

ORIGINAL

Decision No. 86719

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER of the Application)
 of UNITED CALIFORNIA TRANSPORT,)
 INC., a California Corporation,)
 for authority to sell and issue)
 its capital stock in acquiring)
 by merger B & J TRANSPORTATION,)
 INC.,)

-and-

IN THE MATTER of the Application)
 of B & J TRANSPORTATION, INC.,)
 a California Corporation, for)
 authority to merge into)
 UNITED CALIFORNIA TRANSPORT, INC.,)

-and-

IN THE MATTER of the Application)
 of DANIEL J. JACKSON for authority)
 to sell and transfer his capital)
 stock in B & J TRANSPORTATION,)
 INC.)

Application No. 56211
 (Filed October 15, 1976)

O P I N I O N

United California Transport, Inc. seeks authority to issue 185 shares of its \$10 par value capital stock to Daniel J. Jackson in exchange for all the outstanding capital stock of B & J Transportation, Inc., and the two corporations seek authority to merge.

B & J Transportation, Inc. and United California Transport, Inc. are California corporations possessing statewide petroleum irregular route carrier certificates of public convenience and necessity created by Decision 80212 dated June 27, 1972 in Application 53138, and Decision 44522 dated July 25, 1950 in Application 31134, respectively. For the year 1975 B & J Transportation, Inc. reported total carrier operating revenues of \$481,750. United California Transport, Inc. approached such total

in the first six months of 1976 with corresponding reported revenues amounting to \$436,750.

The capital stock of United California Transport, Inc. consists of 1,000 shares of \$10 par value common stock, of which Don R. Logan holds 666-2/3 shares, and the corporation holds the remaining 333-1/3 shares as treasury stock. The outstanding capital stock of B & J Transportation, Inc. consists of 250 shares of \$100 par value common stock, all held by Daniel J. Jackson.

In accordance with a plan of reorganization under Section 368(a) (1) (A) of the Internal Revenue Code, United California Transport, Inc. would issue 125 shares of its capital stock to Daniel J. Jackson in exchange for 250 shares of capital stock of B & J Transportation, Inc. Thereafter, B & J Transportation, Inc. would merge with and into United California Transport, Inc.

According to the Plan and Agreement of Reorganization, a copy of which is attached to the application as Exhibit C, the transactions would result in the acquisition by United California Transport, Inc. from B & J Transportation, Inc. of acceptable assets having a book value, over and above the latter's liability to creditors, of at least \$15,537 in exchange for said 125 shares of \$10 par value capital stock.

The verified application states that United California Transport, Inc. seeks to acquire B & J Transportation, Inc. because the acquisition will result in additional trucks and trailers which it needs; also, it will acquire the services of Daniel J. Jackson, who will provide additional experience to its management.

Notice of the filing of the application appeared in the Commission's Daily Calendar of October 13, 1976. There are no protests to the application.

After consideration the Commission finds that:

1. The proposed merger would not be adverse to the public interest.
2. The proposed stock issue is for a proper purpose.
3. The money, property or labor to be procured or paid for by the stock herein authorized is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. Inasmuch as the Commission does not permit the holding of duplicate operating authorities, the order which follows will provide for, in the event the merger is completed, the revocation of the petroleum irregular route carrier certificate of public convenience and necessity presently held by United California Transport, Inc., the suspension for one year of the corresponding certificate held by B & J Transportation, Inc., and the issuance of a certificate in appendix form to United California Transport, Inc. The order herein will provide also for the revocation of the suspended certificate in the event that United California Transport, Inc. does not find a buyer for it and cause the filing of an appropriate transfer application within the one-year period.

United California Transport, Inc. is placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of

business. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

The authorization granted shall not be construed as a finding of the value of the rights and properties authorized to be merged, or of applicants' capital stock.

