

ORIGINAL

Decision No. 56505

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
BATTEATE LIVESTOCK TRANSPORTATION CO.,
a corporation, for authority to
execute a promissory note secured
by deed of trust.

Application No. 39973

OPINION AND ORDER

This is an application for an order of the Commission authorizing Batteate Livestock Transportation Co., a corporation, to execute a deed of trust and to issue a note in the principal amount of \$32,500 for the purpose of refinancing outstanding indebtedness.

Applicant is engaged as a highway common carrier in the transportation of livestock generally throughout the state. According to information filed with the Commission, its operating revenues have declined from \$669,541 in 1956 to \$573,617 in 1957. In 1956 it had a net recorded operating loss of \$18,462 and in 1957, \$64,184, after making provision, however, of approximately \$80,000 for depreciation. Applicant's financial position as of December 31, 1957, is indicated in the following statement of assets, liabilities and capital:

Assets

Tangible assets, less depreciation		\$257,992
Current assets -		
Cash and deposits	\$ 7,990	
Accounts receivable	55,550	
Prepaid expenses	<u>39,342</u>	
Total current assets		102,882
Other assets		<u>2,510</u>
Total		<u>\$363,384</u>

Liabilities and Capital

Long-term debt		\$153,236
Current liabilities -		
Accounts payable	\$ 58,971	
Accruals	11,538	
Notes payable	<u>101,943</u>	
Total current liabilities		172,452
Other credits		6,365
Common stock equity		<u>31,331</u>
Total		<u>\$363,384</u>

In reviewing applicant's financial position it clearly appears that it has not yet received the benefits of the rate increases which were granted by Decision No. 55587, dated September 24, 1957, inasmuch as its business is slack during the latter part of the year and that, moreover, it is taking steps to effect economies in its operations and to make fuller utilization of its equipment. In the meantime, however, it has depleted its working capital and has incurred a substantial amount of current obligations which now must be paid and therefore it has made arrangements to borrow \$32,500 from Cameron's, Inc., for the purpose of paying \$21,586.89 owing on a previously authorized obligation in favor of Bank of America National Trust and Savings Association and of liquidating obligations incurred for tires, gasoline and oil.

The proposed borrowing will be represented by a note payable in monthly installments of \$628.33, including interest at the rate of 6% per annum on the declining balances. The payment of the note will be secured by a deed of trust covering applicant's terminal properties in Hayward.

Upon consideration of this matter, we are of the opinion that an ex parte order properly can be made granting applicant's present request, 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 purpose specified herein, and that such purpose, except as otherwise authorized, is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Batteate Livestock Transportation Co., a corporation, on and after the effective date hereof and on or before July 31, 1958, may execute a deed of trust and issue a note in the principal amount of not exceeding \$32,500 for the purpose set forth in this application, which deed of trust and note shall be in, or substantially in, the same form as those filed in this proceeding.

2. Batteate Livestock Transportation Co., a corporation, shall file with the Commission a report, or 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 Batteate Livestock Transportation Co., a corporation, has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California,
this 15th day of April, 1958.

Edo E. Batteate
President
Raymond C. Lister
Walter H. Dashi
E. L. Fox
Theodore J. Jenner
Commissioners

