

**ORIGINAL**

Decision No. 71399

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of (1) ALFRED F. ANTONI, an )  
individual doing business as )  
Antoni Truck Lines, to sell to )  
Associated Freight Lines, a )  
corporation, and for the latter )  
to purchase from the former, )  
certain public utility assets )  
and certificates of public )  
convenience and necessity, )  
(2) S R D S INC., a corporation, )  
to sell to Associated Freight )  
Lines, a corporation, and for )  
the latter to purchase from the )  
former, certain public utility )  
assets and certificates of )  
public convenience and necessity, )  
and (3) Associated Freight Lines, )  
a corporation, to issue stock, )  
promissory notes, and security )  
agreements, and to assume )  
obligations. )

Application No. 48724  
Filed August 22, 1966

O P I N I O N

This is an application for an order of the Commission  
(1) authorizing Alfred F. Antoni, an individual doing business  
as Antoni Truck Lines, and S R D S Inc., a California corpo-  
ration, to sell and transfer their respective highway common  
carrier certificates of public convenience and necessity,  
together with certain related assets, to Associated Freight  
Lines, a corporation, and (2) authorizing the latter to assume  
obligations, to issue capital stock having a stated value of  
\$50,000 and promissory notes aggregating \$77,939 and to  
execute security instruments.

Alfred F. Antoni, an individual doing business as Antoni Truck Lines, is authorized to conduct operations as a highway common carrier pursuant to a certificate of public convenience and necessity granted by Decision No. 61506, dated February 14, 1961, as amended by Decision No. 61562, dated February 21, 1961, in Application No. 42740. Subject to certain exceptions, said certificate covers the transportation of general commodities between all points and places in the San Francisco-East Bay Cartage Zone, and between other localities in central and northern California. In addition, Alfred F. Antoni possesses other operative rights which are not involved in this proceeding.

S R D S Inc., a California corporation formerly named T & S Motor Express, Inc., acquired its highway common carrier certificates of public convenience and necessity pursuant to authority granted by Decision No. 63557, dated April 17, 1962, as amended by Decision No. 63682, dated May 14, 1962, in Application No. 44291. Said certificates authorize the transportation of special commodities between San Francisco and various points located in Lake, Marin, Mendocino, Napa and Sonoma Counties, and the transportation of general commodities, with certain exceptions, in portions of Lake, Marin, Mendocino, Napa, Solano and Sonoma Counties.

Associated Freight Lines is a California corporation engaged in business as a highway common carrier transporting general commodities, with certain exceptions, between various points and places in both northern and southern California.

pursuant to the certificate of public convenience and necessity granted by Decision No 61332, dated January 10, 1961, in Application No. 42693.

In the present application, Alfred F. Antoni proposes to sell and transfer his highway common carrier certificate of public convenience and necessity, together with related equipment, good will and other assets, subject to certain liabilities to Associated Freight Lines. The purchase price, as of December 31, 1965, is \$103,189 of which \$27,939 will be evidenced by a two-year note bearing interest at the rate of 6% per annum, which note will be secured by a Security Agreement.

Exhibit B, attached to the application, shows that S R D S Inc. proposes to sell and transfer its highway common carrier certificates of public convenience and necessity, together with related equipment, good will and other assets, to Associated Freight Lines. The agreed purchase price is \$25,000 plus the assumption of liability for a promissory note in favor of Santa Rosa Exchange Bank, the latter not to exceed \$44,752, including interest. As a part of the transaction, Associated Freight Lines will assume the balance of not to exceed \$3,117.64 on the lease of a Ford truck.

To finance a portion of the cost of acquiring the assets described herein, Associated Freight Lines requests authorization to issue 666-2/3 shares of its capital stock, without par value, for \$50,000 cash, based on a stated value

of \$75 per share. The stock will be issued to the company's two principal stockholders, John A. Pifer and W. Dudley Morgan, who have also agreed to provide an additional \$50,000 in exchange for non-interest bearing promissory notes, repayable in monthly installments commencing two years from their date.

