

ORIGINAL

Decision No. 39810

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Delta Lines, Inc., a corporation, for authority to issue stock and execute chattel mortgage.	) : ) : ) : )	Application No. 27468
-----		

Frederick W. Mielke, for applicant.

O P I N I O N

In this application, Delta Lines, Inc., a corporation, asks permission to issue for the purposes hereinafter stated, \$150,000 par value of stock and execute a mortgage of chattels to secure the payment of a \$200,000 loan from Anglo California National Bank of San Francisco.

Delta Lines, Inc., formerly known as Sacramento Navigation Company, has, pursuant to orders<sup>(1)</sup> of the Railroad Commission, acquired the truck operative rights, truck equipment, and other truck properties of The California Transportation Company and Sacramento & San Joaquin River Lines, Inc.

The corporation was formed in 1920 to operate vessels owned by Farmers Transportation Company and Sacramento Transportation Company. In 1932 it joined with The California Transportation Company and Fay Transportation Company in the organization of an

---

(1)  
Decision No. 38896, dated April 23, 1946, in Application No. 27349  
Decision No. 38974, dated May 14, 1946, in Application No. 27349

operating agency known as The River Lines. In 1936 Sacramento Navigation Company and Fay Transportation Company consolidated their properties into the Sacramento & San Joaquin River Lines, Inc. Through this consolidation the Sacramento Navigation Company and its affiliated companies received 1,000 shares of stock for the properties which they transferred to the new company. The 1,000 shares of stock were distributed as follows:

Sacramento Transportation Company	598	shares
Sacramento Navigation Company	401	"
Farmers Transportation Company	1	"

The \$150,000 of stock which applicant asks permission to issue will be delivered or sold to the following:

To Farmers Transportation Company in payment for indebtedness incurred prior to 1936	\$ 6,015.00
To Farmers Transportation Company to pay indebtedness incurred subsequent to 1936	100.00
To Sacramento Transportation Company to pay indebtedness	68,885.00
To Thomas R. Dwyer to pay indebtedness	31,000.00
To Thomas R. Dwyer, for cash	44,000.00

Applicant proposes to borrow \$200,000 from the Anglo California National Bank of San Francisco, repayable in monthly installments over a period of five years and bearing interest at the rate of five percent per annum upon unpaid balances. The loan is to be secured by a mortgage of chattels which will be a lien on applicant's truck equipment listed in Exhibits "C" and "D" on file in this application. A copy of the mortgage is filed as Exhibit "E". Applicant proposes to use the \$200,000 borrowed from the bank and the \$44,000 in cash received through the issue

of its stock for the following purposes:

To purchase equipment described in Exhibit "D"	\$167,000.00
To acquire land and construct a garage at Sacramento for use in the repair and maintenance of applicant's automotive equipment	25,000.00
To purchase shop equipment and tools for the servicing, repair and maintenance of applicant's automotive equipment	5,000.00
To purchase terminal freight handling equipment	3,000.00
To purchase office equipment	2,000.00
To supply working capital for applicant's operations	<u>42,000.00</u>
Total	\$244,000.00

The testimony shows that applicant has acquired new truck and transportation equipment costing approximately \$167,000. The equipment is listed in Exhibit "D", and may be summarized as follows:

5 Auto car 20-ton Diesel tractors	\$43,500.00
1 Auto car 20-ton gas tractor	6,000.00
4 Auto car 15-ton gas cab over engine tractors	19,200.00
6 Dodge 10-ton gas cab over engine tractors	16,200.00
10 Reliance 21-foot van semi-trailers	37,500.00
10 Utility 21-foot van semi-trailers	33,000.00
4 Utility converter dollies	5,680.00
4 Reliance converter dollies	<u>5,600.00</u>
Total	\$166,680.00

The testimony shows that all of the equipment except five units have been delivered to applicant. It further shows that applicant has need for this additional equipment and also for the garage which it proposes to construct on property adjoining its Sacramento terminal.

The \$42,000 which applicant asks permission to use as working capital will be expended to pay for insurance, license plates, printing, and provide the main office and agents with cash.

O R D E R

A public hearing having been held on the above application before Examiner Fankhauser, and the Commission having considered the evidence submitted at such hearing and it being of the opinion that the money, property or labor to be procured or paid for through the issue of the stock and the execution of the mortgage of chattels herein authorized is reasonably required by applicant for the purposes herein stated, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted, therefore,

IT IS HEREBY ORDERED as follows:

1. Delta Lines, Inc., may, after the effective date hereof and on or before June 30, 1946, issue at not less than par \$150,000 par value of its common capital stock, said stock to be issued for the following purposes:

To Farmers Transportation Company to pay indebtedness	\$ 6,115.00
To Sacramento Transportation Company to pay indebtedness	68,885.00
To Thomas R. Dwyer to pay indebtedness	31,000.00
To Thomas R. Dwyer, for cash	44,000.00

2. Delta Lines, Inc., may, after the effective date hereof and on or before June 30, 1946, execute a mortgage of chattels in, or substantially in, the same form as that filed in this application as Exhibit "E" to secure the payment of a \$200,000 loan from the Anglo California National Bank of San Francisco, said loan to be payable in fifty-nine equal consecutive monthly installments of \$3,350 or more each and one final payment of \$2,350, together with interest at the rate of five percent per annum, payable monthly, on the unpaid balances.

3. Delta Lines, Inc., shall use the \$200,000 borrowed from the Anglo California National Bank of San Francisco and the \$44,000 realized through the issue of its stock for the following purposes:

To purchase equipment described in Exhibit "D", approximately	\$167,000.00
To acquire land and construct a garage at Sacramento for use in the repair and maintenance of applicant's automotive equipment, approximately	25,000.00
To purchase shop equipment and tools for the servicing, repair and maintenance of applicant's auto- motive equipment, approximately	5,000.00
To purchase terminal freight handling equipment, approximately	3,000.00
To purchase office equipment, approximately	2,000.00

To supply working capital for applicant's operations; approximately

42,000.00

Total

\$244,000.00

4. 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 Two Hundred (\$200.00) Dollars.

5. Delta Lines, Inc.; shall file with the Railroad Commission reports required by the Commission's General Order No. 24-A which order, insofar as applicable; is made a part of this order.

6. Delta Lines, Inc.; shall; within thirty (30) days after the execution of the mortgage of chattels herein authorized, file a true and correct copy of said mortgage with the Railroad Commission.

Dated at San Francisco, California, this 28<sup>th</sup> day of May, 1946.

Harold Anderson  
Justice F. Casper  
Francis D. ...  
... ..  
Harold ...  
 Commissioners

