

ORIGINAL

Decision No. 35185

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of COAST LINE TRUCK SERVICE, INC. for authority to issue promissory notes payable more than twelve months after the date thereof.

Application
No. 24774

BY THE COMMISSION:

O P I N I O N

In this proceeding, Coast Line Truck Service, Inc. asks permission to issue, for the purposes hereinafter stated, notes of the aggregate face amount of \$38,605.35 and execute a chattel mortgage to secure the payment of one of the notes to which reference will be made hereafter.

Coast Line Truck Service, Inc., hereinafter sometimes referred to as applicant, is engaged in the transportation of produce between Los Angeles and San Francisco and certain intermediate points. It operates as a highway common carrier and also holds permits as a contract carrier and as a radial highway carrier. As of December 31, 1941, applicant reports assets and liabilities as follows:

Assets

Plant and equipment	\$107,767.81
Cash	1,394.25
Accounts receivable	13,961.75
Materials and supplies	2,640.44
Prepayments	13,148.51
Advances to Edward Lester	<u>2,789.25</u>
Total	<u>\$141,722.01</u>

Liabilities

Capital stock	\$ 18,000.00
Notes payable	51,796.13
Accrued liabilities not due	4,888.65
Accounts payable	15,007.43
Amount due stockholders	12,633.18
Reserve for accrued depreciation	33,885.71
Deficit	<u>489.09</u>
Total	<u>\$141,722.01</u>

Applicant, for 1941, reports operating revenues of \$317,895.47 and operating expenses of \$317,555.53. Its net operating revenues amount to \$339.94.

Applicant has entered into an agreement to purchase the properties and good will of Produce Express, which, as a contract carrier, has been operating in competition with applicant. The legality of the operation of Produce Express has heretofore been questioned by the Commission. It thereafter filed with the Commission an application for a certificate of public convenience and necessity.

It is believed that the acquisition of the properties of Produce Express by applicant will be beneficial to applicant. It has agreed to pay for the same \$33,900.00. Of this sum \$7,400.00 is payable in cash. Applicant will issue to Produce Express its unsecured noninterest-bearing note for \$8,605.35, payable in monthly installments of \$300.00 per month beginning April 1, 1942, and pay the balance (about \$17,894.65) due on equipment being purchased by Produce Express. To finance in part the transaction and pay other debts, applicant asks permission to issue to Bank of America National Trust and Savings Association its note for the sum of \$30,000.00, payable in installments of \$1,000.00 per month until paid, with interest at the rate of 6% per annum. The interest is payable monthly.

The payment of the note will be secured by the execution of a chattel mortgage which will be a lien on the truck equipment being acquired by applicant from Produce Express. A copy of the chattel mortgage is filed in this proceeding as Exhibit B. We find the same to be in proper form.

O R D E R

The Commission having considered the request of Coast Line Truck Service, Inc. to issue notes in the aggregate amount of \$38,605.35, and it being of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by applicant through the issue of said notes is reasonably required by applicant, and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:

1. Coast Line Truck Service, Inc. may, after the effective date hereof and on or before June 30, 1942, issue to Produce Express its promissory note for the sum of \$8,605.35, payable without interest in installments of \$300.00 per month, said note to be issued for the purpose of paying in part for the properties being acquired by said Coast Line Truck Service, Inc. from said Produce Express.

2. Coast Line Truck Service, Inc. may, after the effective date hereof and on or before June 30, 1942, issue to Bank of America National Trust and Savings Association its note for the sum of \$30,000.00, payable in installments of \$1,000.00 per month, bearing interest at the rate of 6% per

annum, payable monthly, and to secure the payment of said note by a chattel mortgage in substantially the same form as the chattel mortgage filed in this proceeding as Exhibit B, provided that the authority herein granted to execute said chattel mortgage 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 as to such other legal requirements to which said chattel mortgage may be subject.

3. Coast Line Truck Service, Inc. shall use the proceeds realized through the issue of said \$30,000.00 note to pay and refund outstanding indebtedness.

4. The authority herein granted will become effective when Coast Line Truck Service, Inc. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Thirty-nine (\$39.00) Dollars.

5. Coast Line Truck Service, Inc. shall, within thirty (30) days after the issue of the notes herein authorized, file with the Commission a statement showing the purposes for which it used the proceeds realized through the issue of said \$30,000.00 note, and shall also file with the Commission a copy of each note issued under the authority herein granted and a copy of the chattel mortgage executed under said authority.

Dated at San Francisco, California, this 24th day of March, 1942.

Justin F. Adams
Roy H. Kiley
J. J. Baker

Commissioners

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RAILROAD COMMISSION
STATE OF CALIFORNIA
MAR 30 1942
[Signature]
SECRETARY