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COMMONWEALTH OF PENNSYLVANIA

PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: A-00102471, FO01, Am-I Application of Pitt-Ohio Express, Inc. Amendment to permit the transportation of property, from points in the County of Allegheny to other points in Pennsylvania beyond the County of Allegheny, and vice versa; which is to be a transfer of part of the rights authorized under the certificate issued at A-00024261, Folder 23 to Exhibitors Service Company. Initial hearing.

Verbatim record of hearing held in the 11th Floor Hearing Room, State Office Building, Pittsburgh, Pennsylvania, on Friday,

February 14, 1986  
11:30 a.m.

BEFORE: JOHN CLEMENTS, ESQUIRE, ADMINISTRATIVE LAW JUDGE

APPEARANCES:

JOHN A. VUONO, ESQ.  
2310 Grant Building  
Pittsburgh, PA 15219

For - Transferer and Applicant

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1 ADMINISTRATIVE LAW JUDGE CLEMENTS: This is the time  
2 scheduled for hearing in the matter of the application of  
3 Pitt-Ohio Express, Inc. involving transfer of rights under  
4 certificate issued to Exhibitors Service Company designated  
5 by the Commission at A102471 Folder 1 Amendment I.

6 I am the Administrative Law Judge assigned to the  
7 proceeding. Maybe counsel would like to identify himself  
8 for the record.

9 MR. VUONO: John A. Vuono, 2310 Grant Building, Pitts-  
10 burgh 15219 representing the Applicant and Transferer.

11 JUDGE CLEMENTS: It is my understanding, Mr. Vuono,  
12 prior to the hearing, there were agreements worked out in-  
13 volving the protest to this application?

14 MR. VUONO: Yes, Your Honor. You should have a  
15 letter dated February 7 from counsel for Newcomer Trucking,  
16 Inc.; and I received this this morning. I will deliver to  
17 you a copy of a letter dated February 13 from the president  
18 of J & S, Inc. withdrawing that company's protest.

19 JUDGE CLEMENTS: Okay. Thank you.

20 MR. VUONO: With that, according to my records, this  
21 is an unopposed proceeding.

22 JUDGE CLEMENTS: Fine.

23 It is my understanding that you wish to proceed and  
24 put your testimony on the record at this time, is that  
25 correct?

1 MR. VUONO: Yes, sir.

2 JUDGE CLEMENTS: Would you like to have me swear all  
3 the witnesses in at once?

4 MR. VUONO: Yes.

5 (All potential witnesses were duly sworn by Adminis-  
6 trative Law Judge Clements.)

7 MR. VUONO: Your Honor, in view of the fact that this  
8 case is unopposed, we will attempt to expedite the matter  
9 as best we can and not overburden the record. I would pre-  
10 liminarily say that I was under the impression that this was  
11 going to be an opposed case until late yesterday. I have pre-  
12 pared, and I want to deliver to you a memorandum of law on  
13 the subject which you are already well informed on the  
14 issues in the transfer proceeding.

15 JUDGE CLEMENTS: Thank you.

16 MR. VUONO: I would like to call Mr. Lacey for the  
17 service company.

18 FRANK LACEY, called as a witness, having been pre-  
19 viously duly sworn, was examined and testified as follows:

20 DIRECT EXAMINATION

21 BY MR. VUONO:

22 Q State your name and your business address.

23 A Frank Lacey, L-A-C-E-Y, 85 Helen Street, McKees  
24 Rocks, 15136.

25 Q By whom are you employed?

1 A Exhibitors Service Company.

2 Q That is the Transferer, in this proceeding?

3 A Yes.

4 Q What is your position?

5 A Assistant secretary-treasurer.

6 Q How long have you been with Exhibitors?

7 A Thirty-nine years.

8 Q In your position with your company, are you familiar  
9 with the operating rights, facilities, and equipment of Ex-  
10 hibitors Service Company?

11 A Yes.

12 Q Have you been authorized to testify in this proceeding?

13 A Yes, I am.

14 Q How long has it been in the trucking business?

15 A 1911.

16 Q And I understand the president of the company is  
17 George S. Callahan, III?

18 A Correct.

19 Q Mr. Callahan is due to testify today, but he is not  
20 here. Is there a reason for that?

21 A Illness.

22 Q Rather sudden flu illness?

23 A Yes.

24 Q This is the third generation trucking company we  
25 have sitting here, George S. Callahan, IV. I understand

1 Exhibitors has held authority from this Commission since  
2 the so-called grandfather days beginning 1933, is that correct?

