

Decision No. 84984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of TRANSCON LINES, a corporation, for authority to sell, and FRANK E. ADAMS, an individual doing business as ADAMS FREIGHT LINES, for authority to purchase certain operating rights within the Greater Los Angeles Area and between said area, on the one hand, and points in San Diego, on the other, and to issue a promissory note and security agreement.

Application No. 55790  
(Filed July 3, 1975)

O P I N I O N

Transcon Lines, a corporation (Transcon) requests authority to sell and transfer, and Frank E. Adams, an individual doing business as Adams Freight Lines (Adams) requests authority to purchase and acquire a certificate of public convenience and necessity authorizing operations as a highway common carrier, and the equipment and facilities described in the application. Adams also requests authority to issue promissory notes in an amount not to exceed \$140,000 to be secured by security interest agreements on the certificate to be transferred and on the certificate heretofore issued by the Interstate Commerce Commission dated May 27, 1975.

The certificate was originally issued to Boulevard Transportation Company in Decision No. 60988, dated November 1, 1960, as amended by Decision No. 61171, dated December 13, 1960, and transferred to Transcon in Decision No. 83745, dated November 19, 1974. The certificate authorizes the transportation of general commodities between all points within the Greater Los Angeles area and between all points in that area and all points in the San Diego Territory, including all intermediate points between the two areas. The agreed

consideration for the intrastate and interstate rights as well as the good will and going concern rights of the seller is \$150,000. The sales agreement provides that Adams is to pay \$50,000 cash and to give a promissory note to the seller in the amount of \$100,000, and to further give the seller an additional promissory note in the amount of approximately \$40,000 in payment for the facilities and equipment.

Adams contemplated that if he forms a corporation the \$50,000 cash payment to be made to Transcon would be an indebtedness of the corporation to him evidenced by a promissory note, but a letter from his attorney, dated August 20, 1975, states that in the event of incorporating, there will not be such an indebtedness or promissory note, but the \$50,000 would be consideration for stock issued by the corporation to Adams.

The sale and transfer of the interstate operating rights from Transcon to Adams has been authorized by an Order issued at a session of the Interstate Commerce Commission, Division 3, held at its office in Washington, D.C., on May 7, 1975, Finance Docket No. MC-FC-75568.

Adams has had extensive training, education, and experience in the trucking industry. He states that the income from the operation will be sufficient to pay all of the obligations including the promissory notes referred to herein, to pay him an adequate salary, and enable him to operate at a profit.

Service of the application was made upon the California Trucking Association and notice of the application was listed in the Commission's daily calendar on July 3, 1975. No protests have been received. A public hearing is not necessary.

After consideration the Commission finds that the proposed transfer would not be adverse to the public interest and concludes that it should be authorized and that Adams should be authorized to issue promissory notes and security interest agreements in favor of the seller in a total amount not to exceed \$140,000. The order which follows will provide for, in the event the transfer is completed, the revocation of the authority previously issued to Boulevard Transportation Company and later transferred to Transcon and the issuance of a certificate in appendix form to Adams. The territorial description or routes of the authority granted to Adams will reflect the names of redesignated highways and routes and will not change or broaden the authority transferred.

Adams is placed 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 a consideration for the grant of such rights. Aside from their purely permissive aspect, these rights extend to the holder a full or partial monopoly of a class of business. This monopoly feature may be modified or cancelled 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

#### IT IS ORDERED that:

1. On or before March 31, 1976, Transcon Lines, a corporation, may sell and transfer the operative rights and property referred to in the application to Frank E. Adams, an individual doing business as Adams Freight Lines.
2. Within thirty days after the transfer the purchaser shall file with the Commission written acceptance of the certificate and a true copy of the bill of sale or other instrument of transfer.
3. Purchaser shall amend or reissue the tariffs on file with the Commission, naming rates and rules governing the common carrier operations transferred to show that he has adopted or established, as his own, the rates and rules. The tariff filing shall be made effective not earlier than five days after the effective date of this order on

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not less than five days notice to the Commission and the public, and the effective date of the tariff filing shall be concurrent with the transfer. The tariff filings made pursuant to this order shall comply in all respect with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 80-Series. Failure to comply with provisions of General Order No. 80-Series may result in a cancellation of the operating authority granted by this decision.

4. On or before the end of the third month after the transfer the purchaser shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report, or reports, related to the operations of the seller for the period commencing with the first day of the current year to and including the effective date of the transfer.

5. In the event the transfer authorized in Paragraph 1 is completed, effective concurrently with the effective date of the tariff filings required by Paragraph 3, a certificate of public convenience and necessity is granted to Frank E. Adams, an individual doing business as Adams Freight Lines, authorizing him to operate as a highway common carrier, as defined in Section 213 of the Public Utilities Code, between the points and over the routes set forth in Appendix A, attached hereto and made apart hereof.

6. The certificate of public convenience and necessity originally issued to Boulevard Transportation Company in Decision No. 60988 dated November 1, 1960, as amended by Decision No. 61171 dated December 13, 1960, and transferred to Transcon Lines, a corporation, in Decision No. 83745 dated November 19, 1974, is revoked effective concurrently with the effective date of the tariff filings required by paragraph 3.

7. Purchaser shall comply with safety rules of the California Highway Patrol and the insurance requirements of the Commission's General Order No. 100-Series.

8. Purchaser shall maintain his accounting records on a calendar year basis in conformance with the applicable uniform system of accounts or chart of accounts as prescribed or adopted by this Commission and shall file with the Commission, on or before March 31 of each year, an annual report of his operations in such form, content, and number of copies as the Commission, from time to time, shall prescribe.

