

Decision 82 04 040

APR 6 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 NIELSEN FREIGHT LINES and KERN)
 VALLEY TRUCKING for authority to)
 merge with and into NORMAN NIELSEN)
 CORPORATION and to transfer their)
 operating rights to NORMAN NIELSEN)
 CORPORATION through the merger)
 transactions; of NORMAN NIELSEN)
 CORPORATION for authority to acquire)
 the operating rights of NIELSEN)
 FREIGHT LINES and KERN VALLEY)
 TRUCKING through the merger trans-)
 actions; and of NORMAN J. NIELSEN)
 and GAIL V. NIELSEN for authority)
 to continue in control of the rights)
 of NIELSEN FREIGHT LINES, INC. and)
 KERN VALLEY TRUCKING through the)
 merger transactions, pursuant to)
 §§ 851-853 of the California Public)
 Utilities Code; and of NORMAN)
 NIELSEN CORPORATION to issue 1663)
 shares of its no par common stock)
 under a Plan of Reorganization)
 pursuant to §§ 816-830 of the)
 California Public Utilities Code.)
)

Application 60557
 (Petition for Modification
 filed January 15, 1982;
 amended February 17, 1982)

ORDER MODIFYING DECISION

Application 60557 sought authority to merge the operating rights of two highway common and contract carriers into their controlling parent holding company and to issue stock. The requested authority was granted in Decision (D.) 93819 entered on December 1, 1981. It has not been exercised.

On January 15, 1982 the parties, Norman Nielsen Corporation (NNC), Nielsen Freight Lines (NFL), Kern Valley Trucking (KVT), Norman J. Nielsen, and Gail V. Nielsen, filed a Petition For Modification

of D.93819. The petition seeks authority to restructure the transaction. The petition was amended on February 17, 1982.

As authorized, the transaction contemplated the following distinct steps: (1) KVT would merge into NNC, and the latter would be the surviving corporation, with the KVT stock to be canceled; (2) NFL would merge into NNC with its 9,983 issued and outstanding shares exchanged for 1,667 newly issued shares of NNC; and (3) NNC, the surviving corporation, would change its name to NFL.

The parties seek to restructure the transaction for the following reasons:

1. NFL has existed for approximately 28 years, during which time its California unemployment insurance and worker's compensation experience rating has decreased annually, due to favorable experience. If NNC continued NFL's business, as proposed, it would not have the benefit of NFL's reduced ratings, and would be treated by the State of California as a new business entity for the purpose of these forms of insurance. Applicants estimate that the "new business" rating would result in annual premium increases of approximately \$250,000;
2. Applicants understand that if NNC were to be the surviving corporation, rather than NFL, a new National Motor Freight Classification alpha-numeric symbol would be required for tariff publication purposes, even were the surviving corporation to change its name, as proposed, to "Nielsen Freight Lines." Under these circumstances, NFL's long-standing goodwill could be eroded, and joint-line routings and tariff concurrences adversely affected by virtue of the disappearance of the NFL abbreviation; and
3. The stock-for-stock exchange originally proposed was structured to provide a valid business justification for the inter vivos transfer of a substantial interest in NFL,

without gift tax consequences, from NFL's shareholders to their son, Norman J. Nielsen. By virtue of the provisions of the Economic Recovery Tax Act of 1981, applicants determined that there would be no adverse gift tax consequences whatsoever if James and Bernice Nielsen simply gift-deeded their shares of NFL to Norman J. Nielsen. The proposed substitution of a gift for a share exchange would substantially simplify the mechanical aspects of consummating the proposed mergers.

Applicants seek to restructure the transaction authorized in D.93819 so that (1) NFL would be the surviving corporation, not NNC; and (2) the shareholders of NFL would gift their stock rather than exchange it. Specifically: As originally contemplated, KVT will merge into NNC which will be the surviving corporation and KVT stock will be canceled through the transaction. NNC will merge into NFL which will be the surviving corporation, and all the shares of NNC will be canceled through the transaction. The current shareholders of NFL (James and Bernice Nielsen) will gift-deed their shares of NFL to their son Norman J. Nielsen who already controls NFL through management.

The proposed changes in the transaction go to form rather than substance. The Commission has already approved the transaction as to substance. The Interstate Commerce Commission approved the restructured transaction on March 1, 1982. The petition should be granted.

