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Decision No. 87624 JUL 19 1977

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
G.C.T., INC., a corporation, to sell, )  
and GARDEN CITY TRANSPORTATION, INC., ) Application No. 57258  
a California corporation, to buy, a ) (Filed April 26, 1977)  
portion of the certificate of public )  
convenience as a highway common carrier )  
presently owned by G.C.T., Inc., and for )  
GARDEN CITY TRANSPORTATION, INC., to )  
issue stock and to assume liabilities. )

O P I N I O N

G.C.T., Inc. (GCT) requests authority to sell a portion of a highway common carrier certificate of public convenience and necessity and certain related assets to Garden City Transportation, Inc., (Garden) and the latter seeks authorization (1) to issue 9,999 shares of its no par value capital stock having a stated value of \$105,000, (2) to issue two promissory notes in the aggregate principal amount of \$138,539, and (3) to assume certain leases and enter into a lease agreement.

GCT conducts operations as a highway common carrier in California pursuant to a certificate of public convenience and necessity granted by Decision No. 84122, dated February 19, 1975, in Application No. 55377, which certificate authorizes transportation of general commodities, with certain exceptions, between San Rafael on the north and Bradley on the south, Monterey and Santa Cruz on the west through San Jose, Livermore, Stockton to Sacramento, south in the valley to Turlock including the San Francisco Bay Area, with

laterals of twenty miles. The certificate covers transportation of newsprint generally between San Francisco and Bradley, San Jose and Richmond, Monterey, Hollister, San Juan Bautista, Gilroy and San Jose, and intermediate points with certain exceptions. The carrier also operates under the jurisdiction of the Interstate Commerce Commission and as a permitted carrier under permits issued by this Commission in File T-35238.

In Exhibit G attached to the application GCT reports total operating revenues and net income of \$1,551,778 and \$39,310, respectively, for the year 1976. The corporation's balance sheet on December 31, 1976 is shown in Exhibit G and is summarized as follows:

<u>Assets</u>	<u>Amount</u>
Current assets	\$423,210
Carrier operating equipment-net	305,379
Intangibles	113,072
Other assets	<u>113,416</u>
Total	<u>\$955,077</u>
 <u>Liabilities and Capital</u>	
Current liabilities	\$312,494
Equipment obligations	231,959
Other liabilities	23,689
Common stock and surplus	<u>386,935</u>
Total	<u>\$955,077</u>

GCT desires to continue operations solely as a highway common carrier handling newsprint under the authority granted by Decision No. 84122 and proposes to sell and transfer the remaining portion of its certificated rights together with certain related equipment to Garden for a consideration of \$158,539, which figure includes \$70,000 for the rights and \$88,539 for equipment.

Garden, a California corporation organized on or about February 12, 1977, proposes to issue and sell 9,999 shares of no par value capital stock for \$105,000 cash and to apply \$20,000 of the proceeds toward the purchase of the certificated rights and assets and to use the remaining \$85,000 for working capital. Garden plans to finance the balance of the purchase price through issuance of two promissory notes in favor of GCT. One note in the principal amount of \$88,539 would bear interest at the rate of 8-1/2 percent per annum with principal and interest payable in monthly installments of \$1,816.52 or more. The second note in the principal amount of \$50,000 bearing interest at 8-1/2 percent per annum would require quarterly interest payments only for the first two years and quarterly payments for both principal and interest thereafter until maturity five years from date of issue. Repayment of the notes would be secured by a pledge of Garden's capital stock by its shareholders.

In a letter dated June 6, 1977, the attorney for the parties informed the Commission that the \$70,000 to be paid for operative rights includes \$50,000 for goodwill. The application also indicates that Garden has further agreed to pay GCT the sum of 25 percent of Garden's after-tax profit for the first five years of its operations up to a maximum of \$44,000. In addition, Garden will assume certain liabilities of GCT in the form of leases and will lease certain motor vehicle equipment from GCT.

