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ORIGINAL

Decision 93819 DEC - 1981

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 transactions; and of)
 NORMAN J. NIELSEN AND GAIL V. NIELSEN)
 for authority to continue in control of)
 the rights of NIELSEN FREIGHT LINES 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 1666 shares of its no-par common)
 stock under a plan of reorganization)
 pursuant to §§ 816-830 of the California)
 Public Utilities Code.)

Application 60557
 (Filed May 15, 1981)

O P I N I O N

This is an application which seeks authority to merge the operating rights of two highway common and contract carriers into their controlling parent holding company and to issue stock.

Originally, James Chase and Blanche Chase, who sold the stock of one of the carriers to the holding company, protested the application on the ground that the proposed transaction was contrary to the security agreement in connection with the sale. Because of the protest, the matter was calendared for hearing.

On September 3, 1981, the Chases advised the Commission that they had withdrawn their protest and the proceeding was removed from the hearing calendar.

Findings of Fact

1. Nielsen Freight Lines (NFL) is a California corporation. It operates as a highway common carrier under certificated authority issued by this Commission in Decision (D.) 85317 issued January 6, 1976, as modified by D.85615 dated March 23, 1976. NFL also operates under registered authority issued by the Interstate Commerce Commission (ICC) in No. MC-73903 and its subnumbers. Additionally, NFL possesses a Public Utilities (PU) Code § 1063.5 intrastate certificate and a contract carrier permit, issued by this Commission in File T-53306.

2. Kern Valley Trucking (KVT) is a California corporation. It operates as a highway common carrier under authority issued by this Commission and the ICC. KVT's certificated highway common carrier rights were most recently restated in D.91133 dated December 18, 1979 as modified by D.91359 dated March 4, 1980. KVT's intrastate authority was registered with the ICC in Docket No. MC-120918 and its subnumbers. KVT also operates under a contract carrier permit issued in File T-90564.

3. Norman Nielsen Corporation (NNC) is a California corporation. It is a noncarrier holding company which has no operating rights. NNC controls KVT through 100% stock ownership. NNC has been under common control with NFL by the order of the ICC in Docket No. MC-F-13597, served February 12, 1979, authorizing Norman J. Nielsen and his wife Gail V. Nielsen to control the operating rights of KVT through their stock ownership in NNC and to control NFL through management. Because the transaction in No. MC-F-13597 was subject to the "exclusive and plenary jurisdiction"

of the ICC, approval for common control was neither necessary nor sought from this Commission.

4. The Nielsens presently control KVT, NFL, and NNC through ownership and management. The Nielsens own 100% of the stock of NNC, which, in turn, owns 100% of the stock of KVT. Additionally, Mr. Nielsen is an officer and director of NFL.

5. NNC, KVT, and NFL entered into agreements, subject to the approval of this Commission and the ICC, which provided that:

- a. KVT would be merged into NNC, with the latter as the surviving corporation;
- b. NNC would issue 1,663 shares of its no-par common stock, to be exchanged for the 9,983 issued-and-outstanding shares of NFL's stock;
- c. NFL would be merged into NNC, with the latter to be the surviving corporation; and
- d. The surviving corporation, NNC, would change its name from "Norman Nielsen Corporation" to "Nielsen Freight Lines."

6. The parties have the ability, including financial ability to consummate the proposed transaction.

7. The existing corporate structures of the parties cause needless record-keeping expenses, cumbersome shipment control, and tax disadvantages. The proposed transaction will result in substantial operating economies and efficiency.

8. The proposed transfer of control of NFL to NNC and the merger and transfer of operating authority of NFL and KVT into NNC would not be adverse to the public interest.

9. On October 1, 1981, the ICC approved the proposed transaction in Decision No. MC-F-14603.

10. As of September 30, 1980, the shareholders' equity in NFL was \$1,816,805.

11. The proposed security issue is for lawful purposes and the money, property, or labor to be obtained by it is required

for these purposes. Proceeds from the security issue may not be charged to operating expenses or income.

12. Copies of the application were served on James Chase, Blanche Chase, and the California Trucking Association. James and Blanche Chase filed a protest to the application which has been withdrawn. There are no pending protests to the application.