O R D E R

IT IS ORDERED that:

1. On or before June 30, 1977, United California Transport, Inc. may issue not exceeding 185 shares of its \$10 par value capital stock to Daniel J. Jackson in exchange for all the 250 shares of outstanding \$100 par value capital stock of B & J Transportation, Inc.
2. On or before June 30, 1977, B & J Transportation, Inc. may merge with and into United California Transport, Inc.
3. United California Transport, Inc. shall file with the Commission the report required by General Order 24-B, which order, insofar as applicable, is hereby made a part of this order.
4. Within 30 days after the merger herein authorized, United California Transport, Inc. shall file with the Commission written acceptance of the certificate of public convenience and necessity herein granted, and a certified copy of the certificate filed with the Secretary of State effectuating the merger.
5. Within 60 days after the merger herein authorized, United California Transport, Inc. shall file with the Commission a copy of each journal entry used to record the merger on its books of account.
6. United California Transport, Inc. shall amend or reissue the tariffs on file with the Commission, naming rates and rules governing the petroleum irregular route carrier operations of

B & J Transportation, Inc. to show that it has adopted or established, as its own, the rates and rules. The tariff filings shall be made effective not earlier than 5 days after the effective date of this order on not less than 5 days' notice to the Commission and the public, and the effective date of the tariff filings shall be concurrent with the merger. 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 80-Series. Failure to comply with the provisions of General Order 80-Series may result in a cancellation of the operating authority granted by this decision.

7. On or before the end of the fourth month after the merger, United California Transport, Inc. 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 B & J Transportation, Inc. for the period commencing with the first day of the current year to and including the effective date of the merger.

8. In the event the merger authorized in paragraph 2 is completed, effective concurrently with the effective date of the tariff filings required by paragraph 6, a certificate of public convenience and necessity is granted to United California Transport, Inc. authorizing it to operate as a petroleum irregular route carrier, as defined in Section 214 of the Public Utilities Code, in the area set forth in Appendix A of this decision.

9. The certificate of public convenience and necessity granted by Decision 44582 is revoked effective concurrently with the effective date of the tariff filings required by paragraph 6.

10. The certificate of public convenience and necessity granted by Decision 80212 is hereby placed in voluntary suspension for a period of one year, commencing with the effective date of this order. If an application to transfer the certificate is not

filed within this period, the certificate shall be automatically canceled without any further order of the Commission.

11. United California Transport, Inc. shall maintain its accounting records on a calendar year basis in conformance with the applicable Uniform System of Accounts or Chart of Accounts as prescribed or adopted by this Commission and shall file with the Commission, on or before April 30 of each year, an annual report of its operations in such form, content, and number of copies as the Commission, from time to time, shall prescribe.

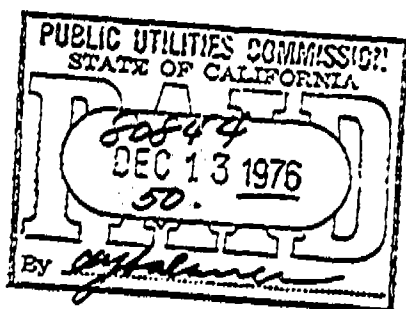
12. United California Transport, Inc. shall comply with the safety rules administered by the California Highway Patrol and the insurance requirements of the Commission's General Order 100-Series.

13. United California Transport, Inc. shall comply with the requirements of the Commission's General Order 84-Series for the transportation of collect on delivery shipments. If United California Transport, Inc. elects not to transport collect on delivery shipments, it shall make the appropriate tariff filings as required by the General Order.

14. The authority granted by this order to issue stock shall become effective when United California Transport, Inc. has paid the minimum fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$50. In other respects the effective date of this order shall be 20 days after the date hereof.

Dated at San Francisco, California, this 7th day of DECEMBER, 1976.

William S. Brown President
William S. Brown
Virginia L. Stinson
Leonard H. Ross
Robert L. Stinson Commissioners



United California Transport, Inc., a California corporation, by the certificate of public convenience and necessity granted by the decision noted in the margin, is authorized to operate as a petroleum irregular route carrier as defined in Section 214 of the Public Utilities Code for the transportation of petroleum and petroleum products in bulk in tank trucks or trailers between all points and places in the State of California, subject to the following restriction:

RESTRICTION: Transportation of waste materials under this certificate is subject to obtaining and maintaining a valid registration certificate as a hauler of liquid waste from the State Water Resources Control Board.

(END OF APPENDIX A)

Issued by California Public Utilities Commission.
Decision 86719, Application 56811.