The petition states that in preparation for consummation of the proposed merger, applicants determined that there are numerous instances of differences in the rate levels established by KVT and NFL for the same transportation. Applicants assert that they are in the process of identifying the inconsistent rates, but it may take

several months before each of the inconsistencies is confirmed. They request that if the petition be approved, the order should include a provision authorizing applicants to file their adoption notices upon the usual five days' notice, and allowing an additional period of 90 days within which to identify the higher of the two existing rates as the rate that shall be charged for the subject transportation without the necessity of filing an application for approval under Public Utilities (PU) Code § 454. Applicants state they specifically recognize that to the extent that inconsistent rate levels exist after the adoption notices have been filed, shippers are entitled to the lower of the two rates until such time as it may be canceled.

The Commission is of the opinion that the request is reasonable in the light of the transaction and should be granted. The operating rights will be restated in a new certificate which will not broaden or change the interstate or foreign commerce rights now held by virtue of the carriers' respective coextensive Certificates of Registration issued by the Interstate Commerce Commission. The order which follows will provide for, in the event the mergers are completed, the revocation of the certificates presently held by NFL and KVT, and the issuance of an in lieu certificate in appendix form to NFL.

Findings of Fact

1. The restructured transaction set forth in the Petition For Modification, as amended, is similar in substance to the one authorized in D.93819.
2. Applicants' request that the order include provision for a 90-day period within which to identify the higher of

inconsistent rates as the rate to be charged, and to cancel the lower rates without the filing of an application under PU Code § 454 is reasonable.

3. The order should be effective on the date signed to permit coordination of this order and the decision of the Interstate Commerce Commission.

Conclusions of Law

1. To the extent that inconsistencies exist in the rate levels for the same transportation as a result of the adoption of the tariffs of the merged corporations by NFL, shippers are entitled to the lower of the rates until such time the inconsistencies are corrected by proper tariff adjustments filed with the Commission.

2. D.93819 should be modified as set forth in the ensuing order.

IT IS ORDERED that:

1. Finding of Fact 5 of D.93819 is deleted and in its place is substituted the following finding:

5. NNC, KVT, NFL, James Nielsen, Bernice Nielsen, and Norman J. Nielsen entered into agreements, subject to the approval of this Commission and the ICC, which provide that:

- a. KVT would be merged into NNC, with the latter as the surviving corporation and KVT stock will be canceled in the transaction.
- b. NNC will merge into NFL which will be the surviving corporation, and all the shares of NNC will be canceled through the transaction.
- c. The current shareholders of NFL (James and Bernice Nielsen) will gift-deed their shares of NFL to their son Norman J. Nielsen who already controls NFL through management.

2. Finding of Fact 8 of D.93819 is deleted and in its place is substituted the following finding:

8. The proposed merger of KVT into NNC and subsequent merger of NNC into NFL, with the attendant cancellations and gift of stock, would not be adverse to the public interest.

3. Finding of Fact 9 of D.93819 is deleted and in its place is substituted the following finding:

9. On March 1, 1982, the ICC approved the proposed transaction in Supplemental Decision MC-F-14603.

4. Finding of Fact 11 of D.93819 is deleted. Findings of Fact 12, 13, and 14 of D.93819 are renumbered Findings 11, 12, and 13, respectively.

5. Ordering Paragraphs 1 through 11 of D.93819 are deleted and in their place is substituted the following:

IT IS ORDERED that:

1. On or before December 31, 1982, Kern Valley Trucking (KVT), a California corporation, may merge into Norman Nielsen Corporation (NNC), a California corporation, and the stock of KVT may be canceled.

2. Upon completion of the transaction authorized in Ordering Paragraph 1, and on or before December 31, 1982, NNC may merge into Nielsen Freight Lines (NFL) and the stock of NNC may be canceled. The parties are authorized to carry out the remainder of the transaction described in the Petition For Modification, as amended.

3. NFL shall file with the Transportation Division written acceptance of the operating authority and copies of all documents in connection with the authorized transactions within 30 days after they are executed.

4. NFL shall amend or reissue the tariffs or adoption notices of the parties on file with the Commission. The tariffs shall not be effective before the date of transfer, nor before 5 days' notice is given to the Commission. NFL shall have a period of 90 days from the filing of the adoption notices to identify the higher of existing rates for the same transportation of KVT and NFL and to cancel the lower rates without filing an application under Public Utilities Code § 454. Until such rates are canceled, NFL shall apply the lower rates.

5. NFL shall:

- a. Comply with the General Orders Series 80, 100, 104, and 147, and the California Highway Patrol safety rules.
- b. Maintain accounting records in conformity with the Uniform System of Accounts.