3 A Correct.

4 Q Mr. Lacey, in connection with the authority held  
5 by Exhibitors, am I correct ~~that is the~~ authority on Docket  
6 No. 24216 and various folders thereto?

7 A Yes.

8 MR. VUONO: May we have marked for identification  
9 marked as Exhibit B-1?

10 JUDGE CLEMENTS: So identified and admitted without  
11 objection.

12 BY MR. VUONO:

13 Q You have before you what has been marked for iden-  
14 tification. Is that a true and correct copy of the author-  
15 ity issued by this Commission as Exhibitors Service Folder  
16 23 Amendment I?

17 A Yes.

18 Q That is the operating authority which is the sub-  
19 ject of this transaction?

20 A Yes.

21 Q And has Exhibitors Company entered into an agree-  
22 ment with Pitt-Ohio Express, Inc. to sell a portion of that  
23 authority?

24 A Yes.

25 Q And the witness for Pitt-Ohio will introduce that

1 agreement as an exhibit, and it will be Exhibit A-1. I  
2 want to show you a copy of that agreement. Is that a true  
3 and correct copy of the document that was signed by George  
4 Callahan, III as president of the Exhibitors?

5 A Yes, it is.

6 Q And that agreement in Paragraph 3 provides for the  
7 purchase of the rights set forth in Appendix A for a total  
8 of what consideration, sir?

9 A For \$65,000.

10 Q That is to be paid in cash on consummation, is  
11 that correct?

12 A Correct.

13 Q According to the agreement, the full amount has  
14 been deposited in escrow, is that correct?

15 A That's correct.

16 Q And does that amount remain in escrow up to the  
17 present time?

18 A It does.

19 Q Look at Appendix A. Am I correct that the author-  
20 ity set forth on that appendix covers all of the rights set  
21 forth in Exhibitors Folder 23 Amendment I which is Exhibit  
22 B-1 except a nine county area in Western Pennsylvania  
23 specifically the counties of Beaver, Crawford, Erie, Fayette,  
24 Lawrence, Mercer, Venango, Washington, and Westmoreland, is  
25 that correct?

1 A That's correct.

2 Q And it's those nine counties that are being pur-  
3 chased by Hammel's Express, Inc. in the related transaction,  
4 am I correct?

5 A Correct.

6 Q So that if the Commission approves both of these  
7 transactions, then all of the rights under Folder 23 Amend-  
8 ment I will have been transferred?

9 A That is correct.

10 Q Also carried forward on Appendix A are all of the re-  
11 strictions presently contained in Folder 23 Amendment I?

12 A That is correct.

13 Q And in addition, am I correct that we have added  
14 to the Appendix A restrictions certain additional restric-  
15 tions made necessary by reason of the submission of the right  
16 between Hammel's and Pitt-Ohio?

17 A That is correct.

18 Q Now, included in that is Restriction No. 7. That  
19 specifically excludes the nine Western Pennsylvania counties,  
20 does it not, from this transaction?

21 A Yes.

22 Q To the best of your knowledge, will Exhibitors be  
23 retaining any operating authority that it has agreed to sell  
24 today to Pitt-Ohio or Hammel's?

25 A No.



1 Q You are familiar with the background of this trans-  
2 action, Mr. Lacey. Why has Exhibitor decided to sell its  
3 general freight authority?

4 A Because of the non-profitability of the operation  
5 for Exhibitors Service Company.

6 Q If you were going to describe Exhibitors Service  
7 Company's main business today, main transportation business,  
8 how would you describe it?

9 A It would be the transportation of specialized pro-  
10 ducts, motion picture -- frozen perishables.

11 Q It would be dated commodities that would require  
12 specialized service?

13 A Yes.

14 Q That, in fact, is why the company has been named  
15 Exhibitors; it served in the old days many movie --

16 A Right.

17 Q It continues to do that today?

18 A Correct.

19 Q I understand from your testimony that the company  
20 believes by eliminating Pennsylvania general freight opera-  
21 tion, it can make the balance of operation more efficient  
22 and profitable?

