



**LOUISIANA PUBLIC SERVICE COMMISSION**  
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### **Rules and Regulations governing the leasing of motor vehicles by Authorized Carriers**

1. Lessee must have full, continuous and exclusive possession, control and use of vehicles for the duration of the lease which shall not be for less than thirty days. Lessee shall be responsible for the operation of leased vehicles as fully as it is for the operation of its owned equipment under a certificate or permit from this Commission. The practice of farming out or leasing of a certificate or permit by an authorized carrier to an unauthorized person or carrier under the guise of a motor vehicular lease is expressly forbidden and prohibited. Note: The Commission has reaffirmed that control, possession and use of the vehicle by lessee shall be continuous without interruption for the duration of the lease.
2. The driver of a leased vehicle shall be subject to the lessee's complete control and direction. In instances where driver is not carried on lessee's payroll as a usual or regular employee, the leased vehicle may be operated only from lessee's domicile, or from a point where lessee maintains bona-fide terminal facilities. These terminal facilities shall include an office, yard, or warehouse with appropriate identification and phone listing, all to be maintained at lessee's ultimate expense; and, supervised by a company employee whose income is not primarily related to revenues or compensation accruing on leased vehicles operated from that point. Note: The Commission has reaffirmed that the driver in all instances, whether carried on lessee's payroll or not, shall be subject to lessee's complete control and direction.
3. Lessee shall retain all liability to the public for the operation of leased vehicles and liability as a carrier for the goods transported. All public liability and property damage, and cargo insurance shall be maintained by the lessee. Note: The Commission has reaffirmed the regulation that the certificated carrier may provide in the lease arrangements with regard thereto mutual responsibility between the parties for negligent damages, for responsibility to the carrier for a part of expenses or losses incurred as a result of cargo loss, damage, shortage or any accident.
4. The lease shall state that vehicles covered are not the subject of any other lease agreement and lessee shall make a reasonable effort to verify that this statement is correct before entering into an agreement covering the lease of such vehicles.
  - (a) The leasing of vehicles by owner to two (2) or more carriers for the same transportation service is prohibited.

5. The basis for compensating lessor for use of leased vehicle shall be clearly stated. All methods for computing compensation must be realistic and cover entire compensation to lessor for total use of vehicle by lessee. There may be no arrangement or understanding between lessee and lessor other than that fully set forth in lease agreement on file with the Commission.
6. The lease must be in writing, properly executed in quadruplicate. One copy is to be held by lessor, one by lessee, one must be immediately filed with the Commission (along with a filing fee of \$10.00 per vehicle), and one carried in the truck along with carrier's shipping documents.
7. Upon leasing a vehicle, lessee shall give the owner a receipt which shall specify the date and time possession is taken, and specifically identify the equipment covered thereby. When vehicle is returned to lessor, lessor shall give lessee a similar receipt.
8. Upon expiration or cancellation of a lease agreement, or upon changing equipment covered thereby, lessee shall immediately notify the Commission, furnishing license numbers of all power vehicles deleted from its service. Failure to furnish this advice or to make the required lease filing with the Commission within thirty days shall subject lessee to a fine not to exceed \$200.00 for each such failure.
9. With cancellation of a lease agreement lessor shall surrender for-hire plates issued for vehicles covered thereby to the Motor Vehicle Division of the Department of Public Safety in exchange for appropriate plates, unless such vehicles are to be subsequently used in other authorized for-hire transportation.
10. Vehicles leased must be clearly identified as being operated by lessee, either by painting or by use of removable devices. This identification shall be clearly maintained and removed when vehicle is removed from lessee's service.
11. Authorized carriers shall not lease equipment to shippers.
12. THE FOLLOWING VEHICLES ARE EXEMPT FROM THE PROVISIONS OF THESE RULES:
  - (a) Vehicles used exclusively within a 7-mile radius of a town or village or its post office.
  - (b) Vehicles leased without drivers from leasing companies; or, vehicles leased without drivers where vehicle and carrier ownership is common, provided such vehicles are properly licensed for-hire.

- (c) Vehicles interchanged between carriers without drivers for joint through movement in authorized transportation service provided that equipment is properly identified.
  - (d) Vehicles transporting exempt commodities only.
  - (e) Trailers when not leased as a unit with a power vehicle.
13. Notwithstanding any other provision of the Commission's Rules and Regulations governing the leasing of motor vehicles by Authorized Carriers, motor carriers holding operating authority from this Commission may operate their authority through the utilization of independent contractors who are not employees of such motor carriers but such vehicles shall be required to be dispatched from such motor carriers Company operated terminal facilities, provided, however, that the vehicles of independent contractors utilized by motor carriers must be devoted exclusively to the service of the motor carrier with which it is contracted, and that the motor carrier shall be responsible for the operation of the independent contractor as fully as it is for the operation of equipment owned by the motor carrier.

Note: The Commission has reaffirmed that the leasing rules cover only the bona-fide leasing of vehicles by authorized carriers and allow the furnishing of driver at owner's expense; but they do not authorize the sub-contracting of transportation services by the carrier to another, nor the subrogation of carrier's obligation under its certificate or permit from this Commission.

Sources: Order No. 9901 (Amended); Order No. 9901-A; Order No. 9901 (3<sup>rd</sup> Amended); Ruling June 21, 1968; and Ruling October 22, 1980