

Decision No. 44449

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
SECURITY TRUCK LINE for authority to	:	
enter into lease and execute notes)	Application
for acquisition of additional auto-	:	No. 31481
motive equipment.)	
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O P I N I O N

In this application, Security Truck Line requests an order from this Commission authorizing it to execute certain evidences of indebtedness in the aggregate principal amount of \$110,000, for purposes hereinafter stated.

Applicant is a corporation engaged in various motor carrier operations, including a highway common carrier service for the transportation of general commodities between San Francisco and San Jose, on the one hand, and, on the other hand, points south of San Jose to and including Hollister and intermediate points via Morgan Hill, Gilroy and San Juan. (1) Its annual report to the Commission for the year ended December 31, 1949, shows its revenues from all sources at \$557,234, with net income of \$28,304, and its assets and liabilities as of the close of the year, in summary form, as follows:

(1) Applicant also is engaged as a common carrier of property in interstate commerce between points in California and Reno, Nevada, and as a radial highway common carrier, a highway contract carrier and a city carrier.

Assets

Current assets	\$131,677
Tangible property (depreciated)	241,074
Intangible property	9,324
U. S. treasury bonds	8,500
Deferred debits	<u>11,359</u>
Total assets	<u>\$401,934</u>

Liabilities

Current liabilities	\$ 80,869
Equipment obligations	36,389
Real estate mortgage	69,008
Deferred credits	3,250
Reserves	750
Capital stock	184,500
Earned surplus	<u>27,168</u>
Total liabilities	<u>\$401,934</u>

Applicant seeks authority to enter into an agreement with Truck Lease Co., providing for the payment by applicant of the sum of \$54,120 in 48 equal monthly installments of \$1,127.50 each, plus interest at the rate of 6 percent on monthly unpaid balances, for the acquisition of 33 units of equipment consisting of 10 trucks, 7 tractors, 7 semi-trailers, and 9 full trailers.

In addition, applicant requests authority to execute a mortgage or mortgages of chattels and promissory notes to American Trust Company representing indebtedness aggregating \$55,880, maturing within two years after date of execution and bearing interest at a rate of not exceeding 5 percent per annum on monthly unpaid balances. Approximately \$21,000 of the proceeds will be used to finance the acquisition of 5 full trailers and the remainder to refinance existing equipment obligations.

Applicant alleges that it needs the additional motor vehicle equipment for the proper conduct of its business.

O R D E R

The Commission has considered the above entitled matter and is 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 by the execution of evidences of indebtedness totaling not in excess of \$110,000 is reasonably required by Security Truck Line 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. Security Truck Line, after the effective date hereof and on or before December 31, 1950, for the purpose set forth in this application, may execute an agreement providing for total payments of \$54,120 in 48 equal monthly installments of \$1,127.50 each, plus interest at 6 percent on monthly unpaid balances.

2. Security Truck Line, after the effective date hereof and on or before December 31, 1950, may execute a mortgage or mortgages of chattels and promissory notes aggregating not exceeding \$55,880, maturing within two (2) years after the date thereof and bearing interest at the rate of not over 5 percent per annum on monthly unpaid balances, to be in, or substantially in, the same form as that filed in this proceeding as Exhibit C.

3. Security Truck Line shall use the proceeds to be derived from the mortgage or mortgages of chattels and promissory notes herein authorized to refinance existing equipment obligations

and to finance the acquisition of 5 full trailers.

4. Within thirty (30) days after the date thereof, Security Truck Line shall file with the Commission a copy of each evidence of indebtedness as actually executed under the authority herein granted, together with a statement showing the purposes for which it expended the proceeds derived therefrom.

5. 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 one hundred ten (\$110.00) dollars.

Dated at San Francisco, California, this 27th day of June, 1950.

R. F. [Signature]

Harold A. Kild

Harold A. Kild

Commissioners

