

Decision No.   S7953  

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Ecology Control )  
Inc. and E. M. Management, Inc. )  
for Approval of the Acquisition )  
of all Outstanding Capital Stock )  
of Ecology Control, Inc. by        )  
E. M. Management, Inc.            )

Application No. 57380  
(Filed June 15, 1977  
amended July 7, 1977)

  O P I N I O N  

E. M. Management, Inc., a California corporation, seeks authority to control Ecology Control, Inc., a California corporation, by purchase of all of the latter corporation's issued and outstanding 100,000 shares of \$1.00 par value per share, capital stock.

Ecology Control, Inc., holds a petroleum irregular route certificate of public convenience and necessity which authorizes transportation of specified petroleum and petroleum products in vacuum-type or pump-type trucks in connection with service to oil well facilities, between various points in Southern California. The certificate was granted by Decision 79256 dated October 19, 1971, in Application 52842. The carrier also holds a radial highway common carrier permit and a petroleum contract carrier permit.

E. M. Management, Inc., does not hold operating authority from this Commission. It was incorporated on May 6, 1977 for the purpose of acquiring all of the outstanding capital stock of Ecology Control, Inc.

The application as amended indicates that all of the stock of Ecology Control, Inc. is owned by The Hillman Companies, Inc., which is principally engaged in the oilwell service and workover business through its wholly owned subsidiary, California Production Service, Inc. The common ownership of these two companies has allegedly inhibited the development of their respective businesses and both have lost sales because personnel who allocate the business of major oil companies served by both Ecology Control, Inc. and California Production Service, Inc., desire to avoid giving all of their business to wholly owned subsidiaries of a single concern.

Pursuant to the Agreement for Purchase and Sale of Stock between the parties, the purchase price of the stock is \$292,000 of which all but \$40,000 is payable upon consummation of the transaction, and the balance will be held in escrow for six months to serve as a fund from which E. M. Management, Inc. may be compensated for any breach by The Hillman Companies, Inc. of the Agreement for Purchase and Sale of Stock. The net proceeds from the fund will be paid to The Hillman Companies, Inc. at the end of the escrow.

The source of funds for the transaction are loans to E. M. Management, Inc. which are secured by a pledge of all of the outstanding stock of Ecology Control, Inc. The pledge does not involve a transfer or restriction in the voting rights of the stock. The transaction does not impose any encumbrance whatsoever on the assets of Ecology Control, Inc. including the operating authority issued by this Commission.

The Hillman Companies, Inc. proposes to enter into an agreement with E. M. Management, Inc. providing that the Hillman Companies, Inc. will not engage in competition with Ecology Control, Inc. for a period of seven years following the closing of the transaction. In consideration for entering into the Agreement of Noncompetition, Ecology Control, Inc., as a wholly owned subsidiary of E. M. Management, Inc. will pay The Hillman Companies, Inc., the sum of \$16,540 per year for seven years, payable in twenty-eight quarterly installments of \$4,135 each commencing on the first day of the fourth month following the closing of the proposed transaction.

A copy of the application has been sent to four carriers known to compete with Ecology Control, Inc., and notice of the filing of the application and its amendment was made in the Commission's Daily Calendar of June 16, July 7 and September 8, 1977, respectively. No protests to the application as amended have been received.

After consideration the Commission finds that control of Ecology Control, Inc. by E. M. Management, Inc., would not be adverse to the public interest. The Commission further finds that the effective date of this order should be the day on which it is signed since there is no known opposition and no reason to delay authorizing the authority sought.

The Commission concludes that the acquisition of control of Ecology Control, Inc., as requested in the application should be authorized. A public hearing is not necessary. The action taken herein shall not be construed as a finding of value of the capital stock of Ecology Control, Inc.

O R D E R

IT IS ORDERED that:

1. E. M. Management, Inc. a California corporation, may control Ecology Control, Inc., a California corporation.
2. Within ninety days after the date hereof, E. M. Management, Inc. and Ecology Control, Inc., shall file reports informing the Commission whether or not the control authorized has been completed.

The effective date of this order is the date hereof,

Dated at San Francisco, California, this 4<sup>th</sup> day of OCTOBER, 1977.

*Robert Batminal*

President

*Vernon L. Sturgeon*  
*Charles D. Goodrich*

Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.