9. Purchaser shall comply with the requirements of the Commission's General Order No. 84-Series for the transportation of collect on delivery shipments. If he elects not to transport collect on delivery shipments, he shall make the appropriate tariff filings as required by the General Order.

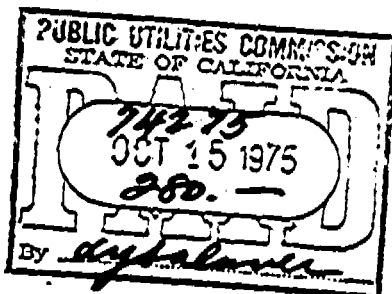
10. After the effective date hereof purchaser may execute and issue promissory notes in the total amount of \$140,000 to be secured by a security interest agreements for the purposes and according to the terms specified in the application.

11. Frank E. Adams, an individual doing business as Adams Freight Lines, as the promissor of the promissory notes authorized by this Order, shall file with the Commission a report, or reports, as required by General Order No. 24-Series.

The authority granted by this order to issue an evidence of indebtedness and to execute and deliver an encumbering document will become effective when the issuer has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$280. In other respects the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 15th  
day of OCTOBER, 1975.

[Signature] President  
William J. Lyons  
[Signature]  
[Signature] Commissioners



Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

FRANK E. ADAMS  
(an individual)  
doing business as  
ADAMS FREIGHT LINES

Frank E. Adams, an individual, by the certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to conduct operations as a highway common carrier as defined in Section 213 of the Public Utilities Code for the transportation of general commodities with the exceptions hereinafter noted:

(1) Between all points within the Greater Los Angeles Area as hereinafter described, and

(2) Between all points in said area on the one hand and on the other hand, all points in the San Diego Territory as hereinafter described over and along Interstate Highway 5 and State Highway 1 from Los Angeles to San Diego, serving all intermediate points on said highways and all off-route points located within five miles of said highways including El Toro Marine Base.

The Greater Los Angeles Area is described as follows:

Beginning at the intersection of Sunset Boulevard and State Highway 1; thence northeasterly on Sunset Boulevard to Interstate Highway 405; northerly along Interstate Highway 405 to Ventura Boulevard; westerly along Ventura Boulevard to Topanga Canyon Boulevard; northerly along Topanga Canyon Boulevard to Santa Susana Avenue; northerly along Santa Susana Avenue to San Fernando Mission Boulevard; easterly and northeasterly along San Fernando Mission Boulevard and its prolongation to the Angeles National Forest boundary; southeasterly and easterly along the Angeles National Forest boundary and San Bernardo National Forest boundary to the Riverside

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Appendix A

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County boundary east of Yucaipa; southerly and westerly along the Riverside County boundary to a point directly north of Redlands Boulevard; southerly from said point along an imaginary line and along Redlands Boulevard to Alessandro Avenue in Moreno; westerly along Alessandro Avenue to Perris Boulevard; southerly along Perris Boulevard to the county road paralleling the southerly boundary of March Air Force Base; westerly along said county road to Interstate Highway 15; northerly and westerly along Interstate Highway 15 to State Highway 91; southwesterly along State Highway 91 to intersection of State Highways 91 and 55; southerly on State Highway No. 55 to the Pacific Ocean; westerly and northerly along the shore line of the Pacific Ocean to a point directly south of the intersection of Sunset Boulevard and State Highway 1; thence northerly along an imaginary line to point of beginning.

The San Diego Territory is described as follows:

That area embraced by following an imaginary line starting at a point approximately four miles north of La Jolla on the Pacific Coast shoreline running east to Miramar on Interstate Highway 15; thence following an imaginary line running southeasterly to Lakeside on State highway 67; thence southerly on County Road S 17 (San Diego County) and its prolongation to State Highway 94; easterly on State Highway 94 to Jamul; thence due south following an imaginary line to the California-Mexico Boundary Line; thence westerly along the boundary line to the Pacific Ocean and north along the shoreline to point of beginning.

Applicant shall not transport any shipments of:

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1. Used household goods and personal effects not packed in accordance with the crated property requirements set forth in paragraph (d) of Item No. 10-C of Minimum Rate Tariff No. 4-A.
2. Automobiles, trucks and buses, viz.: new and used, finished or unfinished passenger automobiles (including jeeps), ambulances, hearses and taxis; freight automobiles, automobiles chassis, trucks, truck chassis, truck trailers, trucks and trailers combined, buses and bus chassis.
3. Livestock, viz.: bucks, bulls, calves, cattle, cows, dairy cattle, ewes, goats, hogs, horses, kids, lambs, oxen, pigs, sheep, sheep camp outfits, sows, steers, stags or swine.
4. Commodities requiring the use of special refrigeration or temperature control in specially designed and constructed refrigerated equipment.
5. Liquids, compressed gases, commodities in semiplastic form and commodities in suspension in liquids in bulk, in tank trucks, tank trailers, tank semitrailers or a combination of such highway vehicles.
6. Commodities when transported in bulk in dump trucks or in hopper-type trucks.
7. Commodities when transported in motor vehicles equipped for mechanical mixing in transit.
8. Logs.

PROVIDED, however, that the above restrictions against transporting general commodities numbered 1 to 8 inclusive shall

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Appendix A

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not apply to movements of general commodities between the points  
of Los Angeles, Los Angeles Harbor or Long Beach Harbor.

(END OF APPENDIX A)

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