

ORIGINAL

Decision No. 60105

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PACIFIC INTERMOUNTAIN EXPRESS CO.,
a corporation, and BOND TRUCKING
CO., a corporation, for authority
of P.I.E. to purchase the capital
stock of BOND, to transfer opera-
tive rights and property of BOND
to P.I.E., and to dissolve BOND.

Application No. 42055

O P I N I O N

This application was filed with the Commission on
March 21, 1960 for an order -

1. Authorizing Pacific Intermountain Express Co.,
a corporation, hereinafter referred to as
P.I.E., to acquire all the outstanding stock
of Bond Trucking Co., a corporation, and
2. Authorizing Bond Trucking Co., hereinafter
referred to as Bond, to transfer its opera-
tive rights and property to P.I.E., and
3. Authorizing P.I.E. to assume all the
liabilities of Bond.

P.I.E. and Bond are highway common carriers of general
commodities between points in California. P.I.E. is engaged in
extensive trucking operations throughout the United States and,
pursuant to authorization granted by the Commission, operates
between San Francisco and bay points, on the one hand, and the
Los Angeles Metropolitan Area, on the other hand, with exten-
sions to Fontana, Redlands and other points. Bond, pursuant to
authorization granted by Decisions Nos. 55024 and 55522, operates
between points in the Los Angeles Metropolitan Area and between

Los Angeles and San Diego. For the year 1959, applicants report their revenues and net income as follows:

	<u>P.I.E.</u>	<u>Bond</u>
Operating revenues	\$62,504,037	\$172,212
Net income	1,492,518	6,107

It appears that P.I.E. now desires to extend its operations into San Diego and that to accomplish this objective it proposes to acquire the outstanding stock of Bond and thereafter to cause Bond to be dissolved and its assets, subject to liabilities, transferred to P.I.E. To this end, it has entered into an agreement with the holders of all the outstanding stock of Bond to purchase their shares for the sum of \$100,000, payable in cash on or before the closing date of the transaction.

Under the terms of the agreement, P.I.E. will deposit in a bank or escrow company the sum of \$10,000 of the purchase price with instructions to the escrow holder to hold said sum as follows:

\$5,000 for a period of two years from closing date, and

\$5,000 for a period of four years from the closing date.

The purpose of depositing said sum in escrow is to protect P.I.E. against undisclosed liabilities and misrepresentation of assets.

A summary statement showing Bond's assets, liabilities and net worth, as of September 30, 1959, is as follows:

Assets

Current assets -		
Cash	\$22,592	
Accounts receivable	19,393	
Materials and supplies	2,842	
Special deposit	300	
Total current assets	<u>45,127</u>	
Less - Current liabilities	<u>40,914</u>	
Net current assets		\$ 4,213
Tangible assets, less reserve		15,381
Intangible assets		<u>7,800</u>
Total		<u>\$27,394</u>

Liabilities and Net Worth

Notes payable	\$20,957
Common stock and surplus	<u>6,437</u>
Total	<u>\$27,394</u>

Upon completing the transfer, P.I.E., according to Exhibit O, proposes to transfer Bond's assets and liabilities to its accounts at their book values and to charge to surplus the excess of the purchase price over the net book values. P.I.E. reports that there will be no curtailment in the service to the public but, on the contrary, there will be a benefit to the public through the establishment of through service under unified rights. The company asserts that economy and efficiency in operation can be effected by the consolidation under one ownership and management.

From a review of the application, we are of the opinion, and so find, that the acquisition by P.I.E. of the operations of Bond will not be adverse to the public interest. However, a proceeding now is pending before the Commission, being Case No. 6426, which was filed by Diamond National

Corporation against Bond alleging overcharges and requesting refunds and we will approve the present application only on the specific condition that applicants agree that any reparations which may be awarded by the decision in Case No. 6426 shall be paid with moneys deposited in the escrow to be established by the terms of the agreement of sale.

In making our order herein, we place applicants 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 holders 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 authorization herein granted is not to be construed as a finding of the value of the rights and property herein authorized to be transferred.

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,

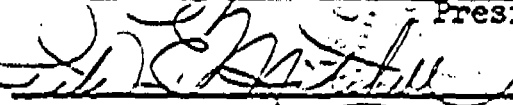
IT IS HEREBY ORDERED as follows:


1. Pacific Intermountain Express Co. may acquire and hold all the outstanding stock of Bond Trucking Co.
2. Bond Trucking Co. may transfer its operative rights and property to Pacific Intermountain Express Co.
3. Pacific Intermountain Express Co., in acquiring said operative rights and property, shall assume the liabilities of Bond Trucking Co.
4. On not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of such transfer, applicants shall supplement or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the operations here involved to show that Bond Trucking Co. has withdrawn or canceled and Pacific Intermountain Express Co. 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.
5. The authority herein granted will become effective when Pacific Intermountain Express Co. and Bond Trucking Co. have filed with the Commission a stipulation in which they agree that any reparations which may be awarded by the decision in Case No. 6426, now pending, shall be paid with moneys to be

deposited in the escrow to be established by the terms of the agreement of sale dated January 13, 1959. If not exercised, such authority will expire on December 31, 1960.

Dated at Los Angeles, California,
this 17th day of May, 1960.



President




Commissioners