6. In the event the transaction authorized in paragraphs 1 and 2 is completed, effective concurrently with the effective date of the tariff or adoption notice filings required by paragraph 4:

- a. A certificate of public convenience and necessity to operate as a highway common carrier is granted to NFL as set forth in attached Appendix A.
- b. The certificate of public convenience and necessity granted to KVT by D.91133, as amended, is revoked.
- c. The certificate of public convenience and necessity granted to NFL by D.85317, as amended, is revoked.
- d. The highway contract carrier permit issued to KVT is revoked.

7. NFL shall comply with General Order Series 84 (collect-on-delivery shipments). If NFL elects not to transport collect-on-delivery shipments, it shall file the tariff provision required by that General Order.

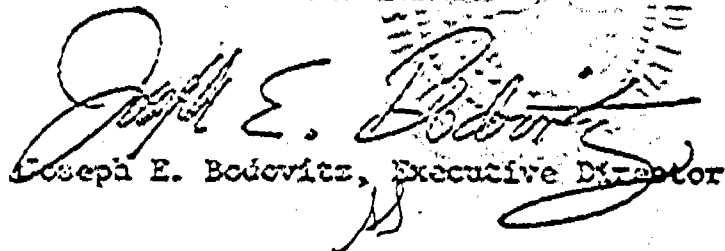
8. NFL shall file the reports required by General Order Series 24.

This order is effective today.

Dated APR 6 1982, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. GREW
Commissioners

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


Joseph E. Bodovitz, Executive Director

Nielsen Freight Lines by the certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to conduct operations as a highway common carrier as defined in Section 213 of the Public Utilities Code for the transportation of:

I. General Commodities, subject to the exclusions specifically noted.

A. Between all points and places inclusive, on and within 10 statute miles laterally of the following routes (subject to commodity Exclusions 1 through 8, 10, 11, and 16):

1. U.S Highway 199 between its junction with U.S. Highway 101 and the California-Oregon State Line.
2. U.S. Highway 101 between the California-Oregon State Line and Crescent City.
3. State Highway 116 between Forestville and Graton.
4. Unnumbered highway (Deer Park-Howell Mountain Road) between its junction with State Highways 29/128, northwest of St. Helena, and Angwin.
5. State Highway 128 between Geyserville and Calistoga.
6. State Highways 175 and 29 between Hopland and Middletown, via Kelseyville and Cobb.
7. State Highway 29 between Upper Lake and Calistoga.
8. State Highway 20 between its junction with U.S. Highway 102 at Calpella, and its junction with State Highway 53 north of Clearlake Highlands.

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9. State Highway 53 between its junction with State Highway 20 and Lower Lake.
- B. Between points and places in the San Francisco-East Bay Cartage Zone, as described in Note A, via any and all streets, roads, highways, and bridges necessary or convenient for the performance of this service.
- C. Between points and places located on or within three statute miles of the following routes:
 1. Between Novato and Willits via U.S. Highway 101, serving the off-route points of West Windsor and Talmage.
 2. Between Ignacio Junction and Santa Rosa via State Highways 37, 121, and 12.
 3. Between Schellville and the Sonoma-Napa County Line via State Highways 12/121.
 4. Between Schellville and Kenwood via unnumbered county highway through El Verano and Glen Ellen.
 5. Between Petaluma and Sonoma via State Highway 116, unnumbered county road and State Highway 12.
 6. Between Sonoma and State Highways 12/121 via unnumbered county highways through Vineburg.
 7. Between U.S. Highway 101 and Vallejo via State Highway 37.
- D. Between points and places in the San Francisco-East Bay Cartage Zone, as described in Note A, on the one hand, and points and places described in paragraph C, on the other hand, via the following routes:
 1. U.S. Highway 101 between the San Francisco-East Bay Cartage Zone and Novato.

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2. Between Richmond and San Rafael via the Richmond-San Rafael Bridge.
 3. Between Richmond and the junction of State Highway 37 with Interstate Highway 80, via Interstate Highway 80; or between Richmond and the junction of State Highway 29 with Interstate Highway 80, via Interstate Highway 80; then via State Highway 29 to its junction with State Highway 37, then via State Highway 37 to its junction with State Highway 121 at Sears Point.
 4. Between State Highway 29 and Interstate Highway 80 via State Highway 37.
 5. Via all routes described in paragraphs B and C.
- E. Between all points on the following routes:
1. U.S. Highway 101 between San Francisco and Novato, including the off-route points of Mill Valley, Corte Madera, Larkspur, Kentfield, Ross, San Anselmo, Fairfax, Sausalito, Belvedere, Tiburon, San Quentin, McNears Beach, China Camp, Santa Venetia, Hamilton Field, and intermediate points.
 2. State Highways 12 and 121 between Schellville and Napa, inclusive.
 3. State Highways 37 and 29 between Sears Point and Napa, including Napa State Hospital.
 4. Interstate Highway 80 and State Highway 29 between Richmond and Vallejo, inclusive.
- F. Between points and places in Napa, Sonoma, and Mendocino Counties as follows:
1. All points on State Highway 12 between Sebastopol and Santa Rosa.

