

ORIGINALDecision No. 41451

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of SIGNAL TRUCKING SERVICE, LTD.
for authority to execute a promissory
note and a chattel mortgage.

Application No. 29229

O P I N I O N

This is an application by Signal Trucking Service, Ltd. for authority to execute a mortgage of chattels and to issue a note for \$180,000 for the purpose of reducing its outstanding liabilities.

Signal Trucking Service, Ltd. is a corporation engaged in the transportation of property by motor vehicles between Los Angeles and Los Angeles Harbor. For the last two calendar years it reports its revenues and expenses as follows:-

	<u>1946</u>	<u>1947</u>
Operating revenues	<u>\$1,810,708</u>	<u>\$2,401,971</u>
Expenses -		
Operating and maintenance	1,537,389	1,973,185
Depreciation	86,851	141,653
Operating taxes	109,706	146,634
Operating rents	1,150	(1,162)
Total	<u>1,735,096</u>	<u>2,260,307</u>
Net operating revenues	75,612	141,664
Other income	1,968	854
Income deductions	<u>(16,094)</u>	<u>(33,052)</u>
Net income before income taxes	61,486	109,466
Provision for income taxes	27,314	42,994
Net income	<u><u>\$34,172</u></u>	<u><u>\$ 66,472</u></u>

As of February 29, 1948 the company reports its current assets at \$292,506.57 and its current liabilities at \$428,010.67. Its net investment in tangible property is reported at \$718,398.52. Its balance sheet as of the end of 1947 is reported as follows:

Assets

Current assets -		
Cash and deposits	613,023.30	
Notes receivable	18,323.00	
Due from affiliated companies	78,932.75	
Accounts receivable	112,506.80	
C.O.D.'s receivable	20,684.46	
Materials and supplies	48,930.75	
Other current assets	<u>105.51</u>	
Total current assets		\$292,506.57
Tangible property -		
Total	1,313,595.60	
Less reserve for depreciation	<u>595,197.03</u>	
Net		718,398.57
Other investments		27,608.07
Deferred debits		<u>72,677.26</u>
Total		<u>\$1,111,190.42</u>

Liabilities

Current liabilities -		
Notes payable	89,797.32	
Accounts payable	212,299.74	
Wages payable	56,053.12	
C.O.D.'s payable	92,204.83	
Taxes accrued	<u>57,650.66</u>	
Total current liabilities		\$428,010.67
Long-term debt		314,839.21
Deferred credits		5,146.15
Miscellaneous reserves		6,381.76
Capital stock		130,192.00
Surplus		<u>226,620.53</u>
Total		<u>\$1,111,190.42</u>

The application shows that the company presently is indebted to Union Bank & Trust Co. of Los Angeles in the amount of approximately \$97,398, ⁽¹⁾ representing the unpaid balances under conditional sale contracts and notes heretofore issued in the

(1) We are advised that this amount includes the following:-

<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>Balance</u>
\$25,776	Nov. 23, 1944	Dec. 5, 1948	6%	\$4,823
28,706	Oct. 16, 1945	Oct. 16, 1949	6%	16,127
40,302	Nov. 22, 1944	May 22, 1948	6%	2,865
29,775	Aug. 1, 1946	July 1, 1949	6%	14,005
50,175	Jan. 1, 1947	Jan. 1, 1950	6%	30,662
31,534	Dec. 17, 1947	Jan. 15, 1950	6%	<u>23,906</u>
			Total	\$97,398

conduct of its operations, and that it now desires to consolidate said balances into one note and to increase the total amount to \$180,000, the additional funds to be used to reduce outstanding current liabilities.

The \$180,000 to be thus borrowed will be represented by a note to Bank of America National Trust & Savings Association at its Vernon Branch, bearing interest at the rate of 5% per annum, payable in monthly installments of \$5000 commencing on May 10, 1948 and continuing until April 10, 1951, when the entire balance shall become due and payable. The payment of the note will be secured by a mortgage of chattels on company equipment the depreciated cost of which is reported at \$249,756.85.

A review of the application and of the company's financial reports indicates that it has need for the additional funds to improve its cash position. An order accordingly will be entered.

O R D E R

Signal Trucking Service, Ltd. having applied to the Public Utilities Commission for permission to execute a mortgage of chattels and to issue a note for \$180,000, and the Commission having considered the matter and being of the opinion that a public hearing is not necessary, that the request of applicant should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of said note is reasonably required for the purpose specified herein,

IT IS HEREBY ORDERED as follows:

1. Signal Trucking Service, Ltd. after the effective date hereof and on or before June 30, 1948, may execute a mortgage of chattels and issue a note in the principal amount of \$180,000, in, or substantially in, the same form as the mortgage

of chattels and note filed in this proceeding as Exhibit "A", and use the proceeds to pay outstanding indebtedness.

2. Signal Trucking Service, Ltd. shall file with the Commission a report as required by 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 Signal Trucking Service, Ltd. has paid the fee prescribed by Section 57 of the Public Utilities Act.

Dated at San Francisco, California, this 13th day of April, 1948.

R. F. Johnson
Justin F. Brewer
Grant R. Luce
Harold A. Kula
Quentin Potter
Commissioners

