

**ORIGINAL**

Decision No. 72043

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application	)	
of RELIABLE DELIVERY SERVICE,	)	
INC., and HILLIARD TRUCK LINE,	)	
INC., for authority to acquire	)	
stock; issue evidences of	)	Application No. 49082
indebtedness; to transfer	)	Filed January 13, 1967
Certificate of Public	)	
Convenience and Necessity; and	)	
to merge operations and property.	)	

O P I N I O N

This is an application for an order of the Commission authorizing Reliable Delivery Service, Inc. (1) to purchase all the issued and outstanding capital stock of Hilliard Truck Line, Inc., (2) to issue promissory notes aggregating \$64,300 in connection with such transaction, and (3) to merge its then wholly owned subsidiary into it.

Reliable Delivery Service, Inc. is a California corporation engaged in business in portions of southern California as a highway common carrier. Operations are conducted pursuant to certificates of public convenience and necessity granted or acquired by authority of this Commission as set forth in Decision No. 63395, dated March 13, 1962, in Application No. 40044; Decision No. 64985, dated February 19, 1963, in

Application No. 44423; Decision No. 69607, dated August 24, 1965, in Application No. 46295; and Decision No. 68412, dated December 30, 1964, in Application No. 47204.

Hilliard Truck Line, Inc., a California corporation, acquired its highway common carrier certificate of public convenience and necessity pursuant to authority granted by Decision No. 71210, dated August 30, 1966, in Application No. 48674. Subject to certain exceptions, said certificate authorizes the transportation in southern California of general commodities, including goods requiring the use of special refrigeration or temperature control in specially designed and constructed refrigeration equipment.

Both carriers possess permits issued by this Commission and also conduct activities which are subject to the jurisdiction of the Interstate Commerce Commission.

In this proceeding Reliable Delivery Service, Inc. proposes to purchase, retire and cancel all the issued and outstanding capital stock of Hilliard Truck Line, Inc., consisting of 227 shares without nominal or par value held by Geneva A. Hilliard and Lester L. Hilliard. The purchase price of \$88,300 will be payable by \$24,000 cash, together with two promissory notes in the aggregate principal amount of \$64,300, repayable in aggregate monthly installments of \$1,200, including interest at the rate of 6.6% per annum.

Applicants seek authority to accomplish a merger whereby Reliable Delivery Service, Inc., as the surviving corporation, will acquire all operative rights and assets and become subject to all liabilities of Hilliard Truck Line, Inc. It appears that an appropriate request will be made to revoke and cancel the latter's duplicative permitted operating authority.

Based on financial statements attached to the application, applicants' assets and liabilities as of November 30, 1966, together with adjustments and the pro forma balance sheet giving effect to the proposed transactions, are summarized as follows:

<u>Assets</u>	<u>Reliable Delivery Service, Inc.</u>	<u>Hilliard Truck Line, Inc.</u>	<u>Adjustments Dr. or (Cr.)</u>	<u>Pro Forma</u>
Current assets	\$207,035	\$14,603	\$ (36)	\$221,602
Net carrier operating property	291,075	13,275	27,214*	331,564
Franchises and permits	17,320	4,100		21,420
Other intangibles		1,612	38,136	39,748
Deferred debits	<u>15,286</u>	<u>          </u>	<u>36</u>	<u>15,322</u>
Total	<u>\$530,716</u>	<u>\$33,590</u>	<u>\$65,350</u>	<u>\$629,656</u>
<u>Liabilities</u>				
Current liabilities	\$335,129	\$10,640	\$(24,000)	\$369,769
Long-term debt	33,578		(64,300)	97,878
Common stock equity	161,916	22,950	22,950	161,916
Other credits	<u>93</u>	<u>          </u>	<u>          </u>	<u>93</u>
Total	<u>\$530,716</u>	<u>\$33,590</u>	<u>\$(65,350)</u>	<u>\$629,656</u>

\*Excess of fair market value appraisal over net book value recorded by Hilliard Truck Line, Inc.

Applicants assert that the proposed merger will place Reliable Delivery Service, Inc. in a more advantageous position in terms of promoting efficiencies and economies and establishing certain schedules which will be more convenient for the general public.

The Commission has considered this matter and finds that: (1) the proposed stock acquisition and 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 notes herein authorized is reasonably required for the purpose specified herein; and (3) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we ~~conclude~~ conclude that the application should be granted. A public hearing is not necessary.

The authorization herein granted shall not be construed as a finding of the value of the properties herein 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. Reliable Delivery Service, Inc., on or before July 31, 1967, may purchase all the issued and outstanding capital stock of Hilliard Truck Line, Inc., and in connection with such transaction, may issue promissory notes in the aggregate principal amount of not to exceed \$64,300. Said notes shall be in the same form, or in substantially the same form, as those attached to the application as Exhibit F.

2. Reliable Delivery Service, Inc., after acquiring all the issued and outstanding capital stock of Hilliard Truck Line, Inc., and on or before July 31, 1967, may cause the latter to merge with and into itself.

3. Upon consummation of the merger herein authorized, Reliable Delivery Service, Inc. may assume all liabilities of Hilliard Truck Line, Inc.

4. To the extent of duplication, the highway common carrier operative rights acquired by Reliable Delivery Service, Inc. 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 Reliable Delivery Service, Inc. to sell or transfer one certificate authority and retain another certificate authority to perform the same service.

5. Within thirty days after consummation of the merger herein authorized, Reliable Delivery Service, Inc. shall notify the Commission, in writing, of that fact.

6. Within sixty days after consummation of such merger, Reliable Delivery Service, Inc. shall file with the Commission a copy of each journal entry used to record the merger on its books of account. .

7. Reliable Delivery Service, Inc. 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 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 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.

8. On or before the end of the third month after consummation of the merger as herein authorized, Reliable Delivery Service, Inc. 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 Hilliard Truck Line, Inc. for the period commencing with the first day of the current year to and including the effective date of the merger.

9. Reliable Delivery Service, Inc., 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.

10. This order shall become effective when Reliable Delivery Service, Inc. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$65.

Dated at San Francisco, California, this 21<sup>st</sup> day of FEBRUARY, 1967.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners