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2. All points on State Highway 116 between Graton and Cotati via Cunningham.
3. All points on State Highway 29 between Napa and Calistoga.
4. All points on unnumbered highways between Calistoga and Santa Rosa.
5. From Petaluma to Two Rock via unnumbered highways.
6. All points on State Highway 1 from Rockport to its intersection with State Highway 116, inclusive.
7. All points on State Highway 128 from its beginning with State Highway 1 near Albion to its ending with U.S. Highway 101 north of Cloverdale, inclusive.
8. All points on U.S. Highway 101 from its intersection with State Highway 128 to Cloverdale.
9. All points on State Highway 20 from its intersection with State Highway 1 to, but not including, Willits, inclusive.
10. All points on State Highway 116 from its intersection with State Highway 1 near Jenner to Forestville.
11. All points on River Road from Guerneville to its intersection with Westside Road, inclusive.
12. All points on Bohemian Highway from its intersection with State Highway 116 to Occidental, inclusive.
13. All points on Graton Road from its intersection with Bohemian Highway to Graton.

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14. Serving the off-route points as follows:

- (1) In Sonoma County
 - (a) Bohemian Grove
 - (b) Occidental
- (2) In Mendocino County
 - (a) Leggett Valley
 - (b) Point Arena Light Station
- (3) The off-route point of the Geysers located approximately 20 statute miles east of Cloverdale via the Cloverdale-Geysers Road and the Healdsburg-Geysers Road.

15. Serving all points and place within the territory called "Nielsen Freight Lines Territory" described in Note C.

- G. Between San Mateo and San Jose and intermediate points on U.S. Highway 101 and State Highway 82; between Hayward and San Jose and intermediate points on State Highways 17 and 238 (Mission Boulevard); and between all points laterally within 5 statute miles of those highways, via those highways and all connecting routes.

The authority described in paragraphs B, C, D, E, F and G is subject to commodity Exclusions 1 through 8, 10, and 11.

- H. Between all points and places on and within 5 statute miles laterally of the following routes (subject to commodity Exclusions 1 through 10 and 12 through 14):

1. U.S. Highway 101 between Scotia and Trinidad, inclusive.
2. State Highway 299 between the junction of that highway with U.S. Highway 101 and Burnt Ranch, inclusive.
3. State Highway 96 between Willow Creek and Hoopa, inclusive.

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4. Rohnerville Road between Fortuna and Hydesville, inclusive, via Rohnerville.
 5. State Highway 36 between Hydesville and Carlotta, inclusive.
- II. Between all points and places located on and within ten statute miles laterally of U.S. Highway 101 between Crescent City and Laytonville, inclusive, and between those points and places, on the one hand, and the San Francisco Territory, as described in Note B, on the other hand, subject to the following:
1. Carrier is authorized to operate over the following route for operating convenience only:

Interstate Highway 80, State Highway 17 connecting with Richmond-San Rafael Bridge, to its connection with U.S. Highway 101.
 2. Carrier shall not serve the following points and areas:

All points on State Highway 36 east of Carlotta, and all points on county roads from junction of State Highway 36 and county road near Bridgeville to Fort Seward, Alderpoint, and Zenia.
 3. Subject to commodity Exclusions 1, 3, 4, 7, 9, and 15.
- III. Dormant nursery stock, potted plants, and cut flowers between McKinleyville and Eureka and points within 3 statute miles of Eureka, on the one hand, and, on the other hand, Santa Rosa and San Jose, and intermediate points via Napa, Vallejo, Oakland, Hayward, Petaluma, and San Francisco. To perform the transportation authorized, Nielsen Freight Lines shall conduct operations over and along the following routes:
1. U.S. Highway 101 between McKinleyville and San Jose.
 2. State Highway 82 between San Francisco and San Jose.
 3. State Highway 12 between Santa Rosa and Napa.

