

ORIGINAL

Decision No. 51950

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
La Salle Trucking Company, a corpora-	:	Application
tion, for authority to execute a note)	No. 37233
and trust deed and to sell real property.	:	
-----)	

O P I N I O N

In this application La Salle Trucking Company, a corporation, seeks an order authorizing the execution of a deed of trust, the issue of a note in the face amount of \$50,000, and the sale of certain real property and improvements now used in the operations, described as follows:

Lots 29 to 48 inclusive, in Block 29 of San Diego Land and Town Company's Addition according to Map thereof No. 379, filed in the office of the County Recorder, October 30, 1886.

Applicant is a California corporation organized in 1947. At the outset it engaged in trucking operations under permits granted by the Commission but in 1949, by Decision No. 42623 issued on March 15 of that year, it became certificated as a highway common carrier of petroleum products in bulk, with certain exceptions, between Santa Barbara and the Mexican border, Bakersfield and the Mexican border, and Los Angeles and other points and the California-Nevada state line. A summary statement reflecting its revenues and its net income, exclusive of extraordinary income credits, compiled from its annual reports, is as follows:

	<u>Operating Revenues</u>	<u>Operating Ratio</u>	<u>Net Before Inc. Taxes</u>	<u>Income Taxes</u>	<u>Net After Inc. Taxes</u>
1949	\$524,501	87%	\$67,606	\$24,828	\$42,778
1950	456,238	91	29,077	6,957	22,120
1951	512,524	95	23,682	7,348	16,334
1952	538,462	97	15,348	3,015	12,333
1953	580,030	97	37,632	10,782	26,850
1954	646,215	89	75,813	36,394	39,419
1955*	405,230	77	93,585	43,164	50,421

* January to June.

The carrier's financial position as of June 30, 1955, as set forth in Exhibit C is as follows:

Assets

Current assets -

Cash	\$121,985	
Accounts receivable	97,938	
Materials and supplies	10,895	
Prepayments	<u>8,235</u>	
Total current assets		\$239,053
Tangible capital, less reserve		243,394
Intangible capital		<u>6,664</u>
	Total	<u>\$489,111</u>

Liabilities and Capital

Current liabilities		\$100,117
Long-term debt		44,500
Capital -		
Common stock	\$ 75,000	
Retained earnings	<u>269,494</u>	
Total capital		<u>344,494</u>
	Total	<u>\$489,111</u>

The outstanding stock was reported held by the following persons:

E. L. La Salle	\$56,800
Roger La Salle	2,600
Gloria La Salle	2,600
Aurora La Salle	2,600
Arthur La Salle	2,600
J. Frank La Salle	2,600
Rosa La Salle	2,600
Edward L. La Salle, Jr.	<u>2,600</u>
	Total
	<u>\$75,000</u>

Among the assets of the corporation are the San Diego real estate holdings and improvements which constitute the subject

matter of this application. They were acquired in 1950 at a cost of \$34,000 and were improved in August of 1953 at an additional cost of \$57,000. They are encumbered by a deed of trust securing the payment of a note in the principal amount of \$50,000, since reduced to \$44,500, which was issued by applicant to finance its operations and which is payable in monthly installments of \$500, with interest at the rate of 5% per annum. It appears that applicant did not obtain from the Commission authorization to execute the deed of trust and to issue the note, but that its failure to do so was through inadvertence and with no intent to evade the provisions of the Public Utilities Code.

At this time applicant proposes, for tax reasons, to sell these real estate holdings to La Salle Enterprises and thereafter to enter into a leaseback arrangement, the purchaser in part payment of the price to assume the outstanding deed of trust and note. La Salle Enterprises is a limited partnership composed exclusively of members of the La Salle family. It is engaged, and will engage, in holding real property of various kinds and conducting other business ventures of a nonutility nature.

It appears that applicant's present operations have been profitable. Since its organization it has realized and retained in its business net earnings in the amount of \$269,494. At the date of its most recent balance sheet it enjoyed a favorable cash position, with current assets of \$239,052 (including cash of \$121,985) as compared with current liabilities of \$100,116. At the conclusion of the program here under review it will have no mortgage or other long-term debt. The same facilities will be available to it and will be utilized in the carrier service.

Under the circumstances as disclosed in this application and as reflected by the financial records of operations, we are of the opinion, and so find, that the proposed transaction will not be adverse to the public interest. Our order in this proceeding, however, shall not be construed to be a finding of the value of the properties herein authorized to be transferred nor of the reasonableness of the terms of the sale and leaseback. We reserve the right, if called upon to fix rates, to review these matters anew and to determine at any time the amounts to be included for rate purposes in the rate base or in operating expenses with respect to such properties.

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 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. La Salle Trucking Company, a corporation, may sell the real properties and improvements referred to in this proceeding to La Salle Enterprises under the terms set forth in the application.
2. La Salle Trucking Company may execute a deed of trust and issue a note in the face amount of not exceeding \$50,000 for the purposes set forth in the preceding opinion, said deed of trust and

note to be in, or substantially in, the same form as those filed in this proceeding.

3. La Salle Trucking Company shall file with the Commission a copy of each journal entry used to record on its books the sale of the properties under the authorization herein granted.

4. La Salle Trucking Company 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.

5. 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 \$50.

Dated at San Francisco, California, this 13th day of September, 1955.

John E. Mitchell
President

James J. Adams

Paul J. [unclear]

William [unclear]

[unclear]

Commissioners

