

ORIGINAL

Decision No. 58769

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of G. I. TRUCKING COMPANY and
SAN DIEGO FAST FREIGHT, INC. to
Consolidate and Merge, to Retire
and Cancel all Capital Stock of
SAN DIEGO FAST FREIGHT, INC.,
and to Issue 134,000 Additional
Shares of G. I. TRUCKING COMPANY
Capital Stock.

Application No. 41234

O P I N I O N

In this application, G. I. Trucking Company and San Diego Fast Freight, Inc., seek an order of the Commission approving a merger and authorizing the issue of shares of stock.

Applicants are engaged in business as highway common carriers of general commodities in California. In general, G. I. Trucking Company operates in Los Angeles, Orange, San Bernardino and Riverside Counties, as more fully set forth in Decision No. 52652, dated February 14, 1956, as supplemented by Decision No. 52801, dated March 19, 1956, and San Diego Fast Freight, Inc., operates between points in San Diego County and the City of Los Angeles and certain intermediate points, under authorization granted by Decision No. 46550, dated December 18, 1951. Each corporation has \$1,000 par value of stock outstanding and, in addition, has accumulated surplus representing retained earnings invested in the business, G. I. Trucking Company

reporting \$146,051 and San Diego Fast Freight, Inc., \$52,783, as of March 31, 1959.

The two carriers have established joint rates and presently share the same Los Angeles terminal facilities. They now have concluded that a consolidation under one ownership will result in economies, will eliminate dual management, will permit the more efficient and economical use of various operating equipment, and will establish a stronger financial position for the combined company than for the two separate companies. To this end, the directors and shareholders of the two corporations have authorized a merger whereby the separate existence of San Diego Fast Freight, Inc., will cease and G. I. Trucking Company, as the surviving corporation, will succeed to all the assets and operations and to all the debts and liabilities at their book values. All the outstanding shares of stock of San Diego Fast Freight, Inc., will be surrendered for cancellation and the surviving corporation will issue its shares of common stock based upon the ratio of the book value of the shares of stock of San Diego Fast Freight, Inc., as compared with the book value of the shares of stock of G. I. Trucking Company, as of July 1, 1959. This will call for the issue of \$134,000 of stock and the capitalization of a portion of the combined retained earnings.

Statements of the assets, liabilities and capital of the two corporations have been filed in this proceeding. A pro forma statement as of March 31, 1959, giving effect to the merger and to the issue of stock, is as follows:

Assets

Current assets	\$148,558.41
Tangible property	323,940.75
Intangibles	1,872.09
Deferred debits	<u>2,350.00</u>
Total	<u>\$476,721.25</u>

Liabilities and Capital

Current liabilities	\$ 96,555.20
Long-term debt	179,331.11
Common stock	135,000.00
Surplus	<u>65,834.94</u>
Total	<u>\$476,721.25</u>

Financial statements filed with the application show that for the year 1958, G. I. Trucking Company had operating revenues of \$735,802 and net profit of \$21,580, after making provision for depreciation in the amount of \$39,145 and that San Diego Fast Freight, Inc., had operating revenues of \$291,422 and net profit of \$12,338, after making provision for depreciation in the amount of \$17,502.

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, and so find, 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 operative rights and properties referred to in this proceeding.

ORDER

The Commission having considered the above-entitled matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for by the issue of 134,000 shares of stock is reasonably required for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. G. I. Trucking Company and San Diego Fast Freight, Inc., on and after the effective date hereof and on or before December 31, 1959, may enter into a merger whereby San Diego Fast Freight, Inc., is merged into G. I. Trucking Company, and may consolidate their operative authorities and carry out the terms of said merger.

2. In the place and stead of its existing operative rights a certificate of public convenience and necessity is granted to G. I. Trucking Company, a corporation, as a highway

common carrier as defined in Section 213 of the Public Utilities Code between the points set forth in Appendix A, attached hereto, and made a part hereof, subject to the following conditions:

- (a) Within thirty days after the effective date hereof, applicant G. I. Trucking Company shall file a written acceptance of the certificate herein granted. By accepting the certificate of public convenience and necessity herein granted, applicant G. I. Trucking Company is placed on notice that it will be required, among other things, to file annual reports of its operations and to comply with and observe the safety rules and other regulations of the Commission's General Order No. 99. Failure to file such reports, in such form and at such time as the Commission may direct, or to comply with and observe the provisions of General Order No. 99, may result in a cancellation of the operating authority granted by this decision.
- (b) On not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of such transfer, applicant San Diego Fast Freight, Inc., shall cancel all rates, rules and regulations now on file and in effect between the points of operation to be transferred, and applicant G. I. Trucking Company shall establish the service authorized herein and file in triplicate and concurrently make effective tariffs satisfactory to the Commission reflecting the authority herein granted.

3. Concurrently with the effective date of the tariff filings required by paragraph 2(b) hereof, all of the operative rights, except those set forth in paragraph 2 hereof, heretofore granted to or acquired by G. I. Trucking Company are revoked.

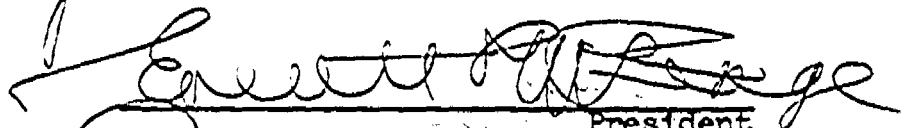
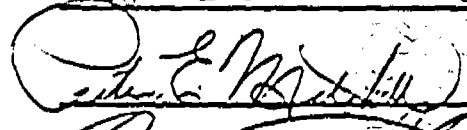

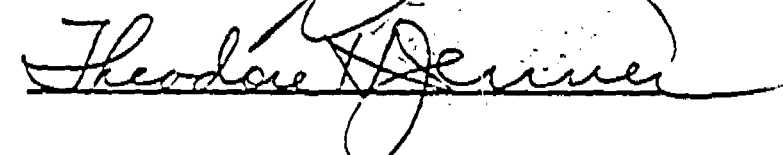
4. Concurrently with the consummation of the transfer herein authorized, and on not less than five days' notice to the Commission and to the public, applicants shall cancel the through routes and joint rates authorized by Decision No. 54269, dated December 18, 1956, in Application No. 38506.

5. G. I. Trucking Company may issue not to exceed 134,000 shares of its common stock of the par value of \$1 each in accordance with, and for the purpose of carrying out, the terms of said merger.

6. G. I. Trucking Company shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

7. The authority herein granted shall become effective on the date hereof.

Dated at San Francisco, California, this
21st day of July, 1959.


President



Commissioners

G. I. Trucking Company, by the certificate granted in the decision noted in the margin is authorized to transport general commodities between:

- (1) All points within the territory more particularly delineated in Appendix B attached hereto.
- (2) Points in that territory, on the one hand, and Oceanside and Chula Vista and intermediate points on U. S. Highway No. 101; and San Diego and El Cajon and intermediate points on U.S. Highway No. 80, on the other hand.

The authority hereinabove set forth in paragraph (2) does not include the right to render service to, from or between intermediate points except those specifically authorized.

Applicant shall not transport any shipments of:

1. Used household goods and personal effects not packed in accordance with the crated property requirements set forth in paragraph (d) of Item No. 10-C of Minimum Rate Tariff No. 4-A.
2. Automobiles, trucks and buses, viz.: new and used, finished or unfinished passenger automobiles (including jeeps), ambulances, hearses and taxis; freight automobiles, automobile chassis, trucks, truck chassis, truck trailers, trucks and trailers combined, buses, bus chassis.
3. Livestock, viz.: bucks, bulls, calves, cattle, cows, dairy cattle, ewes, goats, hogs, horses, kids, lambs, oxen, pigs, sheep, sheep camp outfits, sows, steers, stags or swine.
4. Commodities requiring the use of special refrigeration or temperature control in specially designed and constructed refrigerated equipment.
5. Liquids, compressed gases, commodities in semi-plastic form and commodities in suspension in liquids in bulk, in tank trucks, tank trailers, tank semitrailers or a combination of such highway vehicles.
6. Commodities when transported in bulk in dump trucks or in hopper-type trucks.
7. Commodities when transported in motor vehicles equipped for mechanical mixing in transit.

Issued by California Public Utilities Commission.

Decision No. 58769, Application No. 41234.

Beginning at the point where State Highway No. 118 intersects with State Highway No. 27; easterly and northeasterly along State Highway No. 118 to State Highway No. 7; northerly along State Highway No. 7 to Rinaldi Street; easterly on Rinaldi Street and Workman Street; westerly and northerly along the boundary of the City of San Fernando and its prolongation to the boundary of the Angeles National Forest; easterly and southerly along the boundary of the Angeles National Forest to U. S. Highway No. 395; southerly along U. S. Highway No. 395 to U. S. Highway No. 99; easterly along U. S. Highway No. 99 to and including the City of Redlands; southeasterly along an imaginary line to the intersection of U. S. Highways Nos. 60 and 395; southerly on U. S. Highway No. 395 to Cajalco Drive; westerly on Cajalco Drive to Mockingbird Canyon Road; northerly on Mockingbird Canyon Road and Van Buren Street to State Highway No. 18; southerly and westerly along State Highway No. 18 and U. S. Highway No. 91 to State Highway No. 55; southerly along State Highway No. 55 to and including Balboa; westerly and northerly along the shore line of the Pacific Ocean to a point directly south of the intersection of U. S. Highway No. 101 Alternate and State Highway No. 27; thence northerly along State Highway No. 27 to the point of beginning.

Issued by California Public Utilities Commission.

Decision No. 58769, Application No. 41234.