A pro forma balance sheet of Garden giving effect to the proposed transaction is summarized as follows:

<u>Assets</u>	<u>Amount</u>
Cash	\$ 85,000
Carrier operating equipment-net	88,539
Intangibles	<u>70,000</u>
Total	<u>\$243,539</u>
<u>Liabilities and Capital</u>	
Notes payable	\$138,539
Capital stock	<u>105,000</u>
Total	<u>\$243,539</u>

Exhibit F attached to the application contains pro forma statements of income and cash flow for the first year of Garden's operation. The exhibit shows estimated operating revenues and net income of \$1,790,000 and \$55,560, respectively, and a projected cash flow sufficient to service debt and to increase working capital.

Copies of this application have been mailed to the California Trucking Association and to the Department of Transportation. No protest to the application has been received.

After consideration the Commission finds that:

1. The assumption and execution of leases proposed in the application does not require our authorization.
2. The proposed sale and transfer would not be adverse to the public interest.
3. The proposed issues of stock and promissory notes are for proper purposes.

4. The money, property or labor to be procured or paid for by the stock and notes herein authorized are reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing findings we conclude (1) that the application, insofar as it seeks authority to assume and execute leases, should be dismissed for lack of jurisdiction, and (2) that the application should be granted in all other respects. A public hearing is not necessary. The order which follows will provide for, in the event the transfer is completed, the revocation of the certificate presently held by G.C.T., Inc. and the issuance of certificates in appendix form to Garden City Transportation, Inc. and G.C.T., Inc.

Garden City Transportation, 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 herein granted shall not be construed as a finding of the value of the rights and properties authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. On or before December 31, 1977, G.C.T., Inc. may sell and transfer a portion of the highway common carrier certificate and other assets referred to in the application to Garden City Transportation, Inc.

2. Garden City Transportation, Inc., on or after the effective date hereof and on or before December 31, 1977, may issue not exceeding 9,999 shares of its no par value common stock for the purpose specified in the application.

3. Garden City Transportation, Inc., on or after the effective date hereof and on or before December 31, 1977, may issue two promissory notes in the aggregate principal amount of \$138,539 for the purpose set forth in the application. Said notes shall be in substantially the same form as those attached to the application.

4. Garden City Transportation, Inc. shall file with the Commission the report required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

5. Within thirty days after the transfer Garden City Transportation, Inc. shall file with the Commission written acceptance of the highway common carrier certificate of public convenience and necessity and a true copy of the bill of sale or other instrument of transfer.

6. Garden City Transportation, Inc. and G.C.T., Inc. shall amend or reissue the tariffs on file with the Commission, naming rates and rules governing the common carrier operations transferred and retained to show that each has adopted or established, as its own, the pertinent rates and rules. The tariff filings shall be made effective not earlier than five days after the date of this order on not less than five days' notice to the Commission and the public, and the effective date of the tariff filings shall be concurrent with the transfer. 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 No. 80-Series. Failure to comply with the provisions of General Order No. 80-Series may result in a cancellation of the operating authority granted by this decision.

7. In the event the transfer authorized in Paragraph 1 hereof is consummated, certificates of public convenience and necessity are granted to Garden City Transportation, Inc. and G.C.T., Inc., authorizing them to operate as highway common carriers, as defined in Section 213 of the Public Utilities Code, between the points and over the routes particularly set forth in Appendices A and B, respectively, attached hereto and made a part hereof.

8. The certificates of public convenience and necessity granted in Paragraph 7 of this order shall supersede the certificate of public convenience and necessity granted by Decision No. 84122, which certificate is revoked effective concurrently with the effective date of the tariff filings required by Paragraph 6 hereof.

9. Garden City Transportation, Inc., and G.C.T., Inc. shall comply with the safety rules administered by the California Highway Patrol and the insurance requirements of the Commission's General Order No. 100-Series.

10. Garden City Transportation, 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.

11. Garden City Transportation, Inc., and G.C.T., Inc. shall comply with the requirements of the Commission's General Order No. 84-Series for the transportation of collect on delivery shipments. If Garden City Transportation, Inc., or G.C.T., Inc. elects not to transport collect on delivery shipments, the carrier shall make the appropriate tariff filings as required by the General Order.

