

**ORIGINAL**

Decision No. 65451

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:

INTERLINES MOTOR EXPRESS,  
a corporation, and  
BLANKENSHIP MOTORS,  
a corporation,

Application No. 45264

for authority to merge operating  
authorities and properties and to  
temporarily lease operating  
authorities and properties;  
and for authority for INTERLINES  
MOTOR EXPRESS to issue stock.

O P I N I O N

This is an application for an order of the Commission authorizing Interlines Motor Express, a corporation, and Blankenship Motors, a corporation, to merge.

The two corporations are engaged in business as highway common carriers. In general, Interlines Motor Express operates from Arcata, Redding and Alturas, on the north, to San Diego (San Ysidro), on the south, and Blankenship Motors from San Francisco and Sacramento, on the north, to San Diego, on the south. It does not appear that there is an identity of ownership of the outstanding shares of stock of the two carriers.

The application shows that the two carriers have suffered losses from operations, and that those in control have concluded savings can be made, operations improved, and net income realized if the ownership were to be consolidated and the operations conducted by a single entity. To this end, applicants have entered into an agreement of merger, along with Derlig Corp., a corporation which is affiliated with Interlines Motor Express and which owns certain real property and improvements, whereby Blankenship Motors and Derlig Corp. will be merged into Interlines Motor Express and Interlines Motor Express, as the surviving corporation, will succeed to all the assets and liabilities of the constituent corporation, will issue 15,246 shares of its \$10 par value common stock to the present shareholders of Blankenship Motors and Derlig Corp., and will change its name to Interlines-Blankenship Motor Express.

In presenting this matter to the Commission for its consideration, applicants report that during 1962, Interlines Motor Express suffered net loss of \$54,961 and Blankenship Motors net loss of \$176,028 and Derlig Corp. realized net income of \$65,152, the three figures resulting in a combined net loss of \$165,837. Applicants estimate that under consolidated arrangements, as proposed by the contemplated merger, economies aggregating \$366,267 could have been realized in 1962 which would have produced total net income of \$200,430, instead of total losses of \$165,837. The application in this

connection shows that in some cases applicants operate over the same routes, that some schedules are operated at less than capacity, and that both applicants maintain separate terminal facilities and pickup and delivery equipment. The estimated savings flowing out of the merger are based on better utilization of equipment, reduction in mileage operated, improved load factors and elimination of duplicate facilities and services.

Pending completion of the merger, applicants seek authorization for the temporary operation by Interlines Motor Express of the operative rights and properties of Blankenship Motors by a lease arrangement at a monthly rental of \$6,500. It is asserted that the lease is necessary in order to place the operating economies in effect immediately and thereby arrest operating losses, if the service to the public is to be maintained.<sup>1/</sup>

The application was filed with the Commission on March 21, 1963. It contains a certificate showing that service had been given on that date, by mail, to fifty-four other carriers operating in applicants' territory. The Commission has received no protests in the proceeding.

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<sup>1/</sup>

On March 21, 1963, the Interstate Commerce Commission entered an order authorizing Interlines Motor Express to lease the operating authorities and property of Blankenship Motors for a period of 180 days.

We have considered the matter now before us and we find that a public hearing is not necessary; that the proposed lease and merger will not be adverse to the public interest; that the money, property or labor to be procured or paid for by the issue of the 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.

In view of the fact that each of the carriers owns certificates of public convenience and necessity covering the same territory, in some respects, the order herein will provide for cancellation of existing operating authorities and the issuance of an in-lieu certificate. The certificate herein granted is subject to the following provision of law:

The Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate, or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

The order herein is not to be construed as a finding of the value of the operative rights or the properties referred to in this proceeding.

O R D E R

IT IS ORDERED that:

1. Interlines Motor Express, a corporation, and Blankenship Motors, a corporation, are authorized to execute a lease agreement in the same form, or substantially the same form, as that annexed to the application as Exhibit N.

Blankenship Motors is authorized to lease its operating authorities and all its property to Interlines Motor Express pursuant to the terms of said agreement.

2. Interlines Motor Express and Blankenship Motors are authorized to execute and enter into an agreement of merger in the same form, or substantially the same form, as that annexed to the application as Exhibit E and to carry out the terms and provisions of said agreement.

