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Decision No. _____

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:)

ARIZONA-PACIFIC TANK LINES, a corpora-)
tion, for authority to issue promissory)
notes pursuant to Sections 816-830 of)
the California Public Utilities Code.)
-----)

Application
No. 37041

OPINION AND ORDER

This is an application for an order of the Commission authorizing Arizona-Pacific Tank Lines to sell real property, to execute a deed of trust and to issue promissory notes in the aggregate principal amount of \$34,077.02.

Applicant was organized on September 12, 1946, under the laws of Arizona. For some years it has been engaged in interstate commerce in the transportation of various commodities in bulk in tank vehicles between points in Arizona and Utah and points in California under certificates of public convenience and necessity granted by the Interstate Commerce Commission, and since June of 1954 it has been engaged in California as a petroleum irregular route carrier under a certificate of public convenience and necessity acquired under authorization granted by Decision No. 50110, dated June 1, 1954.

The application shows that on or about February 1, 1952, applicant entered into a written agreement with Helen Morton Swift, now deceased, to lease certain real properties in Montebello for terminal purposes, the agreement conferring upon applicant the option to purchase the property on or before January 31, 1954, for

the sum of \$71,225.21, and that on or about September 21, 1953, applicant served upon said Helen Morton Swift a notice of its intention to exercise the option.

Applicant reports that subsequent to September 21, 1953, it moved its terminal to other premises and thereafter had no further use for the properties which it held under lease from Helen Morton Swift. Accordingly, it assigned its beneficial interest, including the option to purchase, to one Frank J. Ravis in consideration of the payment to it of a sum equal to its investment in leasehold improvements. Thereafter, on or about September 25, 1954, said Frank J. Ravis further assigned the option to one Manuel Mancebo who subsequently paid or deposited in escrow \$37,148.19 of the purchase price of \$71,225.21, leaving a balance of \$34,077.02 to be paid through the issue of notes, which notes will be payable serially over a period of seven years with interest at the rate of 7% per annum.

It appears that the Superior Court of the State of California, in and for the County of Los Angeles, by its order has directed the administrator of the Estate of Swift to convey the real properties in accordance with the terms of the option provisions of the lease agreement. It is proposed that applicant, rather than the assignees, will issue the notes and execute the deed of trust securing their payment and, in order to effect technical compliance with the court directive, that the title to the real property will pass simultaneously from the Estate of Swift to applicant and in turn to Manuel Mancebo, who will assume full responsibility for the payment of the notes, principal and interest. According to the application, applicant will not receive any consideration or incur any liability.

The properties referred to in this proceeding are non-operative and may be transferred without authorization from the Commission. However, we are of the opinion that the issue of the promissory notes is for a purpose not specified in the Public Utilities Code and hence we cannot enter an order with respect to such notes. Therefore, good cause appearing,

IT IS HEREBY ORDERED as follows:

1. The request of Arizona-Pacific Tank Lines to sell real property is dismissed without prejudice.
2. The request of Arizona-Pacific Tank Lines to issue notes is denied.
3. This order will become effective 20 days after the date hereof.

Dated at San Francisco, California, this 2nd day of AUGUST, 1955.

John E. Mitchell
 President

Justus J. Caswell

Ralph Lutzgren

Walter D. Doherty

B. Hardy
 Commissioners