

ORIGINAL

Decision No. 46554.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

| | | |
|-------------------------------------|---|-------------|
| In the Matter of the Application of |) | |
| SIGNAL TRUCKING SERVICE, LTD., a | : | |
| corporation, for authority to |) | Application |
| execute evidence of indebtedness | : | No. 32965 |
| and a chattel mortgage. |) | |
| ----- | : | |

O P I N I O N

This is an application for an order of the Commission authorizing Signal Trucking Service, Ltd. to execute a mortgage of chattels and to issue a promissory note in the principal amount of \$300,000 for the purpose of paying outstanding indebtedness.

Applicant is a California corporation engaged as a highway common carrier of property generally between Los Angeles and the harbor area. It reports that it will have need for the proceeds to be received through the issue of the proposed note to retire balances due on outstanding mortgage indebtedness and conditional sales contracts which have been executed to pay for additional equipment, to discharge a portion of its current accounts payable, and to meet its truck license obligations of approximately \$45,000 which must be paid in January of 1952. It reports that it does not have the funds necessary to meet these license payments.

The proposed note will be issued to Bank of America National Trust and Savings Association at its Vernon Branch, and will be payable in equal successive monthly installments of \$12,000, beginning on January 10, 1952, with interest on deferred balances at the rate of 5½% per annum. The payment of the note will be secured by a mortgage on applicant's operative equipment.

In financial statements filed with the Commission, applicant has reported its operating revenues at \$2,859,155 during 1950 and at \$2,326,811 during the first nine months of 1951, with net income of \$64,734 in 1950 and of \$32,579 during the nine-months period of 1951, after making provision for depreciation in each of the periods. In Exhibit G it reports its assets and liabilities as of September 30, 1951, showing its financial condition as follows:

Assets

| | | |
|-------------------------------|---------------------|-----------------------|
| Current assets - | | |
| Cash | \$ 22,801.09 | |
| Notes and accounts receivable | 210,630.59 | |
| Materials and supplies | 91,641.93 | |
| Prepayments | 107,410.17 | |
| Miscellaneous | <u>12.78</u> | |
| Total current assets | | \$ 432,496.56 |
| Tangible property - | | |
| Total amount | 1,696,039.42 | |
| Less-depreciation reserve | <u>1,096,896.40</u> | |
| Net tangible property | | 599,143.02 |
| Intangible property | | 5,112.00 |
| Other investments | | 163,150.18 |
| Deferred charges | | <u>26,275.60</u> |
| Total | | <u>\$1,226,177.36</u> |

Liabilities and Net Worth

| | | |
|---------------------------|-------------------|-----------------------|
| Current liabilities - | | |
| Accounts payable | \$ 410,649.96 | |
| Accrued liabilities | <u>59,557.78</u> | |
| Total current liabilities | | \$ 470,207.74 |
| Long-term debt | | 161,311.50 |
| Deferred credits | | 4,049.13 |
| Net worth - | | |
| Common stock | 130,192.00 | |
| Surplus | <u>460,416.99</u> | |
| Total net worth | | <u>590,608.99</u> |
| Total | | <u>\$1,226,177.36</u> |

The long-term debt includes equipment obligations of \$129,721.50 and other long-term obligations of \$31,590. The Commission is informed that during the ensuing year the company will be faced with payments on account of the principal in the amount of \$104,481 and on account of interest in the amount of \$4,356.76, a total of \$108,837.76.

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 the note herein authorized is reasonably required by applicant for the purposes specified herein; and that such purposes, except as otherwise authorized, are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Signal Trucking Service, Ltd., after the effective date hereof and on or before March 31, 1952, may execute a mortgage of chattels in substantially the same form as that filed in this proceeding as Exhibit B, and may issue a promissory note in the principal amount of \$300,000 in substantially the same form as that filed in this proceeding as Exhibit A, and use the proceeds for the purposes set forth in this application.

2. Applicant shall file with the Commission monthly reports 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 1904 of the Public Utilities Code, which fee is three hundred (\$300.00) dollars.

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

A. J. [Signature]
President

Justin J. [Signature]

Harold P. [Signature]

Marionette [Signature]

John E. [Signature]
Commissioners