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4. State Highway 29 between Napa and Vallejo.
5. Interstate Highway 80 between Vallejo and Oakland.
6. State Highways 17 and 238 (Mission Boulevard) between Oakland and San Jose.
7. Interstate Highway 80 between Oakland and San Francisco.
8. State Highway 92 between Hayward and San Mateo (San Mateo-Hayward Toll Bridge).

IV. General commodities via the following routes subject to commodity Exclusions 1 through 9 and 11.

1. Between that portion of Los Angeles Basin Territory described in Note D and Wheeler Ridge, inclusive, via Interstate Highway 5 including points within 25 statute miles laterally.
2. Between Wheeler Ridge and Fresno, inclusive, via State Highway 99 including points within 25 statute miles laterally therefrom.

Including points within a 10 statute mile radius of the following:

- a. The junction of State Highways 99 and 180 within the City of Fresno.
- b. The junction of State Highways 198 and 41 near Lemoore.
- c. The junction of State Highway 180 and Fresno County Road J-19, also known as Valley Road, near Squaw Valley.

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3. Between Fresno and Dunnigan, inclusive, via State Highway 99 and Interstate Highway 5 including points within a 20 statute mile radius of the corporate limits of the City of Sacramento, including the off-route points of Escalon, Riverbank, and Oakdale.
4. Between Fresno and Lincoln, inclusive, via State Highway 99, Interstate Highway 80, and State Highway 65 including points and places within a 20 statute mile radius of the corporate limits of the City of Sacramento, including the off-route points of Escalon, Riverbank, and Oakdale.
5. Interstate Highways 5 and 205 (Business) between Stockton and Tracy, inclusive.
6. State Highway 33 between its junction with Interstate Highway 205 near Tracy, and Maricopa, including the off-route points of Huron, Kettleman City, and Ford City.
7. State Highway 14, including points within 10 statute miles laterally between its junction with Interstate Highway 5 near San Fernando and a point 5 statute miles north of Lancaster, inclusive, including the off-route points of Quartz Hill, Pearblossom, and Rosemond.
8. Between points in San Francisco Territory, as described in Note B and Sacramento via Interstate Highway 80 including all points within 5 statute miles laterally.
9. Between points in San Francisco Territory as described in Note B and Sacramento via Interstate Highway 80 to its junction with Interstate Highway 580 in the City of Emeryville; then via Interstate Highway 580 to its junction with State Highway 24 in the City of Oakland; then via State Highway 24 to its junction with State Highway 4 near the City of Concord; then via State Highway 160 including all points within 5 statute miles laterally of those highways.

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10. Between points in San Francisco Territory as described in Note B and Modesto via Interstate Highway 580 to its junction with State Highway 132 west of Vernalis; then via State Highway 132, including all points within 5 statute miles laterally of those highways.
11. Interstate Highway 5 between Wheeler Ridge and its junction with Interstate Highway 205 near Banta, including all points within 5 statute miles laterally.
12. Between Tracy and the junction of Interstate Highways 205 and 580 near Mountain House via Interstate Highways 205 and 205 Business.
13. On and within 20 statute miles of the following named highways:
 - a. State Highway 1 between San Francisco and Carmel.
 - b. State Highway 65 between its junction with Interstate Highway 80 near Roseville and its junction with State Highway 70 near Olivehurst; then via State Highway 70 to its junction with State Highway 20 in Marysville; then via State Highway 20 to its junction with State Highway 99 in Yuba City; then via State Highway 99 to its junction with Interstate Highway 5 near Red Bluff.
 - c. Interstate Highway 5 between Sacramento and Redding.
 - d. Interstate Highway 80 between Sacramento and Truckee.
 - e. State Highway 505 between Vacaville and Dunnigan.

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14. On and within 10 statute miles of the following named highways:
- a. Interstate Highway 5 between Los Angeles and the California-Mexico boundary line including points in San Diego Territory as described in Note E.
 - b. Interstate Highways 15 and 15E between San Diego Territory as described in Note E and San Bernardino.
 - c. U.S. Highway 101 between Los Angeles and Ventura.
 - d. Interstate Highway 10 between Los Angeles and Blythe.
 - e. U.S. Highway 101 between San Francisco and Salinas.
 - f. State Highway 17 between Oakland and Santa Cruz.
 - g. State Highway 156 between Castroville and Hollister.
 - h. State Highway 68 between its junction with State Highway 1 near Monterey, and Salinas.
 - i. Interstate Highway 680 between its junction with Interstate Highway 780 near Benicia, and San Jose.
 - j. Interstate Highway 780 between its junction with Interstate Highway 680 near Benicia and its junction with Interstate Highway 80 near Vallejo.
 - k. Interstate Highway 8 between San Diego Territory as described in Note E, and Winterhaven.
 - l. State Highway 86 between its junction with Interstate Highway 10 near Indio and its junction with Interstate Highway 8 near El Centro.

