

ORIGINAL

Decision No. 84506

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
MISSION CITIES FREIGHT LINES, INC.,
a California corporation, to sell and
STANLEY T. SAGE to purchase the capital
stock of Mission Cities Freight Lines,
Inc. pursuant to Section 854 of the
Public Utilities Code.

Application No. 55444
(Filed January 17, 1975)

and

MISSION CITIES FREIGHT LINES, INC., a
California corporation, for a certificate
of public convenience and necessity to
extend its highway common carrier service.

INTERIM OPINION

Stanley T. Sage (purchaser), in compliance with the provisions of Section 854 of the Public Utilities Code, requests authority to acquire control of Mission Cities Freight Lines, Inc. (Mission), a highway common carrier, by purchase of 1,100 shares of its outstanding capital stock.

Mission, presently providing service as a highway common carrier for the transportation of general commodities between points within the San Francisco Territory and for transportation of specified commodities between points south of San Jose to and including the Santa Cruz and Monterey areas, requests authority to transport general commodities, with certain exceptions, moving in intrastate, interstate, and foreign commerce between points that it is presently authorized to serve.

Copies of the application were served upon existing carriers with which the proposed service might compete. A copy was served upon the California Trucking Association. An appropriate notice was published in the Federal Register on February 5, 1975. No protests have been received.

The stock purchase agreement is contingent upon the approval of the proposed extension of service. According to the terms of the purchase agreement, purchaser, who is the sole stockholder of Sage Transportation Incorporated, a highway common carrier, will purchase 1,100 shares of Mission's capital stock for a cash consideration of \$2,000. The agreement further provides that purchaser will loan to Mission the sum of \$6,000 subject to a demand promissory note and a standard form of stock pledge agreement and that said \$6,000 shall be used to pay the outstanding debts of Mission.

As of November 30, 1974 Mission indicated a deficit net worth in the amount of \$40,000, and as of the same date Sage Transportation Incorporated indicated a net worth in the amount of \$143,769

Mission owns and operates 5 units of equipment and Sage Transportation Incorporated owns and operates 20 units of equipment. Mission's main place of business is located in Santa Clara. The proposed rates would be comparable to those set forth in Minimum Rate Tariff 2.

It is alleged that purchaser wishes to acquire the outstanding capital stock of Mission, which is presently suffering financial distress stemming from labor problems and a need to effect economies. Purchaser has been in the trucking industry for a substantial period of time, having conducted the operations of Sage Transportation Incorporated, a company that is financially sound and which has provided responsive, economical, and efficient service to the shipping public. Approval of Mission's request to transport general commodities will effect economics of operations thereby benefiting the shipping public.

The Commission's Transportation Division has reviewed the application and has advised that a substantial portion of the general freight operations of Mission duplicates those of Sage Transportation Incorporated. The staff therefore recommended that should the application be granted, Mission's operating authority be restated in the form of a new certificate, deleting therefrom those operations which duplicate those of Sage Transportation Incorporated.

After consideration the Commission finds that:

1. The proposed stock purchase agreement by which purchaser would gain acquisition and control of Mission would not be adverse to the public interest, provided that the authority held by Mission is restated removing those operations which duplicate operative authority now held by Sage Transportation Incorporated.

2. Mission is presently transporting specified commodities. The authority to transport general commodities would enable Mission to achieve certain economies in its operations and would result in a more complete service to that portion of the shipping and receiving public which Mission now serves.

3. Notice of the application appeared in the Federal Register on February 5, 1975.

4. Public convenience and necessity require that Mission be authorized to engage in operations in intrastate commerce subject to the conditions described in Finding 1 and also require that Mission be authorized to engage in operations in interstate and foreign commerce within limits which do not exceed the scope of the intrastate operations authorized by the order herein.

The Commission concludes that the application should be granted subject to the conditions specified in Finding 1 above. The order that follows will require Mission to submit a proposed in lieu certificate of public convenience and necessity. After review and approval, a final order will be issued disposing of the present authority and establishing the new.

INTERIM ORDER

IT IS ORDERED that:

1. Pursuant to the provisions of Section 854 of the Public Utilities Code, Stanley T. Sage and Mission Cities Freight Lines, Inc. (Mission) may complete the stock purchase agreement according to the terms set forth in a copy of said agreement, which is attached to the application as Exhibit 5.

2. Within ninety days after the date of this order, Mission shall submit to this Commission a proposed in lieu certificate of public convenience and necessity which shall consist of a restatement of the highway common carrier authority presently held by

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Mission which does not duplicate the highway common carrier authority held by Sage Transportation Incorporated and which will provide for the transportation of general commodities.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 3rd day of JUNE, 1975.

Vernon L. Sington
President
William Sington
Donald Ross
Robert R. Sington
Commissioners