23 A Right.

24 Q The result in recent years has been not profitable?

25 A No.

1 MR. VUONO: I would like to be marked for identifi-  
2 cation Exhibit B-1, a summary of operating results for the  
3 years 1981 through 1984.

4 JUDGE CLEMENTS: It shall be so identified and ad-  
5 mitted.

6 BY MR. VUONO:

7 Q Mr. Lacey, you have before you a copy of Exhibit  
8 B-2?

9 A Yes.

10 Q Can you tell us with respect to the operating  
11 revenue, the trend obviously has been one of decline, from  
12 \$4,230,000 in 1981 to \$1,705,000 in 1984, is that correct?

13 A That's correct.

14 Q Has that downward trend in operating revenue con-  
15 tinued in 1985, if so, what was the total revenue?

16 A Yes. It has continued, and the operating revenue  
17 for 1985, \$1,350,000.

18 Q Now, that Exhibit B-2 also shows your profit and  
19 loss, the company's profit and loss for the same four-year  
20 period. Can you tell us what the profits and losses have  
21 been?

22 A For the year 1985, the loss at the end of twelve  
23 months was approximately \$3,900.

24 Q Can you tell us what the operating results were  
25 beginning 1981?

1 A 1981 loss of \$84,383. In 1982, a loss of \$49,075.  
2 In 1983, a net profit of \$7,156. In 1984 the loss was  
3 \$74,689.

4 Q Will that substantial loss in 1984, was that really  
5 the primary reason for entering into this agreement in early  
6 1985?

7 A Definitely.

8 Q Now, I show you Exhibit E to the transfer of appli-  
9 cation in this proceeding. Can you tell us what Exhibitors'  
10 Pennsylvania gross operating revenues have been for the year  
11 1982, 1983, and 1984 as shown on that Exhibit?

12 A In 1982, \$304,367; in 1983, \$141,159; in 1984,  
13 \$37,522.

14 Q Can you give us the comparable figure for 1985?

15 A In 1985, intrastate revenue was \$16,150.

16 Q Now, in connection with the sale of operating  
17 rights, am I correct that you also agreed to permit Pitt-  
18 Ohio to secure emergency temporary authority?

19 A Yes, we did.

20 Q And that authority was, in fact, granted, is that  
21 correct?

22 A Correct.

23 Q According to the records, the order of the Com-  
24 mission approving knowledge of temporary authority was entered  
25 June 13, 1985. A copy of that will be entered by the Appli-

1 cant. Tariff compliance was effective June 22, 1985. So  
2 I assume that revenue figure that you gave us was from Janu-  
3 ary 1 through the emergency temporary authority date, is  
4 that correct?

5 A Correct.

6 MR. VUONO: Finally, Your Honor, may we have marked  
7 for identification as Exhibit B-3 a financial statement for  
8 Exhibitors as of November 30, 1985, please.

9 JUDGE CLEMENTS: It shall be so identified and ad-  
10 mitted.

11 BY MR. VUONO:

12 Q Would you look briefly at the operating statement  
13 and tell us what the total revenue of Exhibitors was for  
14 the 11-month period ending November 1985, the total income  
15 of eleven months?

16 A It was \$1,260,152.

17 Q What was the net loss for operations?

18 A End of eleven months, net loss was \$3,792.

19 Q But that takes into account the profit on disposable  
20 equipment. What was the loss from operations?

21 A From operating, loss was \$8,955.

22 Q So that the losses have continued, have they not?

23 A Yes, sir.

24 Q And that is one of the things you are trying to  
25 eliminate by this transaction?

1 A That's correct.

2 Q Also, would it be an average of the company to  
3 have available immediate cash flow of \$85,000?

4 A It certainly would.

5 Q Has Exhibitors provided service continuously under  
6 the operating authority that is involved in this transaction?

7 A Have we what?

8 Q Have you provided service under those operating  
9 rights?

10 A Yes, sir.

11 Q And in that connection, do you have on file tariffs  
12 setting forth rights to be charged in connection with the  
13 movement, traffic, under the general property rights?

14 A Yes.

15 Q And do you have in effect and certified with the  
16 Commission public liability, property damage, and cargo in-  
17 surance coverage?