3. Interlines-Blankenship Motor Express, as the surviving corporation in said merger, shall succeed to all the assets and liabilities of Blankenship Motors and may issue not to exceed 15,246 shares of its common stock in carrying out the terms of the merger.

4. Interlines-Blankenship Motor Express shall file a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

5. Interlines-Blankenship Motor Express shall amend or reissue the tariffs on file with the Commission, naming rates, rules and regulations governing the common carrier operations here involved to show that it has adopted or established, as its own, said rates, rules and regulations. The tariff filings shall be made effective not earlier than thirty days after the effective date of this order on not less than thirty days' notice to the Commission and the public, and the effective date of the tariff filings shall be concurrent with the consummation of the transfer herein authorized. 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-A.

6. Effective concurrently with the effective date of tariff filings required by Paragraph 5 hereof, the certificate of public convenience and necessity granted to Blankenship Motors by Decisions Nos. 59790 and 63049, and the certificate of public convenience and necessity granted to Interlines Motor Express by Decision No. 60984, are hereby revoked, and simultaneously therewith, an in-lieu certificate of public convenience and necessity is hereby granted to Interlines-Blankenship Motor Express authorizing it to operate as a highway common carrier, as defined in Section 213 of the Public Utilities Code, between the points and over the routes as more particularly set forth in Appendices A, B, C and D, attached hereto and made a part hereof.

7. In providing service pursuant to the certificate granted in Paragraph 6 hereof, Interlines-Blankenship Motor Express shall comply with and observe the following service regulation:

- a. Within thirty days after the effective date hereof, it shall file a written acceptance of the certificate herein granted. By accepting the certificate of public convenience and necessity herein granted, it 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 and insurance requirements of the Commission's General Order No. 100-B. 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 Orders Nos. 99 and 100-B, may result in a cancellation of the operating authority granted by this decision.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California,  
this 27<sup>th</sup> day of MAY, 1963.

*Edith E. Mitchell* Acting President  
President

*Fredrick B. Hallock*

*William W. Brunell*

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.  
-Commissioners

A. Interlines-Blankenship Motor Express, by the certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to transport general commodities as follows (See Paragraph D, subparagraph 1, hereof):

1. Between all points and places in the San Francisco Territory as described in Appendix B attached hereto and points and places located within ten miles laterally of the boundaries of said San Francisco Territory.
2. Between all points and places in the Los Angeles Basin Territory as described in Appendix C attached hereto.
3. Between all points and places on and within twenty-five miles laterally of the following named highways:
  - a. U.S. Highway 101 between San Francisco and the Los Angeles-Ventura County Line, inclusive. (See Note 1.)
  - b. U.S. Highway 101 between the Los Angeles-San Diego County Line and San Diego, inclusive.
  - c. U.S. Highway 99 between Sacramento and Los Angeles, inclusive.
  - d. U.S. Highway 66 between Los Angeles and San Bernardino, inclusive. (Authority is limited to points laterally to the north of said highway lying outside the Los Angeles Basin Territory and not included in other routes.)
4. Between all points and places on and within twenty miles laterally of the following named highways:
  - a. U.S. Highway 101 between San Diego and San Ysidro, inclusive.
  - b. U.S. Highways 99, 99-E and 99-W between Redding and Sacramento, including all points and places within a radius of twenty-five miles of Redding and including points ten miles laterally to the east of U.S. Highway 40 Alternate between Oroville and Pulga lying more than twenty miles east of U.S. Highway 99-E.

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- c. U.S. Highway 299 between its junction with U.S. Highway 101 near Arcata and Alturas, inclusive, including the off-route point of Bartle and points within ten miles laterally of State Highway 89 between Bartle and a point twenty miles north of U.S. Highway 299. (See Notes 2, 3 and 4.)
5. Between all points and places on and within ten miles laterally of the following named highways:
    - a. U.S. Highway 40 between Richmond and Vacaville, inclusive.
    - b. U.S. Highway 50 between Hayward and Tracy, inclusive.
    - c. State Highway 4 between its junction with U.S. Highway 40 near Pinole and Byron, inclusive.
    - d. U.S. Highway 101 between its junction with U.S. Highway 299 near Arcata and Scotia, inclusive. (See Notes 2, 3 and 4.)
  6. Between all points and places on and within three miles laterally of the following named highways:
    - a. State Highway 20 between a point twenty miles east of U.S. Highway 99-W and Upper Lake, inclusive.
    - b. State Highway 29 between Upper Lake and Middletown, inclusive.
    - c. State Highway 53 between its junction with State Highway 20 and Middletown, inclusive.

