

ORIGINAL

Decision No. 44169

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of ACME TRANSPORTATION, INC., a	:	
corporation, for authority to)	Application
execute a promissory note, chattel	:	No. 31343
mortgage, and conditional sales)	
contract.	:	
-----)	

O P I N I O N

In this application, the Commission is asked to make an order authorizing Acme Transportation, Inc. to issue notes and to execute mortgages of chattels and conditional sale contracts as hereinafter set forth.

Applicant is a corporation organized under the laws of the State of California on or about October 14, 1947. It appears that at the outset it was engaged in business as a highway contract carrier and a radial highway common carrier, but that on June 29, 1948, it filed with the Commission an application (No. 29473) for a certificate of public convenience and necessity to operate as a highway common carrier for the transportation of petroleum products, in bulk, in tank trucks and trailers. By Decision No. 42623, dated March 15, 1949, the Commission granted applicant a certificate to operate over certain routes.(1)

In its 1949 annual report, applicant reports operating revenues of \$715,133, operating expenses, including income taxes,

(1)

Applicant's 1949 annual report shows operations over regular routes between Oakland and Klamath Falls and between Bakersfield and Hanford and Klamath Falls.

of \$704,207, and net operating income of \$10,926. In the present application it reports, for the first three months of 1950, operating revenues of \$63,604, operating expenses of \$56,778, and net operating revenues of \$6,826. It reports its assets and liabilities as of March 31, 1950, as follows:

Assets

Current assets -		
Cash and deposits	\$ 7,877.75	
Notes and accounts receivable	26,939.19	
Materials and supplies	<u>18,202.50</u>	
Total current assets		\$ 53,019.44
Tangible property -		
Carrier operating property	388,196.92	
Less-reserve for depreciation	<u>235,959.42</u>	
Total tangible property		152,237.50
Intangible property		15,000.00
Deferred debits		<u>20,268.00</u>
	Total	<u>\$240,524.94</u>

Liabilities

Current liabilities -		
Accounts and wages payable	\$ 50,575.05	
Taxes accrued	23,734.78	
Other current liabilities	<u>4,933.76</u>	
Total current liabilities		\$ 79,243.59
Long-term obligations		100,254.93
Insurance reserve		2,112.77
Capital stock		30,000.00
Surplus		<u>28,913.65</u>
	Total	<u>\$240,524.94</u>

About the time applicant acquired its certificate of public convenience and necessity, it issued certain notes and executed mortgages and conditional sale contracts, payable in part at periods later than twelve months after their dates, for the purpose of paying indebtedness and of financing the cost of equipment. The amounts thus borrowed and the amounts remaining unpaid are reported as follows:

	<u>Amount</u>	<u>Unpaid Balance</u>
Two notes in favor of Bank of America, one dated March 17, 1949, and one dated June 15, 1949, each secured by mortgage, payable in monthly installments of \$317.53	\$ 6,592.68	\$ 3,517.60
Conditional sale contract with Fruehauf Trailer Company, dated March 1, 1949, payable in 48 monthly installments with interest at the rate of 6%	24,872.00	16,596.00
Conditional sale contract with Peterbilt Motors Company, dated March 15, 1949, payable in 36 monthly installments with interest at the rate of 6%	<u>23,965.20</u>	<u>15,311.10</u>
Total	<u>\$55,429.88</u>	<u>\$35,424.70</u>

Applicant did not obtain from this Commission authority to execute these evidences of indebtedness. It states that its failure to obtain such authority was due to the fact that it had been a highway common carrier for a short period of time and was not aware of the provisions of Section 52 of the Public Utilities Act. When the matter was called to its attention, it took steps forthwith to file the present application. It now asks the Commission for authority to execute instruments in the same form as those heretofore executed to the extent of the sums presently outstanding. It has filed as Exhibit A 1 and Exhibit A 2, copies of the notes and mortgages in favor of Bank of America; as Exhibit B, a copy of the conditional sale contract with Fruehauf Trailer Company; and as Exhibit C, a copy of the contract with Peterbilt Motors Company.

A review of the application indicates that applicant had need for the funds represented by the several documents, and that its failure to obtain authorization of the same was through inadvertence and with no intent to evade the provisions of the Public Utilities Act.

An order accordingly will be entered in this matter.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary, that the money, property or labor to be procured or paid for through the notes, mortgages of chattels and conditional sale contracts herein authorized is reasonably required by applicant for the purposes specified herein, and that such 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 July 31, 1950, may issue notes and execute mortgages of chattels and conditional sale contracts, in substantially the same form as those filed in this proceeding as Exhibits A 1, A 2, B and C, providing for deferred payments in the aggregate amount of not exceeding \$35,424.70, for the purpose of paying indebtedness and of financing the cost of equipment.

2. Applicant 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 applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is thirty-six (\$36.00) dollars.

Dated at San Francisco, California, this 16th day
of May, 1950.

R. Z. [Signature]
Justice J. Calves
[Signature]
Harold A. Kule
[Signature]
Commissioners

