

ORIGINAL

Decision No. 48971

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
ASSOCIATED FREIGHT LINES, a corpor-)
ation, for authorization to issue)
promissory note and encumber public)
utility property.)
-----)

Application
No. 34593

O P I N I O N

This is an application filed by Associated Freight Lines for authorization to execute a deed of trust, to issue a promissory note in the principal amount of \$42,500, and to assume the payment of outstanding indebtedness of \$22,500.

Applicant is a California corporation engaged in the transportation of general commodities as a highway common carrier between San Francisco and Los Angeles. It appears that its operative properties consist only of trucks, trailers, shop, garage and office equipment and miscellaneous items but that now it is undertaking to acquire, for the sum of \$75,000, certain land in the City of Los Angeles improved with a building and other properties which it intends to use for terminal purposes.

Under the terms of the purchase agreement applicant will make a down payment of \$10,000 with moneys obtained from its stockholders and, in order to finance the remainder of the price, will assume the payment of an outstanding note in the principal amount of \$22,500, secured by a deed of trust, and will issue to John J. Cletro and Victor F. Palmer a promissory note in the principal amount of \$42,500, secured by a second deed of trust. The \$22,500 note will be

payable in monthly installments of \$387.50, with interest at the rate of 5½% per annum on the monthly decreasing balances of the principal sum, and with final payment on October 5, 1959, and the \$42,500 note will be payable in monthly installments of \$600, with interest at the rate of 6% per annum on the unpaid principal, the monthly payments commencing on November 5, 1959.

Applicant's 1952 annual report on file with the Commission shows its operating revenues for the year in the amount of \$403,310 with net income of \$2,320, after making deductions for depreciation in the amount of \$17,191. Its financial statement filed with this application shows operating revenues for the first five months of 1953 in the amount of \$185,504 and net income of \$5,712, after making provision for depreciation in the amount of \$7,290. Applicant's statement indicates that as of May 31, 1953, it had invested the sum of \$90,747 in carrier operating property and \$48,470 in current and other assets, and that it had outstanding equipment obligations of only \$27,901 and current liabilities of \$27,187.

Upon reviewing this matter and applicant's financial statements, we are of the opinion that an order should be entered granting the application.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing 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 issue of the note and the assumption of the indebtedness herein authorized 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 or to income; therefore,

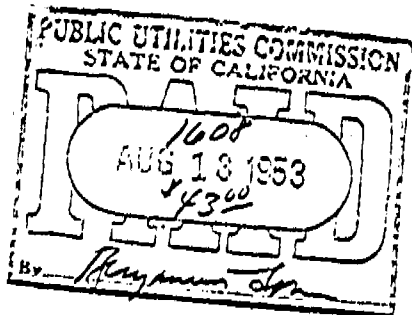
IT IS HEREBY ORDERED as follows:

1. Associated Freight Lines, on and after the effective date hereof and on or before December 31, 1953, may execute a deed of trust, in substantially the same form as the deed of trust filed in this proceeding as Exhibit C, may assume the payment of outstanding indebtedness in the amount of not exceeding \$22,500 represented by a note filed in this proceeding as Exhibit D, and may issue a promissory note in the principal amount of \$42,500, in substantially the same form as the note filed in this proceeding as Exhibit B, for the purposes indicated 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(b) of the Public Utilities Code, which fee is \$43.00.

Dated at San Francisco, California, this 18th day of August, 1953.



President

James J. O'Connell

Harold P. Hille

Richard L. [unclear]

Commissioners