NOTE 1 - No service is authorized between points in the San Francisco Territory, on the one hand, and points between San Jose and Soledad, inclusive, on the other hand.

NOTE 2 - Shipments moving between points located on U.S. Highway 101 between Scotia and Trinidad or laterally on either side of said highway, on the one hand, and, on the other hand, points south of Redding, including the San Francisco Bay Area, must be physically transported via U.S. Highways 99, 99-W or 99-E through Redding.

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NOTE 3 - No service is authorized between points located on U.S. Highway 101 between Trinidad and Scotia inclusive, and points laterally adjacent to said highway, on the one hand, and, on the other hand, points located on U.S. Highway 299 from its junction with U.S. Highway 101 near Arcata to and including Willow Creek, and points laterally adjacent to said highway.

NOTE 4 - No service is authorized at points located on State Highway 96 north of Willow Creek or at points on State Highway 36 between Forest Glen and the junction of said State Highway 36 with U.S. Highway 101 at Alton or at points located laterally from said State highways.

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 and bus chassis.
3. Livestock, viz.: bucks, bulls, calves, cattle, cows, dairy cattle, ewes, goats, hogs, horses, kids, lambs, oxen, pigs, sheep, sheep camp outfits, cows, steers, stags or swine.
4. Commodities requiring protection from heat by the use of ice (either water or solidified carbon dioxide) or by mechanical refrigeration. (See Exception.)
5. Liquids, compressed gases, commodities in semi-plastic form and commodities in suspension in liquids in bulk, in tank trucks, tank trailers, tank semi-trailers 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.
8. Logs

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9. Commodities of unusual value as set forth in Rule 3 of Western Classification 77, J. P. Hackler, Tariff Issuing Officer, on the issue date thereof.
10. Commodities which have been sold at retail by a retail merchant, and transported from a retail store or retail store warehouse to residences of retail customers, or transported from residences of retail customers to retail stores or retail store warehouses, and such transportation is performed in vehicles in the exclusive use of the retailer and providing no shipment exceeds 2,000 pounds in weight; and merchandise for the use or consumption of retail customers and not for use in the furtherance of an industrial or commercial enterprise when the retailer certifies on the shipping document for each delivery that the merchandise was sold at retail to a retail customer. (See Exception.)

EXCEPTION - Commodity exclusions making specific reference hereto apply only at points specified above in subparagraphs 3a and 3d and at points more than twenty miles laterally of the highways described in subparagraphs 3b and 3c, except as hereinafter provided.

B. Interlines-Blankenship Motor Express is also authorized to transport general commodities for mail order houses and their retail stores between the following:

Auburn, Bakersfield, Chico, Coalinga, Dunsuir, Eureka, Fresno, Gilroy, Grass Valley, Hanford, Healdsburg, Lodi, Lompoc, Los Banos, Madera, Marysville, Merced, Modesto, Monterey, National City, Oroville, Oxnard, Paso Robles, Pomona, Porterville, Red Bluff, Redding, Riverside, Roseville, Sacramento, Salinas, San Bernardino, San Diego, San Luis Obispo, Santa Ana, Santa Barbara, Santa Cruz, Santa Rosa, Stockton, Taft, Tracy, Tulare, Turlock, Ukiah, Ventura, Visalia, Watsonville, Woodland, Yreka,

points within the Los Angeles Territory as described in Appendix D attached hereto, and points within a radius of fifty miles of Oakland.

