

Decision No. 45020

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

CAPITOL TANK LINE INC.

for an order authorizing applicant to issue its Conditional Sales Contract for the purchase of equipment; to issue its promissory note for refunding present indebtedness and to secure said note with a chattel mortgage upon certain of its present equipment.

Application  
No. 31744

O P I N I O N

This is an application by Capitol Tank Line Inc. for authority to execute a conditional sales contract providing for deferred payments of \$33,812.84, to issue a promissory note in the principal amount of \$114,735.83, and to execute a mortgage of chattels to secure the payment of said note, for the purpose of financing the cost of equipment and of refunding outstanding indebtedness.

Applicant is a California corporation organized on or about March 27, 1950, with an authorized capital stock of 100 shares without par value. Pursuant to authority granted by Decision No. 44441, dated June 27, 1950, it issued its authorized shares of stock and certain notes, assumed the payment of outstanding indebtedness, acquired the operative rights and properties of Morris Esacove and Wally Esacove, and entered into business as a highway common carrier of petroleum products between points in California and as an interstate carrier between points in California and points in Arizona. (1)

(1) The former operators reported for the year 1949 operating revenues of \$618,908, with net income of \$123,992 before income taxes, and for the first six months of 1950, operating revenues of \$314,086, with net income of \$52,301 before income taxes.

Its statement of assets and liabilities as of July 1, 1950, at the inception of its operations, is reported as follows:

<u>Assets</u>		
Current assets -		
Cash and deposits	\$ 4,218.07	
Accounts receivable	35,241.47	
Inventory	8,297.36	
Prepayments	<u>31,342.14</u>	
Total current assets		\$ 79,099.04
Tangible assets -		
Cost	381,090.10	
Reserve for depreciation	<u>91,848.23</u>	
Net tangible assets		<u>289,241.87</u>
Total		<u>\$368,340.91</u>
<u>Liabilities</u>		
Current liabilities		
Long-term obligations	\$ 22,397.25	
Notes and accounts to stockholders	134,540.22	
Capital stock	136,403.44	
	<u>75,000.00</u>	
Total		<u>\$368,340.91</u>

In the present proceeding, applicant reports that in order to improve its service and to effect operating economies, it has arranged to purchase two new 1950 Peterbilt tank trucks at a total cost of \$33,822.84, and to finance the acquisition through the execution of a conditional sales contract providing for a down payment of \$10 and the payment of the remaining \$33,812.84 in eleven equal, successive monthly installments of \$940 and one final payment of \$23,472.84. A copy of the proposed form of contract has been filed as Exhibit E.

It appears, however, that the contract, by its terms, provides for payments within a period of twelve months. Accordingly, it may be executed without an order from this Commission and this portion of the application will be dismissed without prejudice, although applicant is advised that if it intends to renew or extend the time

for payment of the final installment it must then file an application for permission to do so.

Applicant reports that presently it is indebted to Bank of America National Trust and Savings Association in the total amount of \$114,735.83 represented by ten notes, most of which were executed by its predecessor, in the original amount of \$381,005.83, bearing interest at the rate of 7% per annum. We are advised that on eight of such notes, applicant is required to make monthly payments aggregating \$6,727, and that on the other two notes, which were issued but recently, it will be required to make additional payments starting several months hence, the amount of which, however, is not reported to us at this time. Applicant now desires to consolidate said indebtedness and thereby reduce the amount of monthly payments as well as provide for meeting certain of said loans which are due in lump sum payments, and to that end has made arrangements to issue a new note to Bank of America National Trust and Savings Association in the principal amount of \$114,735.83, payable in equal, successive monthly installments of \$4,000, with interest on deferred balances at the rate of 7% per annum. The payment of the new note will be secured by a mortgage of chattels on applicant's equipment.

It appears that the proposed transaction will improve applicant's current position with respect to its monthly outlays. Under the circumstances set forth in this application, its request to issue a note and execute a mortgage of chattels will be granted.

#### 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 issue of the note herein authorized is reasonably required by applicant for the purpose specified herein; that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; and that the application, insofar as it involves the execution of a conditional sales contract, should be dismissed without prejudice; therefore,

IT IS HEREBY ORDERED as follows:

1. Capitol Tank Line Inc., after the effective date hereof and on or before March 31, 1951, may issue a promissory note in the principal amount of not exceeding \$114,735.83 for the purpose of paying or refunding outstanding indebtedness of like amount, and may execute a mortgage of chattels to secure the payment of the same, which note and mortgage of chattels shall be in, or substantially in, the same form as those filed in this proceeding as Exhibit G and Exhibit H, respectively.

2. The application, insofar as it involves a request to execute a conditional sales contract, is hereby dismissed without prejudice.

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 to issue a note and to execute a mortgage of chattels will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is one hundred fifteen (\$115.00) dollars. In other respects the order herein will become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 21<sup>st</sup> day of  
November, 1950.

R. E. Zimmerman  
Justin F. Chalmer  
Charles F. Powell  
Harold P. Kule  
Herbert P. Potter  
Commissioners

