

ORIGINAL

Decision No. 72181

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
))
CALLISON TRUCK LINES, INC., a)
California Corporation, for)
authority to transfer assets,)
))
and)
))
NIELSEN FREIGHT LINES, a)
California Corporation, to)
acquire assets, assume)
liabilities, and issue stock)
_____)

Application No. 48975
Filed November 25, 1966
and Amendment
Filed February 15, 1967

O P I N I O N

In this proceeding Callison Truck Lines, Inc. seeks authorization from the Commission to transfer its assets and liabilities, including its highway common carrier certificate of public convenience and necessity, to Nielsen Freight Lines. In addition, Nielsen Freight Lines seeks authorization: (1) to acquire the assets and assume the liabilities of Callison Truck Lines, Inc.; (2) to execute and deliver a Security Agreement and a Subordinated Deed of Trust; (3) to enter into a Purchase Agreement which includes long-term debt obligations in the aggregate principal amount of \$425,000; and (4) to issue and sell \$100,000 aggregate par value of its capital stock.

Callison Truck Lines, Inc., a California corporation, operates principally as a highway common carrier of general commodities, with certain exceptions, between the San Francisco Territory on the one hand, and between Laytonville and Crescent City, on the other hand. It operates pursuant to the certificate of public convenience and necessity defined in Decision No. 62447, dated August 22, 1961, in Application No. 41397, as amended by Decision No. 68585, dated February 9, 1965, in Application No. 47171.

Nielsen Freight Lines, a California corporation, operates principally as a highway common carrier of general commodities, with certain exceptions, between the San Francisco Bay Area and points on U.S. Highway 101 north to Willits, including intermediate and certain off-route points. It operates pursuant to certificates of public convenience and necessity granted by Decision No. 59472, dated January 5, 1960, in Application No. 41300, and Decision No. 60377, dated July 5, 1960, in Application No. 41912.

Applicants have agreed to consummate the proposed transfer for a base purchase price of \$500,000 payable by \$100,000 cash at the time of closing, with the balance of \$400,000 payable in eight equal annual installments, together with interest at the rate of 6% per annum on the unpaid balance. Security for the deferred payments will be represented by documents entitled (a) Security Agreement: Pledge of Stock, (b) Security Agreement: Mortgage on Operating Rights, (c) Subordinated Deed of Trust and (d) Guaranty. In addition,

Nielsen Freight Lines will pay Callison Truck Lines, Inc. \$25,000 for a five-year covenant not to compete, which amount will be payable in 20 equal quarterly installments of \$1,250, without interest. The cash for the initial payment of said purchase price is to be obtained from the proposed \$100,000 stock issue.

Based on information set forth in this proceeding, applicants' assets and liabilities as of June 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>Nielsen Freight Lines</u>	<u>Callison Truck Lines, Inc.</u>	<u>Adjustments Dr. or (Cr.)</u>	<u>Pro Forma</u>
Current assets	\$231,761	\$200,728	\$ -	\$ 432,489
Net tangible property	239,026	547,053	116,118*	902,197
Intangible property	40,602	6,832	111,569**	159,003
Investments and advances	47,223	4,059	-	51,282
Deferred debits	<u>5,452</u>	<u>6,988</u>	<u>-</u>	<u>12,440</u>
Total	<u>\$564,064</u>	<u>\$765,660</u>	<u>\$227,687</u>	<u>\$1,557,411</u>
<u>Liabilities</u>				
Current liabilities	\$183,259	\$214,727	\$(67,471)	\$ 465,457
Long-term obligations	27,969	225,514	(370,000)	623,483
Common stock equity	352,836	309,784	209,784	452,836
Deferred credits	<u>-</u>	<u>15,635</u>	<u>-</u>	<u>15,635</u>
Total	<u>\$564,064</u>	<u>\$765,660</u>	<u>\$(227,687)</u>	<u>\$1,557,411</u>

*Excess over net book value of appraised value of motor vehicle equipment by disinterested third party.

**None of this amount will be assigned to California certificates of public convenience and necessity.

Applicants assert that consolidation of the facilities of the two companies would be of benefit to the purchasing company and to the public since the services of the two companies are complementary and of similar nature, and that substantial economies of operation would result from a consolidation of the facilities and greater profitability would ensue.

The Commission has considered this matter and finds that: (1) the proposed transactions 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 long-term evidence of indebtedness and stock 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, as amended, 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 certificate of public convenience and necessity and other assets to be transferred. Moreover, the acquisition of said certificate of public convenience and necessity 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 August 31, 1967, Callison Truck Lines, Inc. may sell and transfer, and Nielsen Freight Lines may purchase and acquire, the highway common carrier certificate of public convenience and necessity and other assets referred to in the preceding opinion.

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

3. On or before August 31, 1967, Nielsen Freight Lines may assume the liabilities set forth in the application and amendment thereto and, for the purposes specified in this proceeding, may enter into a Purchase Agreement which includes long-term debt obligations in the aggregate principal amount of not to exceed \$425,000. As partial security for a portion of said long-term debt obligations, Nielsen Freight Lines may execute and deliver a Subordinated Deed of Trust and a document entitled Security Agreement: Mortgage on Operating Rights. Such documents shall be in the same form, or in substantially the same form, as those filed in this proceeding.

4. On or before August 31, 1967, Nielsen Freight Lines, for the purpose specified in this proceeding, may issue and sell, at par for cash, not to exceed 10,000 shares of its \$10 par value capital stock.

5. Nielsen 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.

6. Within thirty days after the consummation of the transfer herein authorized, Nielsen 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 transfer.

7. Nielsen Freight Lines shall amend or reissue the tariffs on file with the Commission, naming rates and rules governing the highway 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 five days after the effective date of this order on not less than five 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. ✓

8. On or before the end of the third month after the consummation of the transfer as herein authorized, Nielsen 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 seller for the period commencing with the first day of the current year to and including the effective date of the transfer.

9. This order shall become effective when Nielsen Freight Lines has paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$425.

Dated at San Francisco, California, this 21st day of MARCH, 1967.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners