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C. Interlines-Blankenship Motor Express is also authorized to transport fresh fruits and vegetables in shipments of not less than 5,000 pounds TO San Francisco, Oakland, Alameda, San Leandro and Richmond FROM the following:

1. Points and places within a radius of twenty-five miles of San Diego.
2. Points and places on and within twenty-five miles laterally of U.S. Highway 99 between Indio and El Centro, inclusive.
3. Points and places on and within twenty-five miles laterally of U.S. Highway 99 between Colton and Redlands, inclusive.

D. The operative rights set forth in Paragraphs A, B, and C are subject to the following conditions:

1. Through routes and rates may be established between any and all points described in Paragraph A, subparagraphs 1 through 6c.
2. Applicant may use any and all available streets and highways between the points described in Paragraphs A, B and C, unless otherwise provided, for operating convenience only.
3. Lateral and radial miles referred to in this appendix are statute miles of 5,280 feet each, measured in a straight line without regard to terrain features.
4. To the extent of any duplication of operative rights set forth in this appendix, such operative rights may not be separated to permit Interlines-Blankenship Motor Express to sell or transfer one certificate authority and retain another certificate authority to perform the same service.

End of Appendix A

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APPENDIX B TO DECISION NO. 65451

SAN FRANCISCO TERRITORY includes all the City of San Jose and that area embraced by the following boundary: Beginning at the point the San Francisco-San Mateo County Boundary Line meets the Pacific Ocean; thence easterly along said boundary line to a point 1 mile west of U. S. Highway 101; southerly along an imaginary line 1 mile west of and paralleling U. S. Highway 101 to its intersection with Southern Pacific Company right of way at Arastradero Road; southeasterly along the Southern Pacific Company right of way to Pollard Road, including industries served by the Southern Pacific Company spur line extending approximately 2 miles southwest from Simla to Permanente; easterly along Pollard Road to W. Parr Avenue; easterly along W. Parr Avenue to Capri Drive; southerly along Capri Drive to E. Parr Avenue; easterly along E. Parr Avenue to the Southern Pacific Company right of way; southerly along the Southern Pacific Company right of way to the Campbell-Los Gatos city limits; easterly along said limits and the prolongation thereof to the San Jose-Los Gatos Road; northeasterly along San Jose-Los Gatos Road to Foxworthy Avenue; easterly along Foxworthy Avenue to Almaden Road; southerly along Almaden Road to Hillsdale Avenue; easterly along Hillsdale Avenue to U. S. Highway 101; northwesterly along U. S. Highway 101 to Tully Road; northeasterly along Tully Road to White Road; northwesterly along White Road to McKee Road; southwestly along McKee Road to Capitol Avenue; northwesterly along Capitol Avenue to State Highway 17 (Oakland Road); northerly along State Highway 17 to Warm Springs; northerly along the unnumbered highway via Mission San Jose and Miles to Hayward; northerly along Foothill Boulevard to Seminary Avenue; easterly along Seminary Avenue to Mountain Boulevard; northerly along Mountain Boulevard and Moraga Avenue to Estates Drive; westerly along Estates Drive, Harbord Drive and Broadway Terrace to College Avenue; northerly along College Avenue to Dwight Way; easterly along Dwight Way to the Berkeley-Oakland boundary line; northerly along said boundary line to the campus boundary of the University of California; northerly and westerly along the campus boundary of the University of California to Euclid Avenue; northerly along Euclid Avenue to Marin Avenue; westerly along Marin Avenue to Arlington Avenue; northerly along Arlington Avenue to U. S. Highway 40 (San Pablo Avenue); northerly along U. S. Highway 40 to and including the City of Richmond; southwestly along the highway extending from the City of Richmond to Point Richmond; southerly along an imaginary line from Point Richmond to the San Francisco Waterfront at the foot of Market Street; westerly along said waterfront and shore line to the Pacific Ocean; southerly along the shore line of the Pacific Ocean to point of beginning.