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15. Through routes and rates may be established between any and all points specified in subparagraphs 1 through 13 above.
16. For operating convenience only, applicant is authorized to traverse State Highway 14 between a point 5 statute miles north of Lancaster and Mojave, and State Highway 58 between Mojave and a point 25 statute miles east of State Highway 99, serving no points or places on, or laterally from, State Highways 14 and 58.

Mechanical duplications and overlaps which occur in describing the operating authority granted shall not be construed as conferring more than one operating right to transport the same commodities between the same points.

Except that where specifically noted and under to the authority granted, carrier shall not transport any shipments of:

1. Used household goods, personal effects and office, store, and institution furniture, fixtures and equipment not packed in salesmen's hand sample cases, suitcases, overnight or boston bags, briefcases, hat boxes, valises, traveling bags, trunks, lift vans, barrels, boxes, cartons, crates, cases, baskets, pails, kits, tubs, drums, bags (jute, cotton, burlap, or gunny) or bundles (completely wrapped in jute, cotton, burlap, gunny, fibreboard, or straw matting).
2. Automobiles, trucks and buses, viz.: new and used, finished or unfinished passenger automobiles (including jeeps), ambulances, hearses and taxis, freight automobiles, automobile chassis, trucks, truck chassis, truck trailers, trucks and trailers combined, buses, and bus chassis.

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3. Livestock, viz.: barrows, boars, bulls, butcher hogs, calves, cattle, cows, dairy cattle, ewes, feeder pigs, gilts, goats, heifers, hogs, kids, lambs, oxen, pigs, rams (bucks), sheep, sheep camp outfits, sows, steers, stags, swine, or wethers.
4. Liquids, compressed gases, commodities in semi-plastic form and commodities in suspension in liquids in bulk, in tank trucks, tank trailers, tank semitrailers, or a combination of such highway vehicles.
5. Commodities when transported in bulk in dump-type trucks or trailers or in hopper-type trucks or trailers.
6. Commodities when transported in motor vehicles equipped for mechanical mixing in transit.
7. Portland or similar cements, in bulk or packages, when loaded substantially to capacity of motor vehicle.
8. Logs.
9. Articles of extraordinary value.
10. Trailer coaches and campers, including integral parts and contents when the contents are within the trailer coach or camper.
11. Commodities requiring the use of special refrigeration or temperature control in specially designed and constructed refrigerator equipment.
12. Explosives subject to U.S. Department of Transportation regulations governing the transportation of hazardous materials.
13. Commodities requiring special equipment or handling because of unusual size, weight, or shape.

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14. Commodities injurious or contaminating to other lading.
15. Wood chips in bulk.
16. Tractors and farm tractors.

In performing the service authorized, carrier may make use of any and all streets, roads, highways, and bridges necessary or convenient for the performance of this service.

NOTE A

SAN FRANCISCO-EAST BAY CARTAGE ZONE

The San Francisco-East Bay Cartage Zone includes the area embraced by the following boundary: Beginning at the point where the San Francisco-San Mateo County Boundary Line meets the Pacific Ocean; easterly along said boundary line to Lake Merced Boulevard; southerly along Lake Merced Boulevard to South Mayfair Avenue; westerly along South Mayfair Avenue to Crestwood Drive; southerly along Crestwood Drive to Southgate Avenue; thence westerly along Southgate Avenue to Maddux Drive; southerly and easterly along Maddux Drive to a point one mile west of State Highway 82; southeasterly along an imaginary line one mile west of and paralleling State Highway 82 (El Camino Real) to its intersection with the southerly boundary line of the City of San Mateo; along said boundary line to U.S. Highway 101 (Bayshore Freeway); leaving said boundary line proceeding to the junction of Foster City Boulevard and Beach Park Road; northerly and easterly along Beach Park Road to a point one mile south of State Highway 92; easterly along an imaginary line one mile southerly and paralleling State Highway 92 to its intersection with State Highway 17 (Nimitz Freeway); continuing northeasterly along an imaginary line one mile southerly of and paralleling State Highway 92 to its intersection with an imaginary line one mile easterly of and paralleling State Highway 238; northerly along said imaginary line one mile easterly of and paralleling State Highway 238 to its intersection with "B" Street, Hayward; easterly and northerly along "B" Street to Center Street; northerly along Center