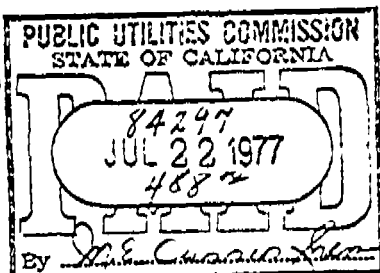
12. The request of Garden City Transportation, Inc. for authority to assume certain leases and to enter into a lease agreement is hereby dismissed for lack of jurisdiction.

13. The authority granted in this order to issue stock and promissory notes will become effective when Garden City Transportation, Inc. has paid the fee prescribed by Section 1904(b) and 1904.1 of the Public Utilities Code, which fees are \$278 and \$210, respectively. In all other respects the effective date of this order is the date hereof.

Dated at San Francisco, California, this 19<sup>th</sup> day of JULY, 1977.

Robert Bateman  
President  
William S. Jones  
John L. Johnson  
Richard W. Givens

Commissioners  
CLARE T. DEDRICK





Garden City Transportation, Inc., 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 as follows:

- A. General Commodities, between the following points, serving all intermediate points on the said routes and all off-route points within twenty miles thereof (Subject to commodity exceptions numbered 1, 3 through 10, 12 and 13);
1. San Rafael and Bradley on U.S. Highway 101;
  2. San Francisco and Vallejo on Interstate Highway 80;
  3. San Francisco and Stockton on Interstate Highways 580, 205 and 5;
  4. To, from and between all points and places located in the San Francisco Territory as described in Note A, and points located within twenty miles of the boundaries of said Territory;
  5. San Jose and Vallejo on Interstate Highway 680;
  6. San Jose and Santa Cruz on State Highway 17;
  7. Santa Cruz and Monterey on State Highway 1;
  8. Salinas and Monterey on State Highway 68;
  9. Hollister and the junction of State Highway 156 with U.S. Highway 101, on State Highway 156;
  10. Watsonville and San Juan Bautista on State Highway 129 and the San Juan Highway;
  11. Watsonville and Gilroy on State Highway 152;
  12. Pinole and Stockton on State Highway 4;
  13. Monterey and Jamesburg on State Highway 1, Carmel Valley-Tularcitos Road (County G-16) and Cachagua Road.

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- B. General Commodities, to, from and between the following points and points within 3 miles of such points (Subject to commodity exceptions numbered 2 through 7, 9 and 11);
1. Sacramento vicinity, as described in Note B, and Turlock and intermediate points via State Highway 99;
  2. Sacramento vicinity and Tracy and intermediate points via State Highway 99 between Sacramento and Stockton, Interstate Highways 5 and 205 between Stockton and Tracy;
  3. Tracy and Manteca and intermediate points via Interstate Highways 205 and 5 and State Highway 120, and Manteca and Modesto and intermediate points via State Highway 120 to Oakdale; thence, State Highway 108 to Modesto;
  4. Between Sacramento vicinity and Stockton and intermediate points via County Road J-8.
- C. Canned goods, dried fruit, and cannery and dried fruit packing plant machinery, materials and supplies between San Jose and points within ten miles of the city limits of San Jose on the one hand, and Sacramento on the other hand.

In performing the service authorized in Parts A, B, and C, applicant may make use of any and all streets, roads, highways and bridges necessary or convenient for the performance of said service.

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

Except where specifically noted, and pursuant to the authority herein 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,

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overnight or boston bags, brief cases, 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. Used household goods and personal effects not packed in salesmen's hand sample cases, suitcases, overnight or boston bags, brief cases, 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).
3. 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.
4. 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.
5. 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.
6. Commodities when transported in bulk in dump trucks or in hopper-type trucks.

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7. Commodities when transported in motor vehicles equipped for mechanical mixing in transit.
8. Cement.
9. Logs.
10. Articles of unusual or extraordinary value.
11. Commodities requiring the use of special refrigeration or temperature control in specially designed and constructed refrigerator equipment.
12. Shipments in vehicles equipped with mechanical refrigeration systems.
13. Newsprint.

