

Decision No. 43048

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of ACME TRANSPORTATION, INC., a :
corporation, for approval of the :
execution of a chattel mortgage. :
-----)

Application
No. 30402

O P I N I O N

Acme Transportation, Inc., a California corporation, asks the Commission to approve the issue of a note for the sum of \$86,837 to The Mechanics Bank of Richmond, and the execution of a chattel mortgage to secure the payment of the note. A copy of the chattel mortgage and note are on file in this application as Exhibit "A".

The Commission by Decision No. 42623, dated March 15, 1949, granted applicant a certificate of public convenience and necessity authorizing it to engage in transporting liquid petroleum products over the routes set forth in that decision. Prior to the effective date of said decision, applicant operated as a permit carrier.

As of December 31, 1948, applicant reports its assets and liabilities as follows:

Assets

Current assets		\$ 68,194.56
Cash and deposits	\$ 8,175.87	
Accounts receivable	47,585.39	
Materials and supplies	10,525.65	
Other current assets	1,907.65	
Tangible carrier operating property		125,931.35
Operating property	283,518.70	
Less-Reserve for depreciation	157,587.35	
Intangible property		15,000.00
Prepayments		<u>10,529.60</u>
Total assets		<u>\$219,655.51</u>

Liabilities

Current liabilities		\$ 76,049.13
Accounts payable	\$ 37,573.37	
Taxes accrued	32,300.77	
Other current liabilities	6,174.99	
Equipment and other long-term obligations		85,472.49
Insurance reserve		543.13
Capital stock		30,000.00
Earned surplus		<u>27,590.76</u>
Total liabilities		<u>\$219,655.51</u>

For 1948, applicant reports operating revenues of \$736,053.91 and net income of \$27,590.76.

Applicant's petition shows that on April 25, 1949, applicant executed a chattel mortgage securing a loan of \$86,837 from The Mechanics Bank of Richmond. Incorporated in the mortgage is a form of the note. \$62,000 of the money borrowed was used to pay the balance due on a note issued on October 30, 1947, to the Bank of America National Trust and Savings Association. The remainder of the money obtained from the bank is being used by applicant to renovate its new terminal buildings and alter and remodel its yard facilities. This work is now in progress and applicant does not know the exact amount necessary to complete the program. Any balance remaining after payment of the above mentioned indebtedness

and the amount expended in remodeling and renovating its facilities will be used by applicant for working capital and to perform its obligations as a highway common carrier.

The loan obtained from The Mechanics Bank of Richmond is payable in 17 consecutive monthly installments of \$5,000 each and a final installment of \$1,837. The interest on this loan is at the rate of 4 percent per annum. The mortgage is a lien on forty units of various types of equipment which are described in the mortgage.

Applicant alleges that its failure to petition the Commission for authority to execute the chattel mortgage was due to inadvertence, inasmuch as it only recently became subject to the provisions of the Public Utilities Act. It now asks the Commission to approve the chattel mortgage and note. Under the provisions of the Public Utilities Act both are void. The Commission cannot approve either the note or the mortgage. We will authorize applicant to issue a new note and a new mortgage, it being understood that the note now outstanding will be canceled and the mortgage released of record.

O R D E R

The Commission having considered this application and being of the opinion that a hearing thereon is not necessary, that the money, property or labor to be procured or paid for by the execution of the chattel mortgage and note herein authorized is reasonably required by Acme Transportation, Inc. for the purposes herein stated, which purposes are not, in whole or in part,

reasonably chargeable to operating expenses or to income; therefore,

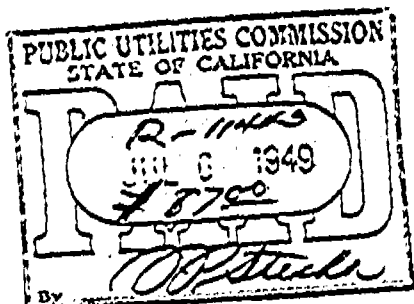
IT IS HEREBY ORDERED as follows:

1. Acme Transportation, Inc., after the effective date hereof and on or before August 31, 1949, may execute a chattel mortgage and issue a note for the sum of not exceeding \$86,837, said chattel mortgage and note to be in the same form as the chattel mortgage and note on file in this application as Exhibit "A", said chattel mortgage and note to be in lieu of the chattel mortgage and note executed to The Mechanics Bank of Richmond on April 25, 1949. Applicant may use the moneys obtained through the execution of said chattel mortgage and the issue of the note for the purposes stated in its application and referred to in the preceding opinion.

2. The authority herein granted will become effective when Acme Transportation, Inc. has paid the fee prescribed by Section 57 of the Public Utilities Act.

3. On or before October 31, 1949, Acme Transportation, Inc. shall file with the Commission a report showing the purposes for which it expended the moneys obtained through the execution of said chattel mortgage and the issue of said note.

Dated at San Francisco, California, this 28th day of June, 1949.



[Handwritten signatures of three commissioners]
Commissioners