

ORIGINAL

Decision No. 74742

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 CONSOLIDATED COPPERSTATE LINES, a)
 corporation, and its subsidiaries,)
 VALLEY MOTOR LINES, INC., and)
 VALLEY EXPRESS COMPANY, both)
 corporations, to transfer and)
 convey; of SERVICE TANK LINES, a)
 corporation, to acquire through)
 redemption of capital stock; and)
 of WOLFRAMITE CORPORATION and)
 BIOTITE CORPORATION, to purchase)
 and lease, certain motor carrier)
 terminals and other property.)

Application No. 50539
Filed September 12, 1968

O P I N I O N

This is an application for an order of the Commission authorizing (a) Valley Motor Lines, Inc. and Valley Express Co. to transfer terminal properties and vehicle tires to Consolidated Copperstate Lines, (b) the latter to transfer terminal properties and vehicle tires to Service Tank Lines, (c) the latter to transfer terminal properties to Wolframite Corporation and vehicle tires to Biotite Corporation, and (d) the two latter corporations to lease terminal properties and vehicle tires back to Valley Motor Lines, Inc., Valley Express Co. and Consolidated Copperstate Lines.

Valley Motor Lines, Inc., Valley Express Co., Consolidated Copperstate Lines and Service Tank Lines are affiliated California corporations engaged in public utility operations subject to the jurisdiction of this Commission. Wolframite Corporation is a California corporation organized on or about September 11, 1968.

Biotite Corporation is a Texas corporation organized on or about September 9, 1968. The two latter corporations do not intend to engage in any transportation activities for the general public as motor carriers.

Consolidated Copperstate Lines has 130 shares of capital stock outstanding of which 65 shares are owned by Service Tank Lines. The former contemplates redeeming the shares owned by the latter in exchange for property and cash having a fair market value of \$7,500,000, segregated as follows:

Arizona realty	\$ 345,000
California realty*	3,020,000
Texas realty	1,710,000
Washington realty	325,000
Leaseholds (None in California)	300,000
Tires (California)*	315,590
Tires (Elsewhere)	684,410
Transport Underwriters Association stock	600,000
Cash	<u>200,000</u>
Total	<u>\$7,500,000</u>

*Properties subject to the scope of this application. Values supported by independent appraisals. A portion of these properties will be acquired as a dividend from subsidiaries, Valley Motor Lines, Inc. and Valley Express Co.

Service Tank Lines proposes to sell to Wolframite Corporation and Biotite Corporation the realty and tires allocated to California at prices equal to said fair market values of \$3,020,000 and \$315,590, respectively. The two latter corporations would lease said realty and tires back to the present owners thereof pursuant to the terms and conditions of proposed Lease Agreements, copies of which are attached to the application.

Applicants describe a number of proposed transactions, a portion of which are subject to the jurisdiction of the

Interstate Commerce Commission. The transactions subject to the jurisdiction of this Commission comprise a minor portion of the overall program. The companies assert that said program has been planned after examination by auditors, tax counsel and attorneys as conducive to the best interests of the carriers and their patrons and productive of available savings in taxes.

After consideration the Commission finds that: (1) Wolframite Corporation and Biotite Corporation are not subject to the jurisdiction of this Commission, and (2) the proposed transfers would not be adverse to the public interest. A public hearing is not necessary.

On the basis of the foregoing findings we conclude that: (a) the application should be dismissed for want of jurisdiction insofar as it seeks authority for Wolframite Corporation and Biotite Corporation to lease properties, and (b) granted in all other respects. The authorization herein granted shall not be construed as a finding of the value of the properties herein authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. Valley Motor Lines, Inc. and Valley Express Co. may transfer to Consolidated Copperstate Lines, and the latter may transfer to Service Tank Lines the terminal properties and vehicle tires described in the application, under the terms and conditions set forth in the Redemption Agreement, as amended, filed in this proceeding as Exhibit E.

2. Service Tank Lines may transfer to Wolframite Corporation and Biotite Corporation the terminal properties and

vehicle tires, respectively, described in the application, under the terms and conditions set forth in Exhibits F-1, F-2 and F-3 filed in this proceeding.

3. For California rate-making purposes, Valley Motor Lines, Inc., Valley Express Co. and Consolidated Copperstate Lines shall maintain memoranda accounts on the basis of assumed continued ownership showing the expenses incurred in utilizing the facilities to be transferred, sold and leased back.

4. Insofar as it seeks authority for Wolframite Corporation and Biotite Corporation to lease properties, this application is hereby dismissed.

5. The effective date of this order is the date hereof.

Dated at San Francisco, California,
this 1st day of OCTOBER, 1968.

William Remous
President

John E. ...

William ...

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Alfred P. Morrissey
Commissioners