

ORIGINAL

Decision No. 48627

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Lora Lamb, Colin)
 J. Boone, and Lora Lamb, Executrix)
 for the Estate of Clarence J. Lamb,)
 deceased, for authority to transfer)
 operative authority to new owners;)
 and application of Lora Lamb, C.)
 Jerry Lamb, Jr., Colin J. Boone and)
 Albert F. Cruse to issue note and to)
 create a contract debt secured by)
 deed of trust on utility property.)
 -----)

Application
No. 34307

O P I N I O N

This is an application for an order of the Commission authorizing the transfer of partnership interests in the Lamb Transportation Co. and the issue of a note for \$60,000 and the execution of a deed of trust.

The application shows that heretofore Clarence J. Lamb, Lora Lamb and Colin J. Boone, doing business as Lamb Transportation Co., have been engaged in operating a highway common carrier service in California and a petroleum irregular route carrier service under certificates of public convenience and necessity granted by the Commission by Decision No. 42623, dated March 15, 1949, as amended by Decision No. 43049, dated June 28, 1949, and Decision No. 44401, dated June 20, 1950. It appears that Clarence J. Lamb died on April 8, 1952, that on July 1, 1952, articles of partnership were entered into by Lora Lamb, C. Jerry Lamb, Jr., Colin J. Boone and Albert F. Cruse for the purpose of continuing the operations of Lamb Transportation Co., and that on March 19, 1953, the Superior Court in and for the County of Los Angeles, upon petition of Lora Lamb as executrix of the estate of Clarence J. Lamb, entered its decree of

distribution of the estate. In the new partnership Lora Lamb holds a 35% interest, C. Jerry Lamb, Jr. a 35% interest, Colin J. Boone a 15% interest and Albert F. Cruse a 15% interest.

The balance sheet of the enterprise as of February 28, 1953, is reported in Exhibit B as follows:

<u>Assets</u>	
Current assets -	
Cash and deposits	\$ 60,203.53
Notes and accounts receivable	84,131.34
Prepayments	53,218.02
Inventories	<u>51,343.28</u>
Total current assets	\$248,896.17
Tangible property -	
Carrier operating property	864,627.67
Noncarrier property	<u>36,451.75</u>
Total	901,079.42
Less-depreciation reserve	<u>528,920.29</u>
Net tangible property	372,159.13
Intangible property	1,775.83
Investments and advances	1,604.79
Deferred debits	<u>2,679.67</u>
Total	<u>\$627,115.59</u>
<u>Liabilities and Capital</u>	
Current liabilities -	
Notes and accounts payable	\$ 58,364.93
Wages payable	14,982.43
Interest and taxes payable	5,148.42
Other items	<u>63.66</u>
Total current liabilities	\$ 78,559.44
Advances payable	6,242.70
Long-term obligations -	
Secured by equipment	194,024.83
Secured by terminal	<u>9,895.32</u>
Total long-term obligations	203,920.15
Reserves	554.30
Capital investment	<u>337,839.00</u>
Total	<u>\$627,115.59</u>

The results of the operation of the line for the years 1951 and 1952 and the first two months of 1953 have been reported to the Commission as follows:

	<u>1951</u>	<u>1952</u>	<u>1953</u> <u>2 Months</u>
Operating revenues	\$754,262	\$828,753	\$141,975
Operating expenses	<u>729,744</u>	<u>819,134</u>	<u>138,582</u>
Gross gain (transportation)	24,518	9,619	3,393
Other revenues	32,989	23,221	9,229
Interest and other deductions	<u>(10,424)</u>	<u>(10,655)</u>	<u>(1,783)</u>
Net gain	<u>\$ 47,083</u>	<u>\$ 22,184</u>	<u>\$ 10,839</u>

It appears that Lora Lamb individually has agreed to loan the partnership the sum of \$60,000 for the purpose of refinancing outstanding indebtedness consisting of the long-term obligation of \$9,895.32 now standing against terminal properties and equipment contracts of \$50,104.68. The transaction will result in no change in the total outstanding indebtedness but will reduce present monthly payments by \$1,281.09 during the first year of operations. The amount thus to be advanced will be represented by a note, payable, with interest at the rate of 4% per annum, in installments of \$750 on the first day of each month beginning June 1, 1954, with final payment on the first day of the 72nd month after June 1, 1953. The payment of the note will be secured by a deed of trust covering the real property of the partnership.

The Commission has considered this matter and is of the opinion that the transaction will not be adverse to the public interest, that the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

The action taken herein shall not be construed to be a finding of the value of the properties of the partnership. Applicants are hereby placed upon 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, they extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be changed or destroyed at any time by the state, which is not in any respect limited as to the number of rights which may be given.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary and that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Lora Lamb, as executrix of the estate of Clarence J. Lamb, and Lora Lamb, C. Jerry Lamb, Jr., and Colin J. Boone are authorized to transfer to Lora Lamb, C. Jerry Lamb, Jr., Colin J. Boone and Albert F. Cruse, partners doing business as Lamb Transportation Co., the certificates of public convenience and necessity granted by Decision No. 42623, dated March 15, 1949, as amended by Decision No. 43049, dated June 28, 1949, and Decision No. 44401, dated June 20, 1950, together with the operative properties.

2. Lora Lamb, C. Jerry Lamb, Jr., Colin J. Boone and Albert F. Cruse may issue a promissory note, on or before September 30, 1953, in the principal amount of not exceeding \$60,000, for the purpose set forth in this application and may execute a deed of trust, which note and deed of trust shall be in, or substantially in, the

same form as those filed in this proceeding as Exhibit H.

3. Within 60 days after the effective date hereof and on not less than five days' notice to the Commission and to the public, Lora Lamb, C. Jerry Lamb, Jr., Colin J. Boone and Albert F. Cruse, partners doing business as Lamb Transportation Co., shall file, in triplicate, and concurrently make effective, appropriate tariffs and time tables.

4. Applicants shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

5. The authority herein granted will become effective when applicants have paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$60.00.

Dated at San Francisco, California, this 27th day of May, 1953.

[Signature]
President

[Signature]
[Signature]

[Signature]
[Signature]
Commissioners

