

ORIGINAL

Decision No. 51331

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
PACIFIC TRUCK SERVICE, INC.,)	Application
a corporation, for authority to execute)	No. 36828
a chattel mortgage and promissory note.)	
-----)	

OPINION AND ORDER

Pacific Truck Service, Inc., applicant herein, is engaged in the transportation of petroleum and petroleum products in bulk throughout the state. In this application it seeks authorization to execute a mortgage of chattels and to issue a promissory note in the principal amount of \$150,000 for the purpose of financing the cost of equipment.

Applicant's fleet of equipment at the close of 1954, according to its annual report, consisted of 60 trucks and tractors, 32 semi-trailers and 43 full trailers, which it had acquired at a total cost of \$930,945. During 1954 it purchased seven units of equipment at a cost of approximately \$90,000 and it asserts that in 1955 it must acquire four trucks, four trailers and tanks, and two semi-trailers and tanks, at an estimated cost of \$150,000, in order to respond to the demands of its shippers for service. It reports that its 1954 property acquisitions were provided with its own funds and with no outside borrowings and it appears that as a result its working cash has been depleted and it is not in a position at this time to meet its capital requirements for new equipment without outside funds. Accordingly, it has made arrangements to obtain \$150,000 from Bank of California, the amount to be

represented by a promissory note payable in 60 equal monthly installments with interest at the rate of 4-1/2% per annum on declining balances, the payment to be secured by a mortgage of chattels covering certain of applicant's units of equipment.

Applicant's financial reports show that during 1954 it had gross revenues of \$1,848,213 and operating profit of \$52,799. Its current assets at the close of the year aggregated \$155,489 and its current liabilities \$216,122. It has financed itself generally through long-term liabilities of \$158,863 and through issues of stock and retained earnings in the total amount of \$519,303.

Upon making a review of this application we are of the opinion that applicant will have need for funds from external sources to enable it to proceed with its capital program, that its assets and earnings should be ample to support its proposed borrowing, and 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, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing does not appear necessary, therefore,

IT IS HEREBY ORDERED as follows:

1. Pacific Truck Service, Inc. may execute a mortgage of chattels in, or substantially in, the same form as that filed in this proceeding as Exhibit A, and may issue its promissory note in the principal amount of not exceeding \$150,000 under the terms and conditions and for the purposes set forth in this proceeding.

2. Pacific Truck Service, Inc. 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 \$150.

Dated at San Francisco, California, this 19th day of April, 1955.

Peter E. Mitchell
President

Justus J. Calmes

Paulo Intergreene

William J. Kelly

Commissioners

