

ORIGINAL

Decision No. 61210

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of ASSOCIATED FREIGHT LINES, a
corporation, to merge into
PENINSULA MOTOR EXPRESS, a
corporation, and for PENINSULA
MOTOR EXPRESS to issue stock.

Application No. 42943

O P I N I O N

This application was filed on December 8, 1960, by Associated Freight Lines, a corporation, and Peninsula Motor Express, a corporation, for authority to execute and enter into an agreement of merger.

The two corporations are engaged in business as highway common carriers of property. In general, Associated Freight Lines operates between points in the San Francisco Bay Area and between that area and Los Angeles Territory, as generally described in Decision No. 60410, dated July 12, 1960, on Application No. 42325. Peninsula Motor Express is authorized to perform service in the San Francisco Bay Area and between points in the San Francisco Territory and numerous San Joaquin Valley points, under authorization granted by Decision No. 58379, dated May 7, 1959, as modified by Decision No. 59787, dated March 15, 1960, on Application No. 39789. The two corporations are controlled through stock ownership by John A. Pifer. They occupy joint terminal facilities in

San Francisco, Mountain View and Oakland and they maintain joint rates for the transportation of intrastate commerce.

The application shows that it has now been concluded that a consolidation of the two operations under one corporate ownership will create a unified and integrated operation, will result in economies in operations and in accounting procedures, will permit efficiencies in the use of equipment, personnel and facilities, and should permit expanded operations in interstate commerce, it appearing that at present only Peninsula Motor Express has its operating authority registered with the Interstate Commerce Commission. To accomplish this consolidation of ownership, the two corporations propose an agreement of merger whereby the separate existence of Associated Freight Lines shall cease and Peninsula Motor Express, as the surviving corporation, shall succeed to and shall become the owner, without other transfer, of the rights and property of Associated Freight Lines and shall be subject to all the debts and liabilities of Associated Freight Lines. The surviving corporation will issue to John A. Pifer 1,786 shares of its stock, without par value, in exchange for his holdings of stock of Associated Freight Lines.

The surviving corporation, upon consummation of the agreement of merger, will change its name to Associated Freight Lines, will continue the same rates in effect and, according to Exhibit C, will set up on its books the ledger balances of Associated Freight Lines, without change in the amounts.

From a review of the application, it appears that there will be no curtailment of service or other prejudice to the shippers as the result of the merger and we find and conclude that the transaction, as presented in this application, will not be adverse to the public interest; that the money, property or labor to be procured or paid for through the issue of the shares of stock herein authorized 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. An order will be entered granting the application.

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 rights and property 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; therefore,

IT IS HEREBY ORDERED as follows:

1. Associated Freight Lines and Peninsula Motor Express, on or after the effective date hereof and on or before June 30, 1961, may execute and enter into an agreement of merger in, or substantially in, the same form as that filed in this proceeding as Exhibit B, whereby Associated Freight Lines is merged into Peninsula Motor Express. Applicants may consolidate their operating authorities and may carry out the terms of the agreement of merger.

2. Peninsula Motor Express, on or after the effective date hereof and on or before June 30, 1961, in accordance with the terms of said agreement of merger, may issue not to exceed 1,786 shares of its common stock, without par value, to John A. Pifer in exchange for his shares of stock of Associated Freight Lines.

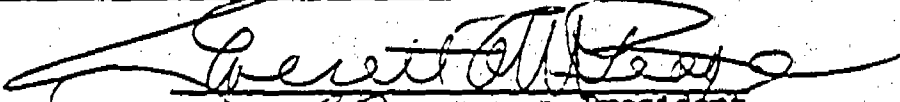
3. Upon consummation of the agreement of merger, Peninsula Motor Express may change its name to Associated Freight Lines.

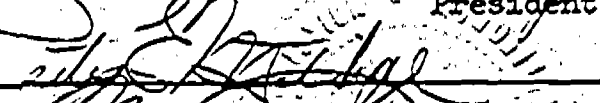
4. On not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of such merger, applicants shall supplement or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the common carrier operations here involved to show that Associated Freight Lines has withdrawn or cancelled and Peninsula Motor Express 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. Peninsula Motor Express 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.

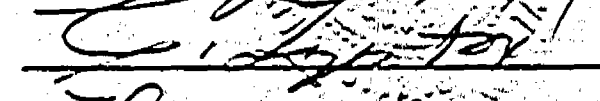
6. The authority herein granted shall become effective on the date hereof.

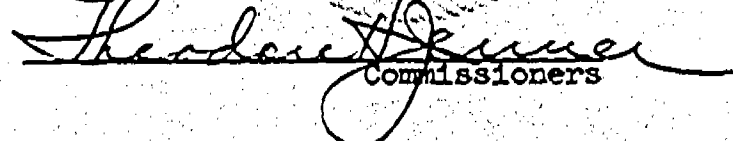
Dated at San Francisco, California,
this 20th day of DECEMBER, 1960.



President








Commissioners