

Decision No. 40565

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

IN THE MATTER of the Application of
SOUTHERN CALIFORNIA FREIGHT LINES
for an order authorizing execution
of a note secured by trust deed on
real property.

)
:
) Application
:
) No. 28593
)
:

:

OPINION AND ORDER

This is an application by Southern California Freight Lines for an order authorizing it to execute a deed of trust and to issue a note in the principal amount of \$40,000 for the purpose of paying indebtedness and of providing working capital.

Southern California Freight Lines is a corporation engaged in the business of transporting property as a highway common carrier between various points in southern California. In 1946 it reported its operating revenues at \$783,419 with net operating loss after payment of operating expenses and taxes and provision for depreciation, of \$10,910. For the first five months of 1947, it reports operating revenues of \$332,731 with a corresponding net operating profit of \$15,124. Its net investment in tangible property is reported at \$677,823 as of May 31, 1947.

The company has financed itself in part through the issue of stock and the use of surplus earnings, and in part with borrowed money. Its balance sheet, as of May 31, 1947, is reported as follows:

Assets

| | |
|------------------------|-----------------------|
| Current assets - | |
| Cash and deposits | \$ 78,069.18 |
| Accounts receivable | 20,579.15 |
| Materials and supplies | <u>43,312.00</u> |
| Total current assets | 141,960.33 |
| Tangible property | 677,823.34 |
| Intangible property | 121,267.32 |
| Deferred charges | <u>75,173.52</u> |
| | |
| Total | <u>\$1,016,224.51</u> |

Liabilities

| | |
|-------------------------------|-----------------------|
| Current liabilities - | |
| Accounts payable | \$ 223,668.74 |
| Notes payable-within one year | 114,705.21 |
| Taxes accrued | 5,745.01 |
| C.O.D.'s unremitted | <u>12,699.48</u> |
| Total current liabilities | 356,818.44 |
| Long term notes and contracts | 262,656.40 |
| Deferred liabilities | 56,638.28 |
| Capital stock preferred | 18,000.00 |
| Capital stock common | 50,000.00 |
| Capital surplus and premium | 119,630.37 |
| Earned surplus | <u>152,480.42</u> |
| | |
| Total | <u>\$1,016,224.51</u> |

In making its application to borrow an additional \$40,000 the company reports that it has need for \$8,898 to pay the balance due on the purchase price of certain real estate in San Diego, now used in its operations, and to reduce its current liabilities. The sum to be borrowed will be represented by a note, secured by deed of trust, repayable in sixty monthly installments with interest at the rate of 5% per annum.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary. A review of the application and of the company's financial statements clearly indicates that it is in need of additional funds to improve its

cash position and the Commission accordingly is of the opinion that the money, property or labor to be procured or paid for through the issue of the \$40,000 note is reasonably required for the purposes specified herein and that the application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Southern California Freight Lines, after the effective date hereof and on or before October 31, 1947, may execute a deed of trust in, or substantially in, the same form as the deed of trust filed in this proceeding as Exhibit "C", and may issue a note in the principal amount of \$40,000 repayable in sixty monthly installments with interest on the unpaid balances at the rate of 5% per annum, for the purpose of paying outstanding indebtedness and of providing working capital.
2. Southern California Freight Lines shall file with the Commission a report of the issue of the note and the disposition of the proceeds as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.
3. The authority herein granted will become effective when Southern California Freight Lines has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Forty (\$40.00) Dollars.

Dated at San Francisco, California, this 29th day
of July, 1947.

Harold J. Hule
Justus J. Craver
Justus J. Craver
Commissioners

Public Utilities Commission
STATE OF CALIFORNIA
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No. 8661
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