\$4,458,698	\$1,781,397
Net before depreciation	142,318	100,304
Depreciation charges	250,059	116,799
Balance	\$ (107,741)	\$ (16,495)

Applicants' reported assets, liabilities and net worth as of December 31, 1957, and as combined and adjusted to give effect to the purchase of the shares of stock, are indicated in the following statement:

<u>Assets</u>	<u>Fortier</u>	<u>Sacramento</u>	<u>Consolidated</u>
Current -			
Current assets	\$ 613,845	\$ 135,183	\$ 757,835
Less - current liabilities	459,841	157,199	617,040
Net current assets	154,004	(22,016)	140,795
Tangible property, less reserves	1,887,004	406,042	2,370,803
Intangible property	50,368	20,086	114,409
Other investments	79,666	5,296	84,962
Deferred debits	578	-	578
<b>Total</b>	<u>\$2,171,620</u>	<u>\$ 409,408</u>	<u>\$2,711,547</u>
<u>Liabilities and Net Worth</u>			
Long-term debt	\$1,553,319	\$ 241,689	\$1,985,008
Reserves	11,777	14,431	26,208
Net Worth -			
Common stock	193,750	80,000	193,750
Surplus	412,774	73,288	506,581
Total net worth	<u>606,524</u>	<u>153,288</u>	<u>700,331</u>
<b>Total</b>	<u>\$2,171,620</u>	<u>\$ 409,408</u>	<u>\$2,711,547</u>

It is reported that O. J. Boedeker, the sole shareholder of Sacramento Freight Lines, Inc., has found it necessary to withdraw from the operations of the business and that he has entered

into an agreement to sell all his outstanding shares to Fortier Transportation Company for the sum of \$275,000, payable \$75,000 down and \$200,000 in monthly installments over a period of five years with interest at the rate of 5% per annum.

Fortier Transportation Company, after it has acquired the outstanding stock of Sacramento Freight Lines, Inc., proposes to advance \$30,000 to that corporation to improve its working cash position and, for the time being, to continue the separate existence of Sacramento Freight Lines, Inc., with no curtailment of service to the shipping public. Within a period of two years, it intends to acquire the operative rights and property of Sacramento Freight Lines, Inc., and to assume all its liabilities.

The application shows that by uniting the ownership of the two carriers, substantial savings in operating expenses can be effected by the elimination of certain duplications and the consolidation of certain activities and facilities. In Exhibit Q, applicants estimate such savings will amount to \$96,265 annually.

Upon reviewing this matter we are of the opinion, and so find, that the acquisition by Fortier Transportation Company of the stock of Sacramento Freight Lines, Inc., will not be adverse to the public interest. We will enter an order authorizing such acquisition.

With respect to the ultimate transfer of the operative rights, it is not clear if this will be accomplished by a dissolution of Sacramento Freight Lines, Inc., and the distribution of its assets, or by merger proceedings, or by other means. While the exhibits

indicate that a merger is contemplated, applicants have not definitely so stated nor have they filed a copy of the proposed agreement of merger. We will hold in abeyance the request of applicants for an order authorizing the transfer of the operative rights and properties pending receipt of further information.

The action taken herein is not to be construed as a finding of the value of the stock of Sacramento Freight Lines, Inc.

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, that an order authorizing Fortier Transportation Company to acquire the stock of Sacramento Freight Lines, Inc., should be entered at this time, that the money, property or labor to be procured or paid for by Fortier Transportation Company, through the execution of the agreement herein authorized, is reasonably required for the purpose specified herein, and that such purpose, except as otherwise authorized, is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Fortier Transportation Company may acquire and thereafter hold all the outstanding stock of Sacramento Freight Lines, Inc., in accordance with the terms of the agreement dated February 12, 1958, filed in this proceeding as Exhibit A, which agreement Fortier Transportation Company may execute.

2. Fortier Transportation Company may incur the long-term indebtedness in the amount of \$200,000 under the terms of said agreement.

3. Within 30 days after acquiring the stock of Sacramento Freight Lines, Inc., under the authorization herein granted, Fortier Transportation Company shall advise the Commission of that fact in writing.

4. The authority herein granted will become effective when Fortier Transportation Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$200.

Dated at San Francisco, California, this 26<sup>th</sup> day of August, 1958.

E. Lynn Fox  
President  
W. E. Mitchell  
Walter J. ...  
Theodore J. ...

Commissioners