In accordance with Section 820 of the Public Utilities Code, it appears that Associated Freight Lines will allocate the intangible costs arising from the purchase transactions to the particular class of intangible property known as good will.

On June 15, 1966, in its Dockets Nos. MC-F-9007 and MC-F-9140, the Interstate Commerce Commission, through its Finance Board No. 1, granted authority to Alfred F. Antoni and S R D S Inc. to transfer their operating rights and property subject to the jurisdiction of such Commission to Associated Freight Lines, contingent upon this Commission's approval of transferring to Associated Freight Lines the intrastate rights which support the certificates of registration issued by the Interstate Commerce Commission. A copy of the decision rendered by said Commission is filed in this proceeding as Exhibit G.

Associated Freight Lines desires its tariffs to prevail over those presently applicable to either of the two other applicants in the event of any conflict between the respective tariffs.

The application indicates that the proposed transfers will benefit shippers substantially by improving transit time, interline arrangements and freight handling. Applicants also assert that economies in tariff publications, purchasing, scheduling and financing will be realized.

The Commission has considered this matter and finds that: (1) the proposed transactions will not be adverse to the public interest; (2) any increases resulting from the uniform application of rates as proposed herein are justified; (3) the money, property or labor to be procured or paid for by the issue of the stock and notes herein authorized is reasonably required for the purposes specified herein; and (4) 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 as a finding of the value of the operative rights and other assets herein authorized to be transferred. So far as rights are concerned, the authorization herein granted is for the transfer of highway common carrier certificates of public convenience and necessity only. Any transfer of permitted operative rights must be the subject of a separate application or applications.

The acquisition of the highway common carrier certificates 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. On or before March 31, 1967, Alfred F. Antoni and S R D S Inc. may sell and transfer, and Associated Freight Lines may purchase and acquire, the respective highway common carrier certificates of public convenience and necessity and other assets referred to in this proceeding.

2. To the extent of any duplication, the highway common carrier operative rights acquired by Associated Freight Lines, upon consummation of the transfers herein authorized, shall be deemed to be merged so that such operative rights may not later be separated to permit Associated Freight Lines to sell or transfer one certificate authority and retain another certificate authority to perform the same service.

3. On or before March 31, 1967, Associated Freight Lines may assume payment of the outstanding obligations referred to in this proceeding and may issue, for cash, not to exceed  $666\frac{2}{3}$  shares of its capital stock, without par value, at a stated value of \$75 per share.

4. Associated Freight Lines, on or before March 31, 1967, may issue promissory notes in the aggregate principal amount of not to exceed \$77,939 and may execute a Security Agreement. Said documents shall be in the same form, or in substantially the same form, as those filed in this proceeding.

5. Associated Freight Lines shall use the proceeds from said stock and note issues for the purposes specified in the application.

6. Associated Freight Lines 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.

7. Within thirty days after the consummation of the transfers herein authorized, Associated Freight Lines shall notify the Commission, in writing, of that fact and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect said transfers.

8. Associated Freight Lines shall apply its published rates, rules and charges as set forth in Western Motor Tariff Bureau Tariff No. 111, Cal. P.U.C. No. 15, and Exception Sheet No. 1-A, Cal. P.U.C. No. 18, which rates, rules and charges shall take precedence in the event of any conflict with those shown in the sellers' published tariffs.

9. Associated Freight Lines shall amend or reissue the tariffs on file with the Commission, naming rates, rules and charges governing the highway common carrier operations herein to show that its rates, rules and charges prevail. 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 transfers 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 General Order No. 80-A.

10. On or before the end of the third month after the consummation of the transfers as herein authorized, Associated Freight Lines 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 the sellers for the period commencing with the first day of the current year to and including the effective date of the transfers.



11. This order shall become effective when Associated Freight Lines has paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$78.

Dated at San Francisco, California,  
this 11<sup>th</sup> day of OCTOBER, 1966.

Commissioner A. W. Gatev, being necessarily absent, did not participate in the disposition of this proceeding

Paul E. Fitzhugh President

George C. Trover

Fredrick B. Holdriff

William B. Bennett

Commissioners

