

ORIGINAL

Decision No. 24148

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application

of

HIGHWAY TRANSPORT, INC., for authority
to execute promissory note and chattel
mortgage covering the purchase of equipment.

Application
No. 24148

BY THE COMMISSION:

OPINION AND ORDER

This is an application for an order of the Railroad Commission authorizing Highway Transport, Inc. to execute an automobile chattel mortgage and installment note in the total amount of \$47,040.

Highway Transport, Inc. is engaged in business as a common carrier of property, operating generally between San Francisco and Soledad, San Jose and Santa Cruz and Watsonville, San Jose and Monterey and Salinas and Hollister. For the last three calendar years it has reported its operating results as follows:

	<u>1938</u>	<u>1939</u>	<u>1940</u>
Operating revenues	<u>\$234,868.50</u>	<u>\$273,801.90</u>	<u>\$343,439.54</u>
Expenses-			
Operation & maintenance	201,990.20	231,553.71	289,357.66
Depreciation	11,867.73	9,341.12	11,399.21
Taxes and licenses	10,494.65	19,089.84	25,327.17
Operating rents	<u>5,716.50</u>	<u>6,782.00</u>	<u>7,688.38</u>
Total expense	<u>230,069.08</u>	<u>266,766.67</u>	<u>333,772.42</u>
Net operating income	4,799.42	7,035.23	9,667.12
Interest and other deductions	<u>2,999.84</u>	<u>1,999.22</u>	<u>1,868.44</u>
Net income	<u>\$ 1,799.58</u>	<u>\$ 5,036.01</u>	<u>\$ 7,798.68</u>

The company reports that it found it necessary to replace old and obsolete equipment and also to acquire additional equipment made necessary by the growth of its business, particularly its business to the United States Army Camps on the Monterey peninsula. At the close of 1938, it reported its investment in operating property at \$64,498.74, at the close of 1939 at \$77,083.11, at the close of 1940 at \$91,114.40, and at March 31, 1941 at \$102,925.00. Its reserve for depreciation at March 31, 1941 was reported at \$41,469.30.

It appears that the company financed the cost of its equipment largely through the execution of notes and conditional sale contracts which, in general, ran for periods of more than one year and carried interest at the rate of five per cent per annum. However, as of April 1, 1941, it arranged to refinance its outstanding long-term indebtedness through the execution of a chattel mortgage on certain of its equipment⁽¹⁾ and the issue to Bank of America of a promissory note in the amount of \$47,040, including interest prepaid to maturity at the rate of four per cent per annum in the amount of \$5,040, said note to be payable in thirty six successive monthly installments of \$1,307, beginning on May 1, 1941. The company has filed a copy of the chattel mortgage and note as Exhibit "A" in this proceeding.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the note is reasonably required by applicant, therefore,

⁽¹⁾ 14 trucks, 11 truck tractors, 18 semi-trailers, and 16 full trailers.

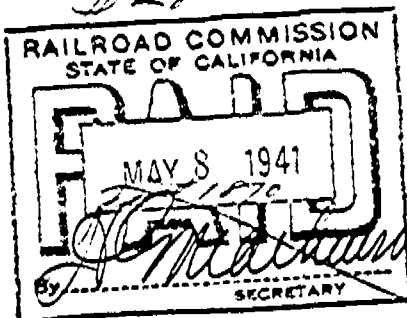
IT IS HEREBY ORDERED that Highway Transport, Inc. be, and it hereby is, authorized to execute an automobile chattel mortgage and installment note in the total amount of \$47,040, payable as indicated herein, which shall be in, or substantially in, the same form as Exhibit "A" filed in this proceeding, and to use the proceeds for the purpose of paying outstanding indebtedness, provided -

1. That the authority herein granted 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 said chattel mortgage and installment note as to such other legal requirements to which it may be subject;

2. That the authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Forty-eight (\$48.00) Dollars; and

3. That within thirty (30) days after the effective date of this order, applicant shall file a statement showing the outstanding notes and contracts paid through the issue of said note for \$47,040.

Dated at San Francisco, California, this 6th day of May, 1941.



[Signature]
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Commissioners