APPENDIX C TO DECISION NO. 65451

LOS ANGELES BASIN TERRITORY includes that area embraced by the following boundary: Beginning at the point the Ventura County-Los Angeles County boundary line intersects the Pacific Ocean; thence northeasterly along said county line to the point it intersects State Highway No. 118, approximately two miles west of Chatsworth; easterly along State Highway No. 118 to Sepulveda Boulevard; northerly along Sepulveda Boulevard to Chatsworth Drive; northeasterly along Chatsworth Drive to the corporate boundary of the City of San Fernando; westerly and northerly along said corporate boundary to McClay Avenue; northeasterly along McClay Avenue and its prolongation to the Angeles National Forest Boundary; southeasterly and easterly along the Angeles National Forest and San Bernardino National Forest boundary to the county road known as Mill Creek Road; westerly along Mill Creek Road to the county road 3.8 miles north of Yucaipa; southerly along said county road to and including the unincorporated community of Yucaipa; westerly along Redlands Boulevard to U. S. Highway No. 99; northwesterly along U. S. Highway No. 99 to the corporate boundary of the City of Redlands; westerly and northerly along said corporate boundary to Brookside Avenue; westerly along Brookside Avenue to Barton Avenue; westerly along Barton Avenue and its prolongation to Palm Avenue; westerly along Palm Avenue to La Cadena Drive; southwesterly along La Cadena Drive to Iowa Avenue; southerly along Iowa Avenue to U. S. Highway No. 60; southwesterly along U. S. Highways Nos. 60 and 395 to the county road approximately one mile north of Perris; easterly along said county road via Nuevo and Lakeview to the corporate boundary of the City of San Jacinto; easterly, southerly and westerly along said corporate boundary to San Jacinto Avenue; southerly along San Jacinto Avenue to State Highway No. 74; westerly along State Highway No. 74 to the corporate boundary of the City of Hemet; southerly, westerly and northerly along said corporate boundary to the right of way of The Atchison, Topeka & Santa Fe Railway Company; southwesterly along said right of way to Washington Avenue; southerly along Washington Avenue; through and including the unincorporated community of Winchester to Benton Road; westerly along Benton Road to the county road intersecting U. S. Highway No. 395, 2.1 miles north of the unincorporated community of Temecula; southerly along said county road to U. S. Highway No. 395; southeasterly along U. S. Highway No. 395 to the Riverside County-San Diego County boundary line; westerly along said boundary line to the Orange County-San Diego County boundary line; southerly along said boundary line to the Pacific Ocean; northwesterly along the shore line of the Pacific Ocean to point of beginning.

APPENDIX D TO DECISION NO. CE 154

LOS ANGELES TERRITORY includes that area embraced by the following boundary: Beginning at the intersection of Sunset Boulevard and U. S. Highway No. 101, Alternate; thence northeasterly on Sunset Boulevard to State Highway No. 7; northerly along State Highway No. 7 to State Highway No. 118; northeasterly along State Highway No. 118 through and including the City of San Fernando; continuing northeasterly and southeasterly along State Highway No. 118 to and including the City of Pasadena; easterly along Foothill Boulevard from the intersection of Foothill Boulevard and Michillinda Avenue to Valencia Way; northerly on Valencia Way to Hillcrest Boulevard; easterly and northeasterly along Hillcrest Boulevard to Grand Avenue; easterly and southerly along Grand Avenue to Greystone Avenue; easterly on Greystone Avenue to Oak Park Lane; easterly on Oak Park Lane and the prolongation thereof to the west side of the Sawpit Wash; southerly along the Sawpit Wash to the north side of the Pacific Electric Railway right of way; easterly along the north side of the Pacific Electric Railway right of way to Buena Vista Street; south and southerly on Buena Vista Street to its intersection with Meridian Street; due south along an imaginary line to the west bank of the San Gabriel River; southerly along the west bank of the San Gabriel River to Beverly Boulevard; southeasterly on Beverly Boulevard to Painter Avenue in the City of Whittier; southerly on Painter Avenue to Telegraph Road; westerly on Telegraph Road to the west bank of the San Gabriel River; southerly along the west bank of the San Gabriel River to Imperial Highway; westerly on Imperial Highway to State Highway No. 19; southerly along State Highway No. 19 to its intersection with U.S. Highway No. 101, Alternate, at Ximeno Street; southerly along Ximeno Street and its prolongation to the Pacific Ocean; westerly and northerly along the shore line of the Pacific Ocean to a point directly south of the intersection of Sunset Boulevard and U. S. Highway No. 101, Alternate; thence northerly along an imaginary line to point of beginning.