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Decision 84 OS 068 AUG 1 1984**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of)
 LEE WAY MOTOR FREIGHT, INC., for)
 authority to transfer its terminals)
 in South Gate and Orange, California,)
 to its parent corporation, PepsiCo.)
 Inc., pursuant to Section 851 of the)
 Public Utilities Code.)

Application 84-06-005
 (Filed June 4, 1984)

O P I N I O N

Lee Way Motor Freight, Inc. (Lee Way) is a corporation organized and existing under the laws of Delaware. Its Articles of Incorporation and California Qualification Statement are on file with this Commission.

Lee Way presently holds operating authorities to engage in intrastate commerce issued by this Commission in File No. T-76263, including highway common carrier certificates authorizing regular route operations in Southern and Central California; a Section 1063.5 (Public Utilities Code) certificate authorizing statewide operations; a highway contract carrier permit; and a "grandfather" heavy specialized carrier permit.

Lee Way is applying for authority to transfer its South Gate and Orange terminals, with land and buildings, to PepsiCo, Inc. (Pepsico), its (noncarrier) parent corporation. PepsiCo will then sell its stock in Lee Way to Commercial Lovelace Motor Freight, Inc. (CLMF), and will lease the transferred terminals back to Lee Way. Substantial operating losses have required PepsiCo to sell its interest in Lee Way. The transfer of the terminals will reduce the valuable assets held by Lee Way and its stock can be sold for less money. The lease of the terminals back to Lee Way will guarantee that its service to the public will continue as before the transaction was made.

Intrastate transportation revenues are a minimal portion of the overall revenues generated by Lee Way's use of the terminals, and of its overall system revenues. During the first five accounting periods of 1984 (through May 19), Lee Way generated \$8,256,376 in inbound and outbound transportation revenues through the Los Angeles terminal. Intrastate revenue was \$87,608, or 1.06% of the total sum. Total revenue in and out of Orange terminal for the same period was \$3,834,935, with \$37,550, or 0.9791%, attributable to intrastate operations. The combined intrastate revenue from the two terminals amounted to 00.23% of Lee Way's total transportation revenue of \$54,431,857 during the first five 1984 accounting periods.

A legal description of both parcels to be transferred is attached to the application as Appendix A.

A copy of the application was served on the California Trucking Association. Notice of the filing of the application appeared in the Commission's Daily Transportation Calendar on June 6, 1984. There were no protests or requests for a hearing.

Findings of Fact

1. A public hearing is not necessary.
2. Lee Way is a wholly owned subsidiary of PepsiCo.
3. Lee Way operates in intrastate commerce under PH Code Sections 1063 and 1063.5 highway common carrier certificates, and highway contract and heavy specialized carrier permits under File T-76263. It also performs interstate operations under appropriate authority issued by the Interstate Commerce Commission (ICC).
4. PepsiCo will sell its stock in Lee Way to CIMF after the Orange and South Gate terminals of Lee Way have been transferred to PepsiCo.
5. After the stock sale transaction, pursuant to approval by the ICC under 49 USC, Section 11341, Lee Way will lease the terminals transferred to PepsiCo, for a monthly rental of \$5,601 for the first two months on the South Gate property, thence \$42,167 per month; and for \$3,206 for the first month on the Orange property; thence \$21,450 for every month after the first month.

6. The intrastate transportation through the Orange and South Gate terminals represents less than 1% of Lee Way's total revenue.

7. The transfer of ownership of the terminals will not affect the service Lee Way is providing the public.

8. Since the order affects only the parties involved, it should be effective on the date of issuance.

Conclusion of Law

The application should be granted.

O R D E R

IT IS ORDERED that Lee Way Motor Freight, Inc., a Delaware Corporation, may transfer its terminal facilities at South Gate and Orange, California, to PepsiCo, Inc., as provided in the application.

This order is effective today.

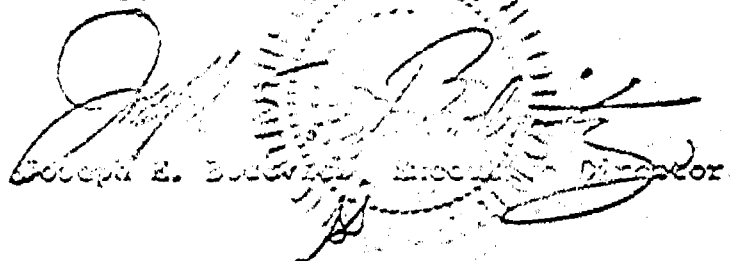
Dated AUG 1 1984, at San Francisco, California.

Commissioner Priscilla C. Crow,
being necessarily absent, did
not participate

Commissioner William T. Bagley
being necessarily absent, did
not participate.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
DONALD VIAL
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS.


Joseph E. Bouchard, Director