

Decision No. 41974

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:
DESERT EXPRESS, a California corpora-
tion, for authority to borrow money,
and to execute a promissory note and
chattel mortgage on automotive equip-
ment to secure same.

Application
No. 29564

OPINION AND ORDER

This is an application by Desert Express for an order of the Public Utilities Commission authorizing it to execute a mortgage of chattels and to issue a note in the principal amount of \$36,000 for the purpose of paying outstanding indebtedness.

Desert Express is a corporation organized under the laws of the State of California, on or about November 28, 1947. Under authority granted by Decision No. 41149, dated January 19, 1948, it acquired certain operative rights and properties from Robert Snowden and from Arvin Line and now, according to the present application, is engaged in the business of transporting property as a highway common carrier, generally between Los Angeles and certain points and places in the vicinity thereof on the one hand, and Bakersfield on the other hand, between Mojave and Bakersfield, between Los Angeles and Mojave, between Los Angeles and Randsburg and Atolia and between Los Angeles and Lancaster.

For the three months ending April 30, 1948 applicant reports its operating revenues at \$42,134.87 with a net loss from operations for the period, of \$10,789.49. In this connection it alleges that the loss from operations during the period is normal and to be expected in view of the fact that its services have only recently commenced. It expects that ensuing months will

bring about a profitable operation provided economic conditions do not materially change and cost of operations do not unduly rise.

Applicant reports its assets and liabilities as of April 30, 1948 as follows:

<u>Assets</u>		
Current assets-		
Cash and deposits	\$ 9,411.73	
Accounts receivable	5,478.38	
Materials and supplies	<u>3,296.12</u>	
Total current assets		\$ 18,186.23
Tangible property-		
Carrier operating property	\$77,754.83	
Less- Reserve for depreciation	<u>3,020.38</u>	
Total tangible property		74,734.45
Intangible property		30,000.00
Prepaid expenses		<u>6,060.95</u>
Total		<u>\$128,981.63</u>

<u>Liabilities</u>		
Current liabilities-		
Accounts and wages payable	\$12,175.01	
Taxes accrued	459.82	
Other current liabilities	<u>1,083.11</u>	
Total current liabilities		\$ 13,717.94
Advances due officers		36,578.67
Advances due others		11,726.34
Long-term obligations		40,000.00
Capital stock		<u>45,000.00</u>
Deficit		<u>(18,041.32)</u>
Total		<u>\$128,981.63</u>

The present application shows that in order to obtain funds to acquire equipment, to construct terminal facilities and for general corporate purposes, applicant found it necessary to borrow certain sums of money from A. R. Reader and Phil F. Reader, which sums in turn were borrowed by said individuals upon their own credit. As shown in the preceding balance sheet the amounts thus borrowed aggregated \$36,578.67 on April 30, 1948.

Applicant now desires to repay these advances, in part, and accordingly has made arrangements to borrow the sum of

\$36,000 from Bank of America National Trust and Savings Association said sum to be represented by an installment note secured by a mortgage of chattels covering 37 units of equipment. A copy of the proposed note has been filed in this proceeding as Exhibit "A" and a copy of the proposed mortgage of chattels as Exhibit "B".

The Commission has considered this application and is of the opinion that a public hearing thereon is not necessary, that the request of the company 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 by Desert Express for the purpose specified herein, therefore,

IT IS HEREBY ORDERED as follows:

1. Desert Express, after the effective date hereof and on or before October 31, 1948, may execute a mortgage of chattels in substantially the same form as that filed in this proceeding as Exhibit "B" and may issue a note in the total amount of \$36,000, payable in monthly installments of \$1,000 with interest on deferred balances at the rate of 6% per annum, for the purpose of paying in part indebtedness due A. R. Reader and Phil F. Reader.

2. Desert Express shall file with the Commission a report, or reports, 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 Desert Express has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$36.00.

Dated at San Francisco, California, this 24th day
of August, 1948.

R. J. International
Justice J. C. Cramer
W. H. Howell
Harold P. Kula
Samuel S. Potter
Commissioners

