

Decision No. 42858

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
F. N. Rumbley Company, a California
Corporation, to execute a chattel
mortgage on certain motor vehicle
equipment.

Application
No. 30962

O P I N I O N

In this application, the Commission is asked to make an order authorizing F. N. Rumbley Company to execute a mortgage of chattels and to issue a note in the principal amount of \$99,000 for the purpose of paying indebtedness, of financing the cost of property and providing working capital.

Applicant is a California corporation engaged in business as a highway common carrier of petroleum products in bulk, except liquid asphalts and hot road oils and other petroleum products requiring insulated tanks. It operates generally between the Oregon-California state line and the California-Mexico line as set forth more specifically in Decision No. 42623 dated March 15, 1949, by which it acquired its certificate of public convenience and necessity to establish and conduct its operations. It reports its revenues for the eleven months ending November 30, 1949, at \$1,606,937.91, with net profit for the period of \$107,814.90. In Exhibit B attached to the application it sets forth its assets and liabilities as of November 30, 1949, as follows:

| <u>Assets</u> | | |
|----------------------------|-------------------|---------------------|
| Current assets- | | |
| Cash and deposits | \$ 61,938.75 | |
| Accounts receivable | 103,720.05 | |
| Materials and supplies | <u>54,428.08</u> | |
| Total current assets | | \$220,086.88 |
| Tangible property- | | |
| Carrier operating property | 999,833.12 | |
| Non-operating property | <u>243,402.84</u> | |
| | \$1,243,235.96 | |
| Less - reserves | <u>597,402.27</u> | |
| Net book value | | 645,833.69 |
| Intangible property | | 61,962.55 |
| Investments and advances | | 5,000.21 |
| Deferred debits | | <u>17,707.43</u> |
| Total | | <u>\$950,590.76</u> |

| <u>Liabilities</u> | | |
|------------------------------------|------------------|---------------------|
| Current liabilities- | | |
| Accounts payable | \$ 92,222.94 | |
| Taxes accrued | <u>97,258.29</u> | |
| Total current liabilities | | \$ 189,481.23 |
| Long-term obligations | | 155,873.90 |
| Reserve for uncollectible accounts | | 2,265.53 |
| Capital stock | | 292,800.00 |
| Surplus | | <u>310,170.10</u> |
| Total | | <u>\$950,590.76</u> |

Applicant now reports that it desires to borrow from Bank of America National Trust and Savings Association of Fresno, the sum of \$99,000.00 and to use the proceeds for the following purposes:

| | |
|---|--------------------|
| (1) To pay off and retire an existing mortgage of chattels now held by Bank of America National Trust and Savings Association | \$23,812.64 |
| (2) To finance the cost of acquiring certain assets from G & N Tank Trucking Company | 60,000.00 |
| (3) To provide working capital | <u>15,187.36</u> |
| Total | <u>\$99,000.00</u> |

The properties to be acquired from G & N Tank Trucking Company include six trucks and trailers with certain spare tanks and equipment. G & N Tank Trucking Company presently is operating

as a highway common carrier of petroleum products within the state. The transfer of its properties to applicant is authorized by the decision in Application No. 30963.

The sum proposed to be borrowed by applicant will be represented by a note for \$99,000 payable in the amount of \$4,304.52 on March 1, 1950, and in 22 equal successive installments of \$4,304.34 beginning April 1, 1950, and continuing until January 1, 1952, on which latter date the entire balance of principal and interest then unpaid shall be due and payable. Interest is payable on deferred balances at the rate of five per cent per annum. Payment of the note will be secured by a mortgage of chattels covering applicant's equipment.

A review of the application indicates that the applicant has need for the funds to be obtained through the issue of the proposed note for the purposes indicated herein.

ORDER

The Commission having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of a note for \$99,000 is reasonably required by F. N. Rumbley Company for the purposes specified herein and that such purposes, except as otherwise authorized, are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. F. N. Rumbley Company, after the effective date hereof and on or before June 30, 1950, may execute a mortgage of

chattels and issue a note in the principal amount of \$99,000 in substantially the same form as the mortgage of chattels and the note filed in this proceeding as Exhibit, A.

2. Applicant shall use not more than \$23,812.64 of the proceeds to be realized through the issue of said note to pay and retire an existing mortgage of chattels on its properties, \$60,000 of said proceeds to finance the cost of acquiring the properties of G & N Tank Trucking Company and the remaining proceeds to maintain and improve its service and to provide working capital.

3. Applicant 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.

4. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$99.00.

Dated at San Francisco, California, this 28th day of February 1950.

J. J. [Signature]
Justice J. Calles
[Signature]
Harold P. Huber
[Signature]

Commissioners

