

ORIGINAL

Decision No. 62172

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
ARTHUR R. ALTNOW, an individual,  
doing business as LODI TRUCK  
SERVICE, to sell and transfer,  
and L T S RENTALS, a corporation,  
to purchase and acquire certain  
properties.

Application No. 43393

Handler and Baker, by Daniel W. Baker,  
for applicants; Sidney J. Webb, for  
the Commission staff.

O P I N I O N

This is an application for an order of the Commission authorizing Arthur R. Altnow, an individual doing business as Lodi Truck Service, to sell and transfer operative equipment to L T S Rentals, a corporation.

The application was filed on May 12, 1961. A public hearing was held before Examiner Coleman in San Francisco on June 5, 1961, at which time the matter was taken under submission. The Commission has received no protests in this proceeding.

Applicant Altnow is engaged in business as a highway common carrier and as a petroleum irregular route carrier operating under certificates of public convenience and necessity granted by the Commission and, in the conduct of his operations, has acquired and now owns certain units of revenue equipment. Applicant Altnow now proposes to sell and transfer substantially all of his revenue equipment, having an aggregate net book value of \$187,081 as of December 31, 1960, to L T S Rentals, a corporation of which he will be the sole shareholder, in consideration for the assumption of indebtedness by the corporation and the issue to him of shares of stock, and thereafter to lease back such equipment at a rental based on mileage operated with a minimum monthly rental, however, of \$21,369.

The testimony taken at the hearing clearly shows that as the result of the sale and lease-back the operating carrier will realize tax savings, will reduce his cash outlay and thereby will expand and conserve his working cash position, and will be relieved of the responsibility of replacing and adding to the fleet of equipment. A pro forma statement, filed as Exhibit No. 4, shows that during 1960 applicant Altnow's net income aggregated \$7,877 and that giving effect to the elimination of maintenance, depreciation, taxes and other expenses incident to the ownership of the equipment proposed to be transferred, and interest attributable to the debts to be assumed by the transferee, and substituting

therefor the monthly rental payments, the net income, on a pro forma basis, would have been increased to \$13,335.

Another reason stated for the proposed sale and lease-back is that it is contemplated L T S Rentals will lease equipment to persons other than applicant Altnow and that the regulations of the Interstate Commerce Commission prohibit applicant Altnow, as a regulated motor common carrier, from entering into certain equipment leasing arrangements, which arrangements, however, can be made by a separate and distinct company which may be owned and controlled by the same person, or persons, owning or controlling the motor common carrier operations.

On the basis of the information before us, we find and conclude that the proposed transactions will not impair the ability of the carrier to serve the public and will not be adverse to the public interest. Under the circumstances as disclosed in this particular proceeding, we will enter our order granting the application. Our order, however, shall not be construed to be a finding of the value of the equipment referred to herein nor a finding of the reasonableness of the terms and conditions of the vehicle lease agreement. We reserve the right, if called upon to fix rates, to review these matters anew and, with respect to the equipment, to determine at any time the amounts to be included in the rate base or in the operating expenses.

O R D E R

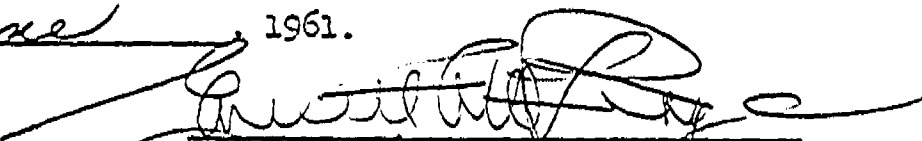



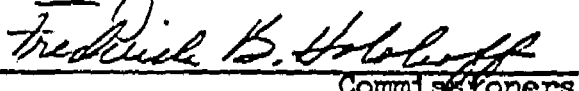
A public hearing having been held in the above-entitled matter and the Commission being fully advised and being of the opinion that the application should be granted,

IT IS HEREBY ORDERED that Arthur R. Altnow, an individual doing business as Lodi Truck Service, may sell and transfer his revenue equipment as set forth in this proceeding to L T S Rentals, a corporation, and may enter into a vehicle lease agreement in, or substantially in, the same form as that filed in this proceeding as Exhibit F, as amended by Exhibit No. 2,

Provided, however, that the authority herein granted is subject to the condition that the revenue equipment to be transferred shall not be relieved of its devotion to public use and that its status as public utility revenue equipment shall remain the same as though the transfer herein authorized had not taken place.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 27th day of June, 1961.

  
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President  
  
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Commissioners