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Street to Castro Valley Boulevard; westerly along Castro Valley Boulevard to Redwood Road; northerly along Redwood Road to Somerset Avenue; thence westerly along Somerset Avenue and 168th Street to Foothill Boulevard; northwesterly along Foothill Boulevard to the southerly boundary line of the City of Oakland; easterly and northerly along the Oakland Boundary Line to its intersection with the Alameda-Contra Costa County Boundary Line; northwesterly along said County Line to its intersection with Arlington Avenue (Berkeley); northwesterly along Arlington Avenue to a point one mile northeasterly of San Pablo Avenue (State Highway 123); northwesterly along an imaginary line one mile easterly of and paralleling San Pablo Avenue to its intersection with County Road 20 (Contra Costa County); westerly along County Road 20 to Broadway Avenue; northerly along Broadway Avenue to San Pablo Avenue (State Highway 123) to Rivers Street, westerly along Rivers Street to 11th Street; northerly along 11th Street to Johns Avenue; westerly along Johns Avenue to Collins Avenue; northerly along Collins Avenue to Morton Avenue; westerly along Morton Avenue to the Southern Pacific Company right-of-way and continuing westerly along the prolongation of Morton Avenue to the shoreline of San Pablo Bay; southerly and westerly along the shoreline and waterfront of San Pablo Bay to Point San Pablo; southerly along an imaginary line to the San Francisco water-front at the foot of Market Street; westerly along said waterfront and shoreline to the Pacific Ocean; southerly along the shoreline of the Pacific Ocean to the point of beginning.

NOTE B

SAN FRANCISCO TERRITORY

San Francisco Territory includes all the City of San Jose and that area embraced by the following boundary: Beginning at the point the San Francisco-San Mateo County Line meets the Pacific Ocean; easterly along said County Line to a point one mile west of State Highway 82; southerly along an imaginary line one mile west of and paralleling State Highway 82 to its intersection with Southern Pacific Company right-of-way at Arastradero Road; southeasterly along the Southern Pacific Company right-of-way to Pollard Road, including industries served by the Southern Pacific Company spur line extending

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approximately two miles southwest from Simla to Permanente; easterly along Pollard Road to W. Parr Avenue; easterly along W. Parr Avenue to Capri Drive; southerly along Capri Drive to Division Street; easterly along Division Street to the Southern Pacific Company right-of-way; southerly along the Southern Pacific Company right-of-way to the Campbell-Los Gatos City Limits; easterly along said limits and the prolongation thereof to South Bascom Avenue (formerly San Jose-Los Gatos Road); northeasterly along South Bascom Avenue to Foxworthy Avenue; easterly along Foxworthy Avenue to Almaden Road; southerly along Almaden Road to Hillsdale Avenue; easterly along Hillsdale Avenue to State Highway 82; northwesterly along State Highway 82 to Tully Road; northeasterly along Tully Road and the prolongation thereof to White Road; northwesterly along White Road to McKee Road; southwestly along McKee Road to Capitol Avenue; northwesterly along Capitol Avenue to State Highway 238 (Oakland Road); northerly along State Highway 238 to Warm Springs; northerly along State Highway 238 (Mission Blvd.) via Mission San Jose and Niles to Hayward; northerly along Foothill Blvd. and MacArthur Blvd. to Seminary Avenue; easterly along Seminary Avenue to Mountain Blvd.; northerly along Mountain Blvd. to Warren Blvd. (State Highway 13); northerly along Warren Blvd. to Broadway Terrace; westerly along Broadway Terrace to College Avenue; northerly along College Avenue to Dwight Way; easterly along Dwight Way to the Berkeley-Oakland Boundary Line; northerly along said boundary line to the campus boundary of the University of California; westerly, northerly and easterly along the campus boundary to Euclid Avenue; northerly along Euclid Avenue to Marin Avenue; westerly along Marin Avenue to Arlington Avenue; northerly along Arlington Avenue to San Pablo Avenue (State Highway 123); northerly along San Pablo Avenue to and including the City of Richmond to Point Richmond; southerly along an imaginary line from Point Richmond to the San Francisco waterfront at the foot of Market Street; westerly along said waterfront and shoreline to the Pacific Ocean; southerly along the shoreline of the Pacific Ocean to the point of beginning.

