

Decision No. 49425

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 Sections 816 to 853 in-)
 clusive of the Public Utilities Code)
 of the State of California.)
 -----)

Application
No. 34917

O P I N I O N

Public Freight System, applicant herein, is a California corporation engaged in business as a highway common carrier between Los Angeles and Los Angeles harbor areas and between the Los Angeles metropolitan area and Fontana and certain intermediate points. In this application it seeks authorization to execute a mortgage of chattels and to issue a promissory note in the principal amount of \$50,000 for the purpose of paying indebtedness and of maintaining and increasing its working capital.

The application shows that applicant is indebted to Bank of America National Trust and Savings Association in the amount of \$32,600, represented by a 6½% note in the principal amount of \$22,100 payable in monthly installments of \$1,700, and a 6½% note in the principal amount of \$10,500 payable in December of 1953 and that applicant desires to consolidate the two notes into one new note, thereby extending the time for payment, and to increase its borrowings to \$50,000 in order to obtain additional cash to replenish its treasury for funds used in the acquisition of property and to provide amounts necessary to pay motor vehicle license taxes which are about to become due and which applicant estimates will aggregate more than \$10,000. Applicant is of the opinion that the payment of these license taxes from its funds on hand would impair its working capital.

It appears that applicant has made arrangements to obtain the \$50,000 it estimates it will require from Bank of America National Trust and Savings Association, said sum to be represented by a note payable in installments of \$1,000 on January 20, 1954, and 35 equal successive monthly installments of \$1,400 beginning on February 20, 1954, and continuing until December 20, 1956, on which date the entire balance of principal and interest then unpaid shall be due and payable, together with interest on deferred balances at the rate of 6½% per annum.

Applicant's financial statement filed in this proceeding shows its reported net investment in tangible property at \$88,684 as of October 31, 1953, and its current assets at \$51,479, with current liabilities of \$59,419. The statement shows revenues for the first ten months of 1953 in the amount of \$606,456 with a net loss for the period of \$4,793. It appears, however, that increases in rates were authorized in September and applicant reports revenues of \$74,259 for the month of October and net income of \$8,055.

From a review of this application we are of the opinion that applicant will have need for the proceeds to be received through the issue of the note for the purposes indicated in the application and that the issue of the note, as proposed, will improve its financial position by extending the time for payment of the outstanding indebtedness and by providing additional cash working capital. Accordingly, we will enter an order granting applicant's request.

ORDER

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

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. Public Freight System, on and after the effective date hereof and on or before February 28, 1954, may execute a mortgage of chattels and may issue its promissory note in the principal amount of \$50,000 for the purposes set forth in this application, said mortgage of chattels and note to be in, or substantially in, the same form as those filed in this proceeding.

2. Public Freight System 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 Public Freight System has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$28.00.

Dated at San Francisco, California, this 15th day of December, 1953.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners

