

**ORIGINAL**

Decision No. 69874

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )	
of SANTA CRUZ MOTOR EXPRESS, INC. )	Application No. 47829
to merge into SALINAS VALLEY )	Filed August 19, 1965
FREIGHT LINES, and for SALINAS )	and Amendment
VALLEY FREIGHT LINES to issue )	Filed October 20, 1965
stock and a promissory note. )	

O P I N I O N

This is an application for an order of the Commission authorizing Santa Cruz Motor Express, Inc. to merge into Salinas Valley Freight Lines and for the latter, as surviving corporation, to change its name to Salinas Valley-Santa Cruz Motor Express and to issue a note and shares of its capital stock.

Santa Cruz Motor Express, Inc. is a California corporation engaged in business as a highway common carrier operating generally between points in the San Francisco Bay Area and Santa Cruz and vicinity pursuant to a certificate of public convenience and necessity granted by this Commission in Decision No. 52393, dated December 20, 1955, as modified by Decision No. 52742, dated March 13, 1956, in Application No. 35722.

Salinas Valley Freight Lines is a California corporation operating as a highway common carrier generally to and between points in the San Francisco Bay Area and points in the

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Counties of Monterey, Santa Clara and Santa Cruz pursuant to a certificate of public convenience and necessity acquired under authority granted by Decision No. 62318, dated July 25, 1961, in Application No. 43532.

Applicants have agreed that Santa Cruz Motor Express, Inc. will merge into Salinas Valley Freight Lines, whereupon the name of the latter will be changed to Salinas Valley-Santa Cruz Motor Express. The surviving corporation will succeed to all the rights and property, and be subject to all the debts and liabilities, of Santa Cruz Motor Express, Inc.

As a condition of said merger all of the outstanding 5,000 shares of capital stock of Santa Cruz Motor Express, Inc. will be exchanged for 1,170 shares of the capital stock of the surviving corporation, which is equivalent to the issuance of .234 shares of Salinas Valley Freight Lines stock for each share of stock of Santa Cruz Motor Express, Inc. In addition, for a total consideration of \$29,900 cash, Salinas Valley Freight Lines will issue 170 shares to Elio Sartori and 170 shares to Sergio Sartori, who together presently hold fifty percent of its outstanding shares. The proceeds will be used for meeting the \$17,400 cash payment referred to in the following paragraph, and to add \$12,500 to the working capital of the surviving corporation.

Also as a condition of the merger, Salinas Valley Freight Lines has agreed to purchase from Riccardo Tunzi and redeem 1,170 shares of its stock, representing one half of the outstanding shares. The price is to be \$60,000, of which \$17,400 will be in cash and the remaining \$42,600 will be represented by a promissory note with principal repayable at \$500 or more per month together with interest on deferred payments at the rate of six percent per annum.

A pro forma statement of assets and liabilities, as of May 31, 1965, as summarized from Exhibit D-1 filed in this proceeding, giving effect to the merger transactions, and assuming that the reacquired stock will be retired, is as follows:

ASSETS

Current assets	\$ 44,517
Net tangible property	50,709
Deposits	1,150
Organization, franchise and permits	<u>8,569</u>
Total	<u>\$104,945</u>

LIABILITIES

Current liabilities	\$ 21,920
Long-term debt	44,469
Stockholders equity	<u>38,556</u>
Total	<u>\$104,945</u>

The application shows that under the combined operations reduced costs will be achieved in the areas of pickup and delivery,

advertising, solicitation, maintenance of terminals and equipment and other general expenditures.

The Commission has considered this matter and finds that: (1) the proposed merger will not be adverse to the public interest; (2) the money, property or labor to be procured or paid for by the issue of the stock and note herein authorized is reasonably required for the purposes specified herein; and (3) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

The action taken herein shall not be construed to be a finding of the value of the properties authorized to be merged.

The acquisition of the highway common carrier certificate of public convenience and necessity being authorized herein shall not be deemed to authorize separate operative rights to transport the same commodities between the same points and over the same routes.

O R D E R

IT IS ORDERED that:

1. Santa Cruz Motor Express, Inc. may merge with and into Salinas Valley Freight Lines in accordance with the terms and provisions of the Agreement of Merger, dated August 17, 1965, and Amendment to Agreement of Merger executed October 18, 1965, both filed in this proceeding.

2. Salinas Valley Freight Lines, as the surviving corporation under the merger herein authorized, may change its name to Salinas Valley-Santa Cruz Motor Express.

3. To the extent of any duplication, the highway common carrier operative rights acquired by Salinas Valley-Santa Cruz Motor Express upon consummation of the merger herein authorized shall be deemed to be merged so that such operative rights may not later be separated to permit Salinas Valley-Santa Cruz Motor Express to sell or transfer one certificate authority and retain another certificate authority to perform the same service.

4. Salinas Valley-Santa Cruz Motor Express, for the purpose specified in the application, may issue and exchange not to exceed 1,170 shares of its \$10 par value capital stock for 5,000 shares of capital stock of Santa Cruz Motor Express, Inc.

5. Salinas Valley-Santa Cruz Motor Express, for the purposes specified in the application, as amended, may issue and sell 340 shares of its \$10 par value capital stock for \$29,900.

6. Salinas Valley-Santa Cruz Motor Express may purchase and redeem 1,170 shares of its \$10 par value capital stock for a price of \$60,000.

7. For the purpose of financing, in part the redemption price of said 1,170 shares, Salinas Valley-Santa Cruz Motor Express may issue its promissory note in the principal amount of not to exceed \$42,600, in the same form, or in substantially the same form, as that attached to the application as Exhibit B.

8. Salinas Valley-Santa Cruz Motor Express shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

9. Within thirty days after consummating the merger herein authorized, Salinas Valley-Santa Cruz Motor Express shall notify the Commission, in writing, of that fact.

10. Salinas Valley-Santa Cruz Motor Express shall amend or reissue the tariffs on file with the Commission, naming rates and rules governing the common carrier operations herein to show that it has adopted or established as its own, said rates and rules. The tariff filings shall be made effective not earlier

than ten days after the effective date of this order on not less than ten days' notice to the Commission and the public, and the effective date of the tariff filings shall be concurrent with the consummation of the merger 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.

11. Within sixty days after the consummation of such merger, Salinas Valley-Santa Cruz Motor Express shall file with the Commission a copy of each journal entry used to record the merger on its books of account.

12. On or before the end of the third month after the consummation of the merger as herein authorized, Salinas Valley-Santa Cruz Motor Express shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report, or reports, related to the operations of Santa Cruz Motor Express, Inc. for the period commencing with the first day of the current year to and including the effective date of the merger.

13. This order shall become effective when Salinas Valley-Santa Cruz Motor Express has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$43.

Dated at San Francisco, California, this 2nd day of NOVEMBER, 1965.

Fredrick B. Hallock  
President  
John L. ...  
August ...  
William ...  
George ...  
Commissioners

PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA  
PAID  
33834  
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By [Signature]