NOTE C

NIELSEN FREIGHT LINES TERRITORY

The Nielsen Freight Lines Territory includes all that area embraced by the following boundary: Beginning at Rockport, California located on State Highway 1: thence westerly along an imaginary line on the most direct route to the Pacific Ocean; southerly along the

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shoreline of the Pacific Ocean to the Russian River; easterly along an imaginary line on the most direct route to State Highway 1; southeasterly along State Highway 1 to its intersection with State Highway 116; easterly along State Highway 116 to its intersection with Bohemian Highway; southeasterly along Bohemian Highway to its intersection with Graton Road; northeasterly along Graton Road to its intersection with Ross Road, but not including service to Graton; northwesterly along Ross Road to its intersection with Ross Station Road; northeasterly along Ross Station Road to its intersection with State Highway 116; northwesterly along State Highway 116 to its intersection with Mirabel Road; northerly along Mirabel Road to its intersection with River Road; northwesterly along River Road to its intersection with Westside Road; thence easterly and northerly along Westside Road to its intersection with Kinley Drive; northerly along Kinley Drive to its intersection with Dry Creek Road; northwesterly along Dry Creek Road to its intersection with Dutcher Creek Road; northerly along Dutcher Creek Road to its intersection with U.S. Highway 101; northerly along U.S. Highway 101 to its intersection with State Highway 128, but not including service to Cloverdale; northerly along an imaginary line at all times 25 miles east of State Highway 1 to its intersection with State Highway 20; westerly along State Highway 20 to its intersection with an imaginary point 10 miles east of State Highway 1; northerly along an imaginary line at all times 10 miles east of State Highway 1 to an imaginary point 10 miles east of Rockport; westerly along an imaginary line on the most direct route to the point of beginning.

Serving all points on all roads, streets, and highways located within the boundaries of this territory and also serving all points and places along all roads named as boundary lines of this territory except no service shall be provided to any points and places along the following roads:

Ross Road from its intersection with Graton Road to its intersection with Ross Station Road; Ross Station Road from its intersection with Ross Road to its intersection with State Highway 116; State Highway 116 from its intersection

with Ross Station Road to its intersection with Mirabel Road; Mirabel Road from its intersection with State Highway 116 to its intersection with River Road; River Road from its intersection with Mirabel Road to its intersection with Westside Road; Westside Road from its intersection with River Road to its intersection with Kinley Drive; Kinley Drive from its intersection with Westside Road to its intersection with Dry Creek Road; Dry Creek Road from its intersection with Kinley Drive to its intersection with Dutcher Creek Road; Dutcher Creek Road from its intersection with Dry Creek Road to its intersection with U.S. Highway 101; U.S. Highway 101 from its intersection with Dutcher Creek Road to, and including, Cloverdale.

NOTE D

The portion of Los Angeles Basin Territory for which authority is granted includes that area embraced by the following boundaries:

Beginning at the intersection of Sunset Boulevard and State Highway 1; northeasterly on Sunset Boulevard to Interstate Highway 405; to Chatsworth Street; northeasterly along Chatsworth Street to the corporate boundary of the City of San Fernando; westerly and northerly along the corporate boundary to Maclay Avenue; northeasterly along Maclay Avenue and its prolongation to the Los Angeles National Forest Boundary; southeasterly and easterly along the Angeles National Forest and San Bernardino National Forest boundaries to Mill Creek Road (State Highway 38); westerly along Mill Creek Road to Bryant Street; southerly along Bryant Street to and including the unincorporated community of Yucaipa; westerly along Yucaipa Boulevard to Interstate Highway 10; northwesterly along Interstate Highway 10 to and including the City of Redlands; westerly along Interstate Highway 10 to Interstate Highway 15 (U.S. Highway 395); southerly along Interstate Highway 15 to State Highway 91; southwesterly along State Highway 91 to State Highway 55; southerly along State Highway 55 to the Pacific Ocean; westerly and northerly along the shoreline of the Pacific Ocean to a point directly south of the intersection of Sunset Boulevard and State Highway 1, northerly along an imaginary line to point of beginning.

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NOTE E

SAN DIEGO TERRITORY

The San Diego Territory includes that area embraced by following an imaginary line starting at a point approximately four miles north of La Jolla on the Pacific Coast shoreline running east to Miramar on U.S. Highway 395; following an imaginary line running southeasterly to Lakeside on State Highway 67; thence southerly on County Road S-17 (San Diego County) and its prolongation to State Highway 94; easterly on State Highway 94 to Jamul; due south following an imaginary line to the California-Mexican Boundary Line; westerly along the boundary line to the Pacific Ocean and north along the shoreline to the point of beginning.

(END OF APPENDIX A)

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