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Decision No. 54161

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Helen S. Porter, doing business as)
INLAND TANK LINES, to sell,)
and)
F.H.S. TANK TRUCK TRANSPORTATION CO.,) Application No. 38215
INC., a California corporation, to) As Amended
buy petroleum irregular route common)
carrier rights between points and)
places in the State of California.)

M. G. Hitchcock, and William J. Knoell, for
F.H.S. Tank Truck Transportation Co., Inc.
Helen S. Porter, for herself.

O P I N I O N

Applicant Helen S. Porter has been operating under authority of a certificate of public convenience and necessity issued by this Commission in Decision No. 44541, dated July 18, 1950, in Application No. 30905, and acquired by applicant pursuant to Decision No. 48605, dated May 19, 1953, in Application No. 34206. By the present application, filed July 3, 1956, and amended October 22, 1956, she seeks to transfer this operative right as a petroleum irregular route carrier to applicant F.H.S. Tank Truck Transportation Co., Inc.

The articles of incorporation of the F.H.S. Tank Truck Transportation Co., Inc., show an authorized capital stock of 25,000 shares at one dollar per share value. It is alleged that the Department of Investment Division of Corporations of the State of California has heretofore authorized this applicant to sell and issue 3,000 of its shares, of which 1,500 shares have actually been subscribed. The application as amended seeks authority from this

Commission for the issuance of the balance of the stock, 23,500 shares. With the proceeds of this stock applicant F.H.S. Tank Truck Transportation Co. Inc., proposes to commence operations as a petroleum irregular route carrier.

Applicant purchaser also requests authority, under Section 818 of the Public Utilities Code, to issue to M. G. Hitchcock, one of its present three stockholders, two notes; one in the amount of \$5,000 and one in the amount of \$10,000, both bearing interest at 6 percent payable as follows:

To be retired out of proceeds of the business over a five-year period subject to renewal at the end of five years if necessary.

The proceeds of the foregoing notes will be used for basic financial and working capital for the corporation. Authority is sought by applicant purchaser to also execute a third note in favor of said Hitchcock in the amount of \$3,153.98, said note to bear 6 percent simple interest payable as follows:

To be retired out of proceeds of the business over a five-year period subject to renewal at the end of five years if necessary.

Proceeds of this note are to be used to place a down payment by applicant purchaser on trailers and tanks to be acquired from the Fruehauf Trailer Company, as more specifically set forth below.

Concurrently with the financial arrangements for which authority is sought by this application, applicant purchaser proposes to acquire operating equipment under authority of Section 816.5 of the Public Utilities Code, for which authority from the Commission is not required. Three used tank trucks, including road oil spreading equipment, will be acquired from said Hitchcock for \$41,283.04 under a conditional sales contract. Also three tank trailers and three truck tanks (for installation on trucks) will be acquired from said Hitchcock at a total cost of \$31,532.98. A down payment

of \$3,153.98 will be paid to said Hitchcock and the balance of \$28,379.00 owed to Fruehauf Trailer Company will be covered by a conditional sales contract to be executed by applicant purchaser. Interest on this obligation is approximately 3.75 percent per year. The entire \$28,379.00 is payable in 60 monthly installments over a five-year period.

The consideration for the operative rights is \$1,750.00. The sum of \$500 has been placed in escrow and the balance of \$1,250.00 is payable 30 days after the effective date of the approval of the transaction by the Commission. No equipment is involved in the proposed transfer.

As justification for granting the requested permission to transfer these rights it is alleged that applicant seller wishes to sell her operative rights so that she may devote her full time and use her transportation equipment in transporting petroleum in the Vista and Escondido area for the Inland Oil Company.

Applicant purchaser wishes to acquire the certificate of public convenience and necessity for the transportation of petroleum and petroleum products between all points in the state as a petroleum irregular route common carrier. The president of applicant purchaser is alleged to be well qualified to carry on this operation by reason of 31 years of experience in this type of transportation. The vice president has been associated with the oil industry for many years and understands the business. The secretary-treasurer is also experienced in this business.

Applicant purchaser proposes to continue operations and to become a party to the tariffs issued by Elmer Ahl, as agent, now on file with the Commission and to which applicant seller is now a party. F.H.S. Tank Truck Transportation Co., Inc., is the correct name of applicant purchaser as it appears in its articles

of incorporation. This corporation was formed May 16, 1956 with the necessary powers to perform this service.

This matter was set for hearing because it did not appear from the application how certain matters were to be properly accomplished. Public hearing was held before Examiner Rowe in Los Angeles on September 6, 1956. Evidence was adduced and the matter continued to a later date so that applicants could file an amendment to their application. This amendment has now been filed and the matter is ready for decision.

After full consideration of the matter the Commission is of the opinion that the transfer of operative rights, the issuance of capital stock, and the issuance of the notes above referred to should be authorized. Applicant purchaser will have adequate equipment, financial ability and experienced personnel to perform a complete and satisfactory service under this certificate of public convenience and necessity. It is found that the transfer proposed herein will not be adverse to the public interest.

The Commission is of the opinion and finds that the purposes for which applicant F.H.S. Tank Truck Transportation Co., Inc., proposes to incur an unsecured indebtedness of \$18,153.98 aggregate principal amount and to issue 23,500 shares of common stock are proper and that the money, property, or labor to be procured or paid for by reissuance of such stock and incurring the indebtedness is reasonably required for the purposes specified in the application as amended and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or income. The action taken herein shall not be construed to be a finding of the value of the rights and properties herein authorized to be transferred.

O R D E R

Application therefor, as amended, having been filed, a public hearing having been held and based upon the findings and conclusions in the foregoing opinion,

IT IS HEREBY ORDERED:

(1) That Helen S. Porter may transfer her operative rights issued by Decision No. 44541, dated July 18, 1950, in Application No. 30905 and subsequently acquired by her, to applicant F.H.S. Tank Truck Transportation Co., Inc., on or before February 1, 1957.

(2) That said F.H.S. Tank Truck Transportation Co., Inc., may issue three promissory notes in the aggregate principal amount of \$18,153.98 in the form attached to the application herein as amended and may issue 23,500 shares of its capital stock all at par and for cash.

(3) That on not less than five days' notice to the Commission and to the public, applicants shall, effective concurrently with the consummation of such transfer, supplement or reissue the tariffs on file with the Commission, naming rates, rules and regulations governing the petroleum irregular route carrier operations here involved so as to show that Helen S. Porter has withdrawn or cancelled and F.H.S. Tank Truck Transportation Co., Inc., has adopted and established, as its own, said rates, rules and regulations. 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 General Order No. 80.

(4) That F.H.S. Transportation Co., Inc., shall file a report, or reports, as required by General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

(5) That within thirty days after the consummation of the transfer herein authorized said F.H.S. Transportation Co., Inc., shall notify the Commission in writing of that fact and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may have been executed to effect such transfer.

(6) That the authority herein granted will become effective when F.H.S. Tank Truck Transportation Co., Inc., has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.00.

Dated at Los Angeles, California, this 4th day of DECEMBER, 1956.

[Signature]
President
[Signature]
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Commissioners

