

**ORIGINAL**

Decision No. 58738

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of :  
) :  
SUPERIOR VACUUM TRUCK SERVICE, :  
a California Corporation, ) :  
) :  
and ) :  
) :  
SUPERIOR VACUUM TRUCKS OF LONG :  
BEACH, a California Corporation, ) :  
) :  
For Transfer of SUPERIOR VACUUM :  
TRUCK SERVICE petroleum irregular ) :  
route carrier rights to SUPERIOR :  
VACUUM TRUCKS OF LONG BEACH and ) :  
permission to issue evidences :  
of indebtedness ) :  
----- :

Application No. 41097  
and Amendment

Charles C. Stratton, for applicants.

O P I N I O N

In this application, as amended, Superior Vacuum Trucks of Long Beach, a corporation, seeks authorization to issue \$11,000 par value of stock and \$49,000 face amount of promissory notes for the purpose of acquiring the equipment and financing the operations of Superior Vacuum Truck Service.

After notice, a public hearing was held before Examiner Coleman in Los Angeles on June 25, 1959, at which time the matter was taken under submission. The Commission has received no protests in the proceeding.

Superior Vacuum Trucks of Long Beach was incorporated under the laws of the State of California on or about March 20, 1959, with an authorized capital stock of 10,000 shares of the par value of \$10 each, for the purpose of operating an automotive service, with

vacuum and pump-type trucks and trailers, for the transportation of petroleum products generally between points and places in the Counties of Kern, Ventura, Los Angeles and Orange, and, to this end, arrangements have been made for it to purchase, for \$51,000, the operative rights and equipment of an existing carrier named Superior Vacuum Truck Service and to issue its stock and notes in the amounts indicated to finance the purchase price and to provide working capital. A pro forma balance sheet statement as of April 1, 1959, giving effect to the purchase price and equipment and to the issue of securities, is as follows:

<u>Assets</u>	
Cash on hand and in bank	\$ 9,000
Trucks and equipment (purchase price)	<u>51,000</u>
Total	<u>\$60,000</u>
<u>Liabilities and Capital</u>	
Note payable - R. J. Investment	\$20,000
Note payable - Superior Vacuum Truck Service	20,000
Note payable - Parker-Martin, Inc.	9,000
Common stock	<u>11,000</u>
Total	<u>\$60,000</u>

The operative rights to be acquired by the new corporation are those granted to Superior Vacuum Truck Service, the present owner, by Decision No. 51454, dated May 10, 1955, in Application No. 36499, as amended, no value, however, being assigned to such rights for the purpose of the present transfer. The tangible property consists of 15 units of equipment, the original cost of which is reported at \$79,872.98 and the cost to the seller, \$61,193.52, together with shop and miscellaneous equipment.

The \$11,000 of common stock will be issued to Virden L. Parker and William S. Martin, two individuals who now own all the

outstanding stock of Parker-Martin, Inc., a corporation which is engaged in business as a radial carrier, a petroleum contract carrier and a petroleum irregular route carrier. The \$20,000 note in favor of R. J. Investment will be payable in monthly installments of \$1,000 and will be secured by a chattel mortgage; The \$20,000 note in favor of Superior Vacuum Truck Service represents a part payment on the purchase price of \$51,000 and will be payable in monthly installments of \$500 including interest at the rate of 6% per annum; and the \$9,000 note will be payable to Parker-Martin, Inc., on demand, with interest at the rate of 5% per annum. Although applicants have set up the note to R. J. Investment in Exhibit 2 at \$20,000, a copy of the chattel mortgage indicates that to this amount will be added a time price differential of \$2,004, making the total obligation \$22,004.

It appears that those in control of the affairs of the present carrier desire to retire from the operations and that the organizers of the new corporation are desirous of extending their activities through the acquisition of the operations as proposed in this proceeding. The record indicates that these individuals have experience in operating highway carrier services and the financial resources to take over and to extend the present operations and that the new corporation will adopt the rates now on file with the Commission by the present owner. It is true that the Superior Vacuum Trucks of Long Beach, at the outset, will have outstanding a relatively large amount of borrowed capital, but the notes by their terms are payable at the rate of \$18,000 a year so that the apparently unbalanced financial structure will be corrected in a relatively short time. The testimony shows that the incorporators of the new company are willing and able, should the necessity arise, to advance additional funds and to purchase additional stock.

Under the circumstances, as disclosed at the hearing, we will enter an order authorizing the transfer as requested and the issue of \$11,000 of stock and the two notes to R. J. Investment and Superior Vacuum Truck Service. The \$9,000 note in favor of Parker-Martin, Inc., being payable on demand, may be issued without authorization from the Commission.

In making this order, we place Superior Vacuum Trucks of Long Beach on 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.

The action taken herein shall not be construed to be a finding of the value of the operative rights and equipment herein authorized to be transferred.

O R D E R

A public hearing having been held on the above-entitled matter and the Commission having considered the evidence is of the opinion, and so finds, that the proposed transfer 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 stock and notes herein authorized is reasonably required for the purposes indicated herein; and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Superior Vacuum Truck Service, a corporation, on and after the effective date hereof and on or before December 31, 1959, may transfer its operative rights and equipment to Superior Vacuum Trucks of Long Beach, under the terms and conditions set forth in this proceeding.
2. Superior Vacuum Trucks of Long Beach, a corporation, on and after the effective date hereof and on or before December 31, 1959, for the purpose of acquiring the operative rights and equipment of Superior Vacuum Truck Service and of providing working capital, may issue not to exceed \$11,000 par value of its common stock, a note in the face amount of not to exceed \$22,004 to R. J. Investment, and a note in the face amount of not to exceed \$20,000 to Superior Vacuum Truck Service, and may execute a chattel mortgage in, or substantially in, the same form as that filed in this proceeding as Exhibit 7.
3. On not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of such transfer, applicants shall supplement or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the common carrier operations here involved to show that Superior Vacuum Truck Service has withdrawn or canceled and Superior Vacuum Trucks of Long Beach has adopted or 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 the Commission's General Order No. 80

4. Superior Vacuum Trucks of Long Beach shall file with the Commission a report, or 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 Superior Vacuum Trucks of Long Beach has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$43.

Dated at San Francisco, California, this 14<sup>th</sup> day of July, 1959.

[Signature]  
 \_\_\_\_\_  
 President

[Signature]  
 \_\_\_\_\_

[Signature]  
 \_\_\_\_\_

[Signature]  
 \_\_\_\_\_  
 Commissioners