18 A We do.

19 Q Have you filed annual reports with the PUC when  
20 and as due?

21 A Yes, sir.

22 Q Do you believe, Mr. Lacey, there's a continuing  
23 need for service under these operating rights for shippers  
24 and receivers in Pennsylvania?

25 A Yes, I do.

1 Q If that is so, why are you selling?

2 A To our company, it is not profitable to operate  
3 as part of the authority.

4 Q Why do you think the purchaser in this transaction  
5 would be able to do something that obviously you are not  
6 able to do?

7 A Well, I think they are rather set up to handle  
8 this type of business not being involved with the specialized  
9 freight that Exhibitors Service is.

10 Q They have available the continuing flow of traffic  
11 today that they could match up with?

12 A Right.

13 Q Has Exhibitors ever abandoned or given any indica-  
14 tion of refusing to provide service under these rights?

15 A No.

16 Q And based on your knowledge of the needs of the  
17 shipping public in this area, do you believe there continues  
18 to be a need for service under these rights?

19 A Definitely.

20 MR. VUONO: I have nothing further.

21 JUDGE CLEMENTS: Very well. Let's go off the record.

22 (An off-the-record discussion was held.)

23 BY MR. VUONO:

24 Q Mr. Lacey, with respect to the Hammel's Express phase  
25 of this transaction, I show you the agreement dated the same

1 day, May 24, 1985 between Exhibitors and Hammel's and ask  
2 you if this is a true and correct copy of the agreement signed  
3 by George Callahan, III as the president of Exhibitors Ser-  
4 vice Company?

5 A Yes, it is.

6 Q Am I correct that Paragraph 3, that agreement pro-  
7 vides for a total consideration of \$20,000 for the segment  
8 of the operating right being purchased by Hammel's?

9 A That's correct.

10 Q And that amount has also been placed in escrow  
11 and continues to be in escrow up to this time, does it not?

12 A It does.

13 Q Referring to Appendix A, am I correct that Appen-  
14 dix A sets forth the portion of the authority of Exhibitors  
15 at Folder 23 Amendment I which Hammel's is purchasing in  
16 this transaction; specifically, general property from Alle-  
17 gheny County, one, to points in the counties of Crawford,  
18 Erie, Lawrence, Mercer, and Venango and vice-versa and,  
19 two, points in counties in Beaver, Fayette, Washington, and  
20 Westmoreland located in more than 25 airline miles to Pitts-  
21 burgh and vice-versa, is that correct?

22 A Correct.

23 Q And the reason for the 25 airline miles is because  
24 the authority is restricted at the present time?

25 A Yes.

1 Q Am I correct that the conditions attached to  
2 Appendix A set forth the same as those set forth in Exhibitors'  
3 Restriction No. 6; and that Restriction No. 7 has been added  
4 to eliminate any questions due to ~~operating~~ rights?

5 A That's correct.

6 Q If I ask you the same series of questions con-  
7 cerning the Hammel's transaction that I asked you concerning  
8 the Pitt-Ohio transaction, would your answers be the same?

9 A Yes, they would.

10 MR. VUONO: I have no further questions.

11 JUDGE CLEMENTS: Thank you, Mr. Lacey.

12 MR. VUONO: I would like to call Mr. Charles Hammel,  
13 III.

14 CHARLES HAMMEL, III, called as a witness, having been  
15 previously duly sworn, was examined and testified as follows:

16 DIRECT EXAMINATION

17 BY MR. VUONO:

18 Q State your name and business address.

19 A Charles Hammel, III, business address is 26 A.V.R.R.,  
20 Pittsburgh 15222.

21 Q What company are you affiliated with?

22 A Pitt-Ohio Express.

23 Q What is your position with that company?

24 A I am president.

25 Q How long have you been involved with the Pitt-Ohio



1 Express?

2 A Since beginning, seven years.

3 Q In your capacity as president, are you familiar  
4 with the operating authority, facility, and operations of  
5 Pitt-Ohio?

6 A Yes, I am.

7 Q Are you authorized to testify in this case?

8 A Yes, I am.

9 Q Can you tell us who the owners of Pitt-Ohio are?

10 A Myself, Charles Hammel, and my two brothers, Robert  
11 and Kenneth Hammel.

12 Q The three of you own all stock in the company?

13 A Yes, we do.

14 Q Who are the other officers and directors, are they  
15 your brothers?

16 A Yes, they are.

17 Q You heard the testimony of Mr. Lacey concerning  
18 this transaction. I will now ask you a series of questions  
19 along the same lines.

20 MR. VUONO: First of all, Your Honor, may we have  
21 marked for identification a multi-page document, and agree-  
22 ment of sale which I ask to be marked as Exhibit A-1.

23 JUDGE CLEMENTS: It shall be so identified and ad-  
24 mitted.

25 BY MR. VUONO:

1 Q Mr. Hammel, do you have a copy of Exhibit A-1  
2 before you?

3 A Yes, I have.

4 Q Is that a true and correct copy of the agreement  
5 dated May 24, 1985?

6 A Yes, it is.

7 Q Between Exhibitor and Pitt-Ohio covering a portion  
8 of the rights which Pitt-Ohio seeks to purchase in this  
9 transaction?

10 A Yes, sir.

11 Q This agreement is signed by you as the president  
12 of Pitt-Ohio?

13 A Yes, it is.

14 Q And were you active in the negotiations of this  
15 agreement?

16 A Yes, I was.

17 Q And am I correct that the purchase price is  
18 \$65,000?

19 A Yes.

20 Q To be paid in cash which is the amount in escrow  
21 today?

22 A Yes.

23 Q That amount would be released from escrow and paid  
24 to Exhibitors upon PUC approval?

25 A Yes.

1 Q Would you look briefly at Appendix A which sets  
2 forth the scope of authority in this proceeding. With  
3 respect to that appendix, did you hear the questions and  
4 answers in connection with my examination of Mr. Lacey?

5 A Yes, I did.

6 Q What those answers generally said, were they accurate?  
7

8 A Yes, they were.

9 Q Am I correct that Pitt-Ohio is in effect purchasing  
10 all of the authorities of the Exhibitors Service Company at  
11 Folder 23 Amendment I except for the nine counties set forth  
12 in Restriction No. 7 on Appendix A beginning with Beaver  
13 County and ending with Westmoreland County?

14 A Yes, sir.

15 Q Am I also correct that the restrictions one through  
16 six and eight and nine are restrictions that were taken verbatim from  
17 the authority being purchased there in Exhibitors Folder 23  
18 Amendment I?

19 A Yes, they are.

20 Q An additional restriction at number seven is also  
21 taken from that authority with respect to all of the language  
22 down through Lancaster County, is that correct?

23 A Correct.

24 Q We have added the other nine counties in that re-  
25 striction since those counties are being transferred to

1 Hammel's to avoid any --

2 A Yes.

3 Q Am I also correct that Restrictions 10, 11, and 12  
4 are new restrictions that have been imposed which would pre-  
5 vent Pitt-Ohio from transporting motion picture film and  
6 frozen perishable foods and so forth, the kind of special  
7 operation that Exhibitors intends to continually provide?

8 A That's correct.

9 Q And those Restrictions 10, 11, and 12, Restriction  
10 12 has to do with certain specific locations designed to  
11 avoid any question that Pitt-Ohio might be buying authority  
12 being retained by Exhibitors?

13 A That's correct.

14 Q And do you believe to the best of your knowledge  
15 that we have effectively eliminated any duplicating rights  
16 issues?

17 A Yes, sir, I do.

18 Q Did Pitt-Ohio file an application seeking emergency  
19 temporary authority to operate this segment of the Exhibitor  
20 rights pending action to application?

21 A Yes, we did.

22 MR. VUONO: Your Honor, may we have marked the order  
23 of Folder 601 Docket 102471 dated June 13, 1985 as Exhibit  
24 A-2.

25 JUDGE CLEMENTS: It shall be so identified and admitted.

1 BY MR. VUONO:

2 Q Do you have a copy of Exhibit A-2 in front of you?

3 A Yes, sir.

4 Q Is that a true and correct copy of the emergency  
5 temporary authority order issued by the Commission in con-  
6 nection with this transaction?

7 A Yes, it is.

8 Q On page 2 in the last paragraph on that page before  
9 the ordering paragraph, am I correct that the Commission  
10 recognizes Transferers as Exhibitors deteriorating financial  
11 condition; and on the basis of that fact and continuing need  
12 for rights, approved the emergency temporary authority?

13 A Yes, it is.

14 Q Do you know whether or not the Commission has acted  
15 on the so-called long-period temporary application?

16 A No, sir.

17 Q It has not been acted on?

18 A No, it has not.

19 Q Am I correct that the tariff incorporating the  
20 emergency temporary rights became in effect in January 2,  
21 1985?

22 A Yes, it was.

23 Q Does Pitt-Ohio now hold authority from this Com-  
24 mission?

25 A Yes, it does.

1 Q Have you caused to make and prepare a summary of  
2 those operating rights?

3 A Yes, sir.

4 MR. VUONO: May I have marked for identification as  
5 Exhibit A-3 a summary of the Pitt-Ohio operating authority.

6 JUDGE CLEMENTS: It shall be so identified and ad-  
7 mitted.

8 BY MR. VUONO:

9 Q Is Exhibit A-3 an accurate and correct copy of the  
10 operating authority, Mr. Hammel?

11 A Yes, it is.

12 Q Specifically without reviewing each of the grants  
13 in detail, some of them have to do with single shippers,  
14 will you look at Page 1 under Authority Folder 1 Amendment  
15 B. Is that the basic authority presently held by Pitt-Ohio?  
16 That is primarily between points in 15 Western Pennsylvania  
17 counties?

18 A Yes, it is.

19 Q That is subject to certain restrictions of one  
20 through six as set forth on that Exhibit?

21 A That's correct.

22 Q Is the purpose of this publication to expand Pitt-  
23 Ohio's operating territory to include longer hauls of traffic  
24 moving beyond Allegheny and beyond 15 counties to your  
25 knowledge?

1 A Correct.

2 Q Does Pitt-Ohio hold any authority, from the Inter-  
3 State Commerce Commission?

4 A Yes, they do.

5 MR. VUONO: May we have marked for identification  
6 an Inter-State Commerce Commission certificate of public con-  
7 venience and necessity No. MC-30136 Sub 2.

8 JUDGE CLEMENTS: It shall be so identified and ad-  
9 mitted.

10 BY MR. VUONO:

11 Q Exhibit A-4, is it a true and correct copy of your  
12 I.C.C. authority?

13 A Yes, it is.

14 Q And is Pitt-Ohio presently providing service under  
15 that authority?

16 A Yes, it does.

17 Q In connection with that authority, does Pitt-Ohio  
18 gain some experience in handling traffic over longer dis-  
19 tances?

20 A Yes, we have.

21 Q Do you believe those experiences will come in handy  
22 with respect to operating the Exhibitors rights?

23 A Most definitely.

24 Q Does Pitt-Ohio operate any terminals in Pennsyl-  
25 vania, if you know, where?

1 A Yes. They operate two, Pittsburgh and Philadelphia.  
2 Actually, Norristown which is a Philadelphia suburb.

3 Q Is Pittsburgh your main office?

4 A Yes, it is.

5 Q How long is that facility?

6 A In number of doors?

7 Q Yes.

8 A I'm not sure of the accurate amount. I would say  
9 about 45.

10 Q It is a large facility capable of handling a sub-  
11 stantial amount of truckload and traffic?

12 A Yes.

13 Q Do you, ~~sir~~, in fact, do so?

14 A Yes, sir.

15 Q And your operating statement that we are going to  
16 put into the record in a moment will reflect that fact?

17 A Yes.

18 Q Would it be fair to say that Pitt-Ohio and Hammel's  
19 are the largest LTL carriers operating in Pennsylvania intra-  
20 state commerce in Western Pennsylvania?

21 A I'm not sure, but I would think so.

22 Q I assume Pitt-Ohio operates a substantial large  
23 amount of equipment?

24 A Yes.

25 MR. VUONO: May we have marked for identification



1 Exhibit A-5, a summary of equipment owned and operated by  
2 Pitt-Ohio.

3 JUDGE CLEMENTS: It shall be so identified and ad-  
4 mitted.

5 BY MR. VUONO:

6 Q Without going into details, can you tell us the  
7 number of pieces of equipment shown on that equipment list?

8 A There are 23 straight trucks, 38 tractors, 24  
9 trailers that are owned. There are 18 leased straight trucks.  
10 There are two leased tractors, and I haven't totalled the  
11 trailers, 71.

12 Q Am I correct that these are leased equipment, are  
13 all leased from an affiliated company?

14 A Yes, it is.

15 Q That is a long-term lease?

16 A That's correct.

17 Q You, in effect, treat that equipment certainly as  
18 if it is your own equipment?

19 A Yes, sir, we do.

20 Q Does your company have a safety and maintenance  
21 program?

22 A Yes.

23 Q Has it been successful?

24 A Very successful.

25 Q Have you had any problems complying with Pennsyl-

1 vania PUC or other restrictions?

2 A No, sir.

3 MR.. VUONO: Your Honor, may we have marked for iden-  
4 tification the Pitt-Ohio financial statement for nine months  
5 entering September 30, 1985.

6 JUDGE CLEMENTS: So identified and admitted.

7 BY MR. VUONO:

8 Q Is Exhibit A-6 a true and correct reflection of  
9 the operating condition of Pitt-Ohio as of the date indicated?

10 A Yes, sir, nine months.

11 Q Has there been a substantial change in the company  
12 operating position since that time?

13 A I don't understand that question.

14 Q If we look at a financial statement currently,  
15 would there be any substantial change in the net worth or  
16 what?

17 A Yes.

18 Q Will it be increased?

19 A Yes, sir.

20 Q Look at Exhibit B to Exhibit A-6, which is an in-  
21 come statement for nine months entering September 30, what  
22 is the total revenue earned by Pitt-Ohio during that period  
23 of time?

24 A Total revenue, \$6,971,639.

25 Q And on that revenue, what was the net income before

1 taxes?

2 A Before taxes, that was \$679,326.

3 Q Is this fairly representative of the operating re-  
4 sults of the company in recent years?

5 A Yes, sir.

6 Q And Exhibit A which is your balance sheet, also  
7 this is fairly representative of the conditions of the com-  
8 pany conditions at this period of time?

9 A Yes, it is.

10 Q Tell us the total share equity.

11 A \$1,416,961.

12 Q And do you have any doubt that your company's posi-  
13 tion could meet the financial requirement of this transaction?

14 A No, there's no doubt.

15 Q We have, in fact, already advanced the considera-  
16 tion?

17 A Yes, sir.

18 Q It would not affect the balance at all?

19 A No, sir, it would not.

20 Q Have you considered the availability of business  
21 in the certificates that you would be authorized to serve  
22 this application if granted?

23 A Yes, we have.

24 Q Do you believe there is a need for a service under  
25 these rights?

1 A Yes, sir, I do.

2 Q And is your company in a position to provide that  
3 service and fulfill that need?

4 A Yes, we are.

5 Q Have you complied with the Commission's require-  
6 ment concerning filing of tariffs and annual reports?

7 A Yes, we have.

8 Q Are you presently complying with these requirements?

9 A Yes, we are.

10 Q Have you maintained in effect and have evidence on  
11 public liability, property damage, and cargo insurance  
12 coverage?

13 A Yes, we have.

14 Q Do you have any doubts that your company can effec-  
15 tively provide service to the public under these rights?

16 A No, I have no doubt.

17 Q Do you believe there is a continuing need for these  
18 services?

19 A Yes, I do.

20 MR. VUONO: Nothing further.

21 JUDGE CLEMENTS: I have one question either for wit-  
22 ness or counsel. As I read the Commission's order on emer-  
23 gency temporary authority, it remains in effect until  
24 permanent authority is granted. So as far as you know, I do  
25 not have to do anything about intermediate steps of another

1 order just for temporary authority?

2 MR. VUONO: I do not think so. Our contract provides  
3 that emergency temporary authorities will end upon issuance  
4 of final approval.

5 JUDGE CLEMENTS: Off the record.

6 (An off-the-record discussion was held.)

7 JUDGE CLEMENTS: To the extent that the exhibits have  
8 not been admitted, they are admitted.

9 If there is nothing else, the record in the matter  
10 at A102471 Folder 1 Amendment I is hereby closed.

11 (An off-the-record discussion was held.)

12

13

14 I hereby certify that the proceedings and evidence  
15 taken by me before the Pennsylvania Public Utility Commission  
16 are fully and accurately indicated in my notes and that  
17 this is a true and correct transcript of same.

18

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*April Noyles*  
April Noyles, Reporter/dp

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