

LEM

Decision No. 28458.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CITIZENS TRUCK COMPANY, LTD.)
for permission to execute trust deed.)

ORIGINAL

Application No. 17197

BY THE COMMISSION:

O P I N I O N

Citizens Truck Company, Ltd. has applied to the Railroad Commission for authority to execute a trust deed and a note in the principal amount of \$20,000.00 payable on or before October 3, 1933, with interest at the rate of seven percent per annum, for the purpose of liquidating outstanding indebtedness and other corporate purposes, as hereinafter set forth.

It appears that the Citizens Truck Company, Ltd. was organized under the laws of the State of California during June, 1909, under the name of Citizens Truck Company. This subsequently, on January 14, 1931, was changed to the present name through an amendment to the Articles of Incorporation.

The corporation is engaged in the business of a common carrier for the transportation of freight between Los Angeles and the Los Angeles Harbor District. As of December 31, 1931, according to its financial statement filed with its application, it reports its assets and liabilities as follows:-

<u>A S S E T S</u>		
Fixed assets		\$132,234.90
Stock and securities		1,586.30
Current assets:		
Cash	\$10,283.62	
Accounts receivable	26,325.92	
Notes receivable	100.00	
Work in progress	274.56	
Inventories	<u>3,457.11</u>	40,441.21
Prepaid expenses		2,578.00
Advances to officers and employees		<u>1,486.65</u>
Total assets		<u>\$178,327.06</u>

<u>L I A B I L I T I E S</u>		
Capital stock		\$ 50,000.00
Mortgage note		16,000.00
Trust note		2,500.00
Current liabilities:		
Accounts payable	6,929.08	
Notes payable	59.79	
Payroll	2,428.75	
Other liabilities	<u>1,321.45</u>	10,739.07
Reserve for depreciation		18,650.43
Other reserve		372.01
Surplus		<u>80,065.55</u>
Total liabilities		<u>\$178,327.06</u>

It appears that the corporation is the owner of certain ✓
real property described in the application as follows:

Lots 6, 8, 10, 12, 13, 14, 15, 16, 17, 18 and 20,
all in Block U of the Subdivision on Aliso Tract, as
per Map recorded in Book 4, Pages 12 and 13 of Mis-
cellaneous Records of Los Angeles County, California.

The record shows that heretofore under date of December 15, 1926 applicant executed its \$16,000.00 note and mortgage in favor of Bank of Italy National Trust and Savings Association, due three years after date, covering the above described properties, excepting Lots 15 and 17, which note was renewed in the same amount in 1930. On May 14, 1929 it executed a note and trust deed in favor of Samuel and Rose La Vietas, in the principal amount of \$9,500.00 in part payment for Lots 15 and 17, which it uses in its transportation operations. The \$16,000.00 renewal note and mortgage now outstanding was authorized by the Railroad Commission

by its Decision No. 22135 dated February 18, 1930, while the \$9,500.00 note was never authorized. This latter note, it might be added, has since been reduced to \$2,500.00.

The company now desires to issue a new note in the principal sum of \$20,000.00 and execute a deed of trust to secure the payment of such note. The deed of trust will be a lien on the aforementioned properties. Of the proceeds realized through the issue of the note, applicant desires to use \$12,500.00 to pay the balances due on the notes herein mentioned and the remainder to pay taxes and expenses incident to the note issue and execution of deed of trust.

A copy of the proposed deed of trust is filed with the application and appears to be in satisfactory form. It seems to us that the assets and earnings of the company are ample to support the issue of the note in the amount requested. The foregoing balance sheet indicates that the company has a surplus of \$80,065.55 and a reserve for accrued depreciation of \$18,650.43, which seem to have been invested by the company in its assets. It appears to us that the proceeds over and above the amounts necessary to pay the two notes should be used to reimburse the surplus or the reserve for moneys reinvested in properties. After such reimbursement such proceeds may, of course, be used by the company to pay taxes or otherwise discharge its outstanding liabilities.

ORDER

Citizens Truck Company, Ltd., having applied to the Railroad Commission for permission to execute a deed of trust and a note in the principal amount of \$20,000.00 and the Railroad

Commission being of the opinion that this is not a matter in which a public hearing is necessary and that the money, property or labor to be procured or paid for through the issue of the note and deed of trust is reasonably required for the purposes specified herein, which purposes are not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Citizens Truck Company, Ltd. be, and it hereby is, authorized to execute a deed of trust substantially in the same form as that filed in this proceeding, and to issue its promissory note secured by such deed of trust in the principal amount of \$20,000.00 payable on or before October 3, 1933, with interest at not exceeding seven percent per annum and to use \$18,500.00 of the proceeds to pay and discharge the mortgage note of \$16,000.00 and the trust note of \$2,500.00, referred to in the foregoing opinion, and to use the remaining proceeds to reimburse its treasury because of earnings invested in its properties, provided that after such reimbursement such remaining proceeds be used to liquidate its outstanding current liabilities.

The authority herein granted is subject to the following conditions:-

- (1) Applicant shall keep such record of the issue of the note herein authorized and of the disposition of the proceeds as will enable it to file on or before thirty days after the issue of the note a verified report, as required by the Railroad Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.
- (2) The authority herein granted to execute a deed of trust is for the purpose of this proceeding only and is granted only insofar as this Commission has

jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of such deed of trust as to such other legal requirements to which such deed of trust may be subject.

(3) The authority herein granted will become effective when applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act and Section 6 of the Auto Stage and Truck Transportation Act, which fee is Twenty-five (\$25.00) Dollars.

DATED at San Francisco, California, this 2nd day of March 1931.

C. L. Seaver
Leon W. Bell
H. J. Lee
M. B. Harris
Fred G. Stewart
Commissioners.