

Decision No. 46552

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of
PUBLIC FREIGHT SYSTEM for authority
to borrow money and execute a
Promissory Note and Chattel Mortgage
pursuant to Article 5, Sections 816
to 830 inclusive of the Public
Utilities Code of the State of
California.

Application
No. 32978

O 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 principal amount of \$61,200 for the purpose of paying outstanding indebtedness and of providing additional working capital.

Applicant is a corporation engaged in business as a highway common carrier between Los Angeles and Los Angeles Harbor, and between the Los Angeles Metropolitan Area, and Fontana, and certain points intermediate thereto.

Applicant reports that it has presently outstanding two promissory notes secured by chattel mortgages payable to Bank of America National Trust and Savings Association. One of the notes, on which there is an unpaid balance of \$21,700, falls due on January 10, 1952. The second promissory note, on which there is an unpaid balance of \$18,386.03, falls due on March 20, 1952. Both of these notes are secured by chattel mortgages on certain of applicant's motor vehicle equipment.

It appears that applicant does not have sufficient funds on hand to pay the outstanding loans when they fall due and accordingly, it has made arrangements to consolidate the two loans into one loan which will be payable over an extended period of time. At the same time it arranged to procure approximately \$22,000 of additional funds which it reports it needs as working cash. To carry out the re-financing plan and to procure the additional working funds, applicant has negotiated a loan with Bank of America National Trust and Savings Association in the amount of \$61,200. The promissory note which applicant proposes to issue is to be repaid over a period of 36 months in equal monthly installments of \$1,700 each, with interest at the rate of 6½% per annum on deferred balances. The payment of the note is to be secured by a mortgage of chattels on certain designated automotive equipment listed in detail in Exhibit D, attached to the application. A copy of the note has been filed as Exhibit E and a copy of the chattel mortgage as Exhibit C, to the application.

A review of the application indicates that applicant will have need for the proceeds for the purposes indicated in this application and that the issue of the note as proposed should improve its financial condition by providing additional cash for working capital and by extending the time for payment of its outstanding indebtedness. Accordingly, an order will be entered granting applicant's request.

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; that the money, property or labor to be procured or paid for through the issue of a note for \$61,200 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 of to income; therefore,

IT IS HEREBY ORDERED as follows:

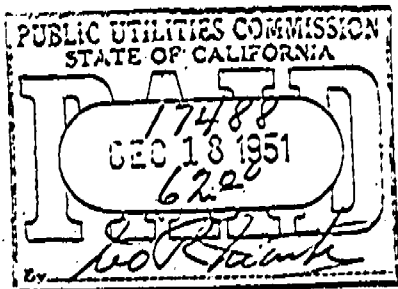
1. Public Freight System, after the effective date hereof and on or before June 30, 1952, may execute a mortgage of chattels and may issue its promissory note in the principal amount of \$61,200, said mortgage of chattels and note to be in, or substantially in, the same form as those filed in this proceeding as Exhibits C and B, 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 days after the dates thereof. It shall file with the Commission within six 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 1904 of the Public Utilities Code, which fee is \$62.00.

Dated at San Francisco, California, this 18th day of December, 1951.



R. B. Johnson President
Justus F. Cassen
Harold P. Hula
Francis W. Potter
Robert E. Mitchell Commissioners