

ORIGINAL

Decision No. 32744

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. 30922

OPINION

Signal Trucking Service, Ltd., hereinafter sometimes referred to as applicant, asks permission to issue to Bank of America National Trust and Savings Association its promissory note for the principal amount of \$315,000 for the purpose of refunding indebtedness in the amount of \$258,202.75 and to provide itself with working capital in the sum of \$56,797.25. Applicant also asks permission to execute a mortgage of chattels to secure the payment of the note. A copy of the proposed note and a copy of the proposed mortgage of chattels are on file in this application as Exhibit A.

Signal Trucking Service, Ltd. is a common carrier engaged in transporting property by motor truck. For the 11 months ending November 30, 1949, applicant reports operating revenues of \$2,436,213.18 and a net profit of \$75,225.85. As of November 30, 1949, it reports its assets and liabilities as follows:

<u>Assets</u>		
Current assets -		
Cash and deposits	\$ 39,433.44	
Notes receivable	15,932.38	
Accounts receivable	265,286.02	
Materials and supplies	50,989.33	
Other current assets	29.26	
Total current assets		\$ 371,670.43
Tangible property -		
Total	1,490,229.99	
Less-depreciation reserves	852,287.79	
Net tangible property		637,942.20
Other investments		21,652.92
Deferred charges		46,991.89
Total		<u>\$1,078,257.46</u>

Liabilities

Current liabilities -		
Accounts payable	\$219,335.21	
Accrued taxes	77,625.64	
Other current liabilities	<u>1,264.65</u>	
Total current liabilities		\$ 298,225.50
Long-term obligations		258,202.75
Deferred credits		74.14
Miscellaneous reserves		3,385.25
Capital stock		130,192.00
Surplus		<u>388,177.82</u>
Total		<u>\$1,078,257.46</u>

Applicant's long-term obligations, reported at \$258,202.75, consist of the following:

	<u>Date of Issue</u>	<u>Balance</u>
A. Chattel mortgages		
1. Bank of America N.T. & S.A.	4/16/48	\$ 85,000.00
2. Bank of America N.T. & S.A.	10/11/49	51,925.00
3. Fruehauf Trailer Co.	4/22/48	72,000.00
B. Conditional sales contracts		
4. Bank of America N.T. & S.A.	7/ 8/49	11,460.00
5. Bank of America N.T. & S.A.	9/16/49	6,700.00
6. Bank of America N.T. & S.A.	10/14/49	12,075.00
7. Fruehauf Trailer Co.	11/15/47	13,680.00
8. Seaboard Finance Co.	6/ 7/49	<u>5,362.75</u>
Total		<u>\$258,202.75</u>

The Commission has authorized the issue of notes one and two above. Applicant has advised the Commission that on or before February 4, 1950, it must pay license fees aggregating about \$52,000, and that it should also reduce its accounts payable. The \$315,000 obtained through the issue of the note will be used by applicant to pay the \$258,202.75, to pay license fees and current indebtedness aggregating \$56,797.25.

The interest on the \$315,000 note is payable monthly on the deferred balances at the rate of 5% per annum. The company agrees to pay \$10,500 of the principal of the note within 30 days after the approval of the issue of the note by the Commission, and the

remainder in 29 equal successive monthly installments of \$10,500 or more.

The payment of the note is to be secured by a mortgage of chattels which will be a lien on 410 units of different types of motor truck transportation equipment. The units are listed in Exhibit A. Applicant proposes to execute a mortgage of chattels to secure the payment of not only the \$315,000 loan but also the payment of any other sum now or hereafter owing by applicant to the bank, up to not exceeding \$630,000.

Applicant's petition shows that through inadvertence it executed, without Commission authorization, certain evidences of indebtedness payable at more than 12 months after date. Under the provisions of Section 52 of the Public Utilities Act such evidences of indebtedness are void. It appears from applicant's petition that it has made regularly the monthly payments under the void agreements. It now proposes to pay the balances due under such agreements through the use of part of the proceeds from the \$315,000 note issue. In the future, applicant should bring its borrowings into line with the provisions of the Public Utilities Act. In order to avoid any question as to how much applicant may borrow under the proposed mortgage, we believe that it should be closed at \$315,000. If applicant desires to borrow additional sums payable at more than one year after date, it should file with the Commission an application or applications for permission to do so and to execute a mortgage or mortgages if the lender desires such security.

#### O R D E R

The Commission has considered this application and is of the opinion that this is not a matter on which a hearing is

necessary, that the money, property or labor to be procured or paid for through the issue of a note for \$315,000 is reasonably required by Signal Trucking Service, Ltd. for the purposes herein specified, and that this application should be granted, subject to the provisions of this order; therefore,

IT IS HEREBY ORDERED as follows:

1. Signal Trucking Service, Ltd. may issue, after the effective date hereof and on or before March 15, 1950, to Bank of America National Trust and Savings Association its promissory 5% installment note for the principal sum of \$315,000, and use the proceeds to pay the balances due on the notes and contracts referred to in the preceding opinion, and to pay license fees and current indebtedness, said note to be in substantially the same form as the note on file in this application as Exhibit A.

2. To secure the payment of said \$315,000 note, Signal Trucking Service, Ltd. may execute a mortgage of chattels in form similar to the mortgage of chattels on file in this application as Exhibit A, except that the amount of indebtedness that may be secured by said mortgage of chattels shall be limited to \$315,000.

3. Signal Trucking Service, Ltd. shall file with the Commission within thirty (30) days after the issue of said note, a copy of the note and a copy of the mortgage of chattels executed under the authority herein granted, and a statement showing the purposes for which it expended the money obtained through the issue of said note.

4. 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 Los Angeles, California, this 1<sup>st</sup> day  
of February, 1950.

A. E. [Signature]  
Justice F. C. [Signature]  
[Signature]  
Harold P. [Signature]  
[Signature]  
Commissioners

