

Decision No. 44276

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of: )  
 :  
 PUBLIC FREIGHT SYSTEM, a California )  
 corporation, )  
 :  
 for authority to borrow money, and to )  
 execute a promissory note and chattel )  
 mortgage on automotive equipment to )  
 secure same. )  
 ----- )  
 :

Application  
No. 31267O P I N I O N

This is an application for an order authorizing Public Freight System to execute a mortgage of chattels and to issue a promissory note in the amount of \$31,653.

Applicant is engaged in business as a highway common carrier between Los Angeles and Los Angeles harbor. Its assets and liabilities as of January 31, 1950, as shown in Exhibit C filed in this proceeding, are as follows:

Assets

Cash and accounts receivable		\$11,829.15
Fixed assets	\$124,460.16	
Less: Reserves for depreciation	<u>55,450.79</u>	69,009.37
Deferred assets		5,836.15
Intangible assets		<u>12,018.22</u>
Total assets		<u>\$98,692.89</u>

Liabilities

Current liabilities	\$14,954.92
Equipment obligations, Bank of America	30,187.00
Other equipment obligations	8,004.67
Notes payable	9,550.00
Provision for income taxes	214.15
Capital stock	22,700.00
Earned surplus	<u>13,082.15</u>
Total liabilities	<u>\$98,692.89</u>

The revenues and expenses for the operation of the business are shown in applicant's annual reports for the last two years as follows:

	<u>1948</u>	<u>1949</u>
Operating revenues	\$200,409.33	\$228,251.33
Expenses -		
Operation and maintenance	161,202.97	186,295.80
Depreciation	20,766.60	13,944.86
Operating taxes and licenses	10,536.52	14,713.37
Operating rents	3,389.21	2,969.10
Income taxes	575.56	1,746.45
Total	<u>196,470.86</u>	<u>219,669.58</u>
Net operating revenue	3,938.47	8,581.75
Interest	<u>2,205.19</u>	<u>3,342.37</u>
Net income	<u>\$ 1,733.28</u>	<u>\$ 5,239.38</u>

Applicant reports that during the year immediately preceding the filing of this application it obtained certain short-term 7% loans, and that the unpaid balances on three of said loans at the time this application was filed were \$24,919, \$2,500 and \$4,234, a total of \$31,653. The first of said loans is reported to have been made for the purpose of financing the cost of new equipment, and the other two are reported to have been made for the purpose of paying for licenses and meeting other expenditures of the business arising during 1949 and early 1950.

The three notes are due and payable. It appears that applicant does not have sufficient funds on hand to pay the same and that accordingly it has made arrangements to consolidate the three notes into one loan, and to extend the time of payment over a period of nineteen months. To carry out the plan, it has negotiated a loan with the Bank of America National Trust and Savings Association in the amount of \$31,653, which would permit it to discharge its debts at the rate of \$1,700 per month for a period of eighteen months with a final payment of \$1,053, the note to bear

interest at the rate of 7% per annum on the unpaid balance. The payment of the note is to be secured by a mortgage of chattels on certain designated automotive equipment consisting of fifteen tractors, eighteen semi-trailers, nine trucks and four dollies. A copy of the note has been filed as Exhibit A and a copy of the mortgage of chattels and a list of the equipment covered thereby as Exhibit B.

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 application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of a note for \$31,653 is reasonably required by applicant for the purposes specified herein; therefore,

IT IS HEREBY ORDERED as follows:

1. Public Freight System, after the effective date hereof and on or before August 31, 1950, may execute a mortgage of chattels and may issue its promissory note in the principal amount of \$31,653, said mortgage of chattels and note to be in, or substantially in, the same form as those filed in this proceeding as Exhibit B and Exhibit A, respectively.

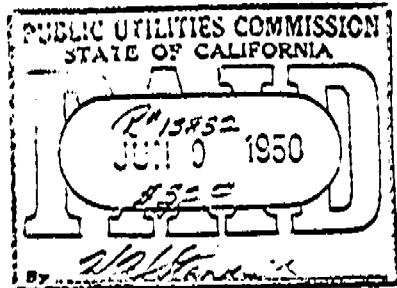
2. Public Freight System shall use the proceeds to be obtained through the issue of the note herein authorized for the purposes referred to in the preceding opinion.

3. Applicant shall file with the Commission a copy of the note and a copy of the mortgage of chattels executed under the

authority herein granted within thirty (30) days after the dates thereof. It shall file with the Commission within six (6) months after the issue of the note herein authorized, a statement showing the purposes for which it used the proceeds.

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 thirty-two (\$32.00) dollars.

Dated at San Francisco, California, this 7<sup>th</sup> day of June, 1950.



R. E. Johnson  
Justice J. Calles  
Harold A. Hills  
Commissioners