13. The following order has no reasonably foreseeable impact upon the energy efficiency of highway carriers.

14. KVT's highway contract carrier permit duplicates that of NFL and should be canceled by the ensuing order.

Conclusions of Law

1. A public hearing is not necessary in this matter.

2. The application should be granted as set forth in the ensuing order.

3. The order should be effective on the date signed to permit coordination of the transaction with this order and the decision of the ICC.

Only the amount paid to the State for operative rights may be used in rate fixing. The State may grant any number of rights and may cancel or modify the monopoly feature of these rights at any time.

O R D E R

IT IS ORDERED that:

1. On or before May 31, 1982 Norman Nielsen Corporation (NNC), a California corporation, may acquire control of Nielsen Freight Lines (NFL), a California corporation.

2. NNC may, for the purposes specified in the application, issue 1,663 shares of its no-par common stock, to be exchanged for the 9,983 issued and outstanding shares of common stock of NFL.

3. NNC may merge NFL and Kern Valley Trucking (KVT) into itself and transfer the operating authority held by such merged corporations to itself.

4. NNC shall file with the Transportation Division written acceptance of the operating authority and a copy of the bill of sale or other transfer documents within 30 days after merger and transfer.

5. NNC 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 five days' notice is given to the Commission.

6. NNC shall:

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

7. In the event the merger and transfer authorized in paragraphs 1 and 3 are completed, effective concurrently with the effective date of the tariff or adoption notice filings required by paragraph 5:

- a. A certificate of public convenience and necessity to operate as a highway common carrier is granted to NNC as set forth in attached Appendix A.
- b. The certificate of public convenience and necessity issued under Public Utilities (PU) Code § 1063.5 in Application GC 3409, to NFL is transferred to NNC.
- c. The certificates of public convenience and necessity granted to NFL by D.85317, as amended, and to KVT by D.91133, as amended, are revoked.
- d. The highway contract carrier permit of NFL will be transferred as part of the merger of NFL into NNC. The highway contract carrier permit issued to KVT is revoked.

8. NNC shall comply with General Order Series 84 (collect-on-delivery shipments). If NNC elects not to transport collect-on-delivery shipments, it shall file the tariffs required by that General Order.

9. NNC shall file the reports required by General Order Series 24.

10. Upon notification in writing that the authorized mergers and transfers have been completed, and upon receipt of an amendment to the articles of incorporation of NNC as filed with the Secretary of State of the State of California, the Commission's records will be amended to show that the corporate name of Norman Nielsen Corporation has been changed to Nielsen Freight Lines.

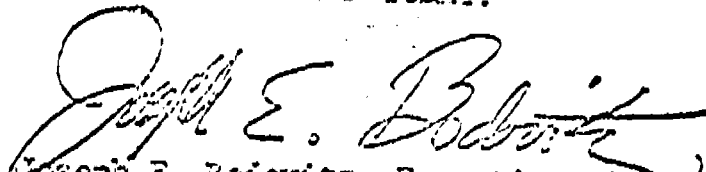
11. The authority granted by this order to issue stock will become effective when the issuer pays \$2,817, set by PU Code S 1904.1.

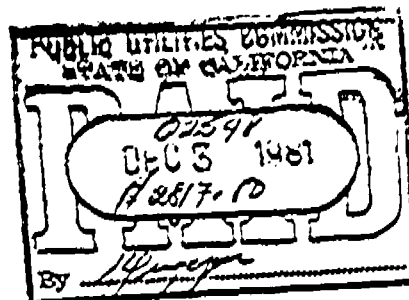
In all other respects this order is effective today.

Dated DEC 1 1981, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD J. GRAVELLE
LEONARD W. JAMES, JR.
VICTOR CALVO
PRISCILLA C. GREW
Commissioners

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


Joseph E. Bodovitz, Executive Director



Norman Nielsen Corporation, 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.

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, McNear's 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.

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 five 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.

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 three 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.

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 5 statute miles laterally.
2. Between Wheeler Ridge and Fresno, inclusive, via State Highway 99 including points within 25 statute miles laterally.

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.

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.

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.

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

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 Hillside Avenue; easterly along Hillside 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; 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 the point of beginning.

NOTE C

NORMAN NIELSEN CORPORATION TERRITORY

The Norman Nielsen Corporation 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; 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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T/SEC/AFM/WPSC

Appendix A

NORMAN NIELSEN CORPORATION
(a California corporation)

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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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