## Note A

## 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; thence 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 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 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;

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southwesterly 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 point of beginning.

Note B

#### SACRAMENTO VICINITY

The Sacramento vicinity includes all of the City of Sacramento, also territory located within three miles of the city limits and including Nimbus, Mather Field, McClellan Field, Carmichael, West Sacramento, and including the plants of the Lumbermen's Supply, Inc., Essex Lumber Company, Campbell Soup Company, McKesson & Robbins, Inc., Howard Terminal Warehouse, Royal Packing Company, Proctor & Gamble Manufacturing Company, Fort Sutter Warehouse Co., Libby, McNeill & Libby, Boone Warehouses, Inc., Sacramento Metropolitan airport, U.S. Army Depot, Sacramento, and any points or places intermediate to the communities, plants or other locations named in this paragraph.

(END OF APPENDIX A)

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G.C.T., Inc., 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 as follows:

Newsprint, between all points on:

1. U.S. Highway 101 and State Highway 82 between Bradley and San Francisco;
2. State Highways 17 and 238, and Interstate Highway 80 between San Jose and Richmond;
3. State Highway 1 between Monterey and Santa Cruz;
4. State Highway 17 between Santa Cruz and San Jose;
5. State Highway 68 between Monterey and Salinas;
6. State Highway 156 between Hollister and U.S. Highway 101;
7. State Highway 25 between Hollister and U.S. Highway 101;
8. State Highway 129 and San Juan Highway between Watsonville and San Juan Bautista;
9. State Highway 152 between Watsonville and Gilroy;
10. Saratoga-Sunnyvale Road, Mathilda Avenue and State Highway 237 between Sunnyvale and Milpitas;
11. The Dumbarton Bridge route between State Highway 82 and Centerville and Niles;
12. East 3rd Avenue, the San Mateo-Hayward Bridge Approach and State Highway 92 between San Mateo and Mt. Eden and Hayward;

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13. Interstate Highway 80 between San Francisco and Oakland;
14. Including the off-route points of Alameda and all points within 10 miles of the city limits of San Jose;
15. Carmel Valley Road, Tularcitos Road (County G-16) and Cachagua Road between Monterey and Jamesburg, serving intermediate points.

The authority granted herein is subject to the following conditions and limitations:

1. Carrier shall not transport any shipments between any two of the following points: San Francisco, San Leandro, Oakland, Alameda, Berkeley, Albany, El Cerrito, Richmond, Piedmont and Emeryville; nor between any of the foregoing points and South San Francisco, on the one hand, and Stockton and Sacramento, on the other hand.
2. Carrier shall conduct operations over and along the following routes:
  - a. Between San Jose and points within 10 miles of the city limits of San Jose, on the one hand, and Stockton and Sacramento, on the other hand: Via State Highway 17 from its intersection with State Highway 237 to its intersection with State Highway 238; thence, via State Highway 238 to the intersection of State Highway 84; thence, via State Highway 84 to Foothill Road, and via Foothill Road, Sunol Boulevard, Stanley Boulevard and State Highway 84, consecutively, to Interstate Highway 580. Via Interstate Highway 580 to Interstate Highway 205; thence, Interstate Highways 205 and 5 to Stockton. From Stockton by the most convenient route to State Highway 99 and via State Highway 99 to Sacramento. Additionally, via connecting highways from points within 10 miles of the city limits of San Jose to the foregoing route, with an alternate

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route over the Altamont Pass Road via Altamont between a point on Interstate Highway 580, approximately 3 miles east of Livermore and a point on Interstate Highway 580, approximately 10 miles west of Tracy; and via State Highways 17, 238 and 185 from San Jose to Oakland; and thence, Interstate Highway 80 from Oakland to Sacramento, and via connecting highways from points within 10 miles of the city limits of San Jose to the latter route.

- b. All highways and routes enumerated herein.

(END OF APPENDIX B)

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