

ORIGINAL

Decision No. 55555

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:
ARIZONA-PACIFIC TANK LINES, a
corporation, for authority to issue
a promissory note and chattel mort-
gage pursuant to Sections 816-830
and 851-853 of the California
Public Utilities Code.

Application No. 39970

OPINION AND ORDER

This is an application for an order authorizing Arizona-Pacific Tank Lines to execute a chattel mortgage and to issue a promissory note in the principal amount of \$250,000 for the purpose of refunding outstanding indebtedness.

Applicant is an Arizona corporation which is engaged in interstate commerce and, in California, in intrastate commerce as a petroleum irregular route carrier. In Exhibit B it reports its investment in tangible property, as of December 31, 1957, at \$906,328 and its outstanding equipment and other long-term obligations at \$500,705, which amounts are payable over periods ranging from two to four years. Applicant reports its current assets at the end of last year at \$157,206 and its current liabilities at \$145,527.

During the last five years applicant's operations have increased substantially, requiring it to make large additions to its fleet of equipment. It reports that since 1952 it has

increased its operating units from three to more than thirty without additional capitalization but primarily under borrowed money arrangements providing for repayment at a rate faster than the amortization rate recognized by the Internal Revenue Service. It asserts that this practice, along with its rate of growth, has placed a strain on its cash position and that it has found it desirable and necessary to refinance its equipment obligations over a longer period which more closely would meet its depreciation rate. It therefore has entered upon negotiations to borrow \$250,000 from the Small Business Administration of the United States of America, the borrowing to be represented by a promissory note, payable in monthly installments over a period of six years, with interest at the rate of six per cent per annum on the unpaid principal, payment to be secured by a chattel mortgage.

The Commission has considered this matter and is of the opinion that the application should be granted by an ex parte order, that the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Arizona-Pacific Tank Lines may execute a chattel mortgage and may issue its promissory note to the Small Business Administration of the United States of America in the principal amount of not exceeding \$250,000 for the purpose set forth in this application.

2. Arizona-Pacific Tank Lines 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. Arizona-Pacific Tank Lines shall file with the Commission a copy of the chattel mortgage as actually executed under the authorization herein granted, such filing to be made within 30 days after the date of such chattel mortgage.

4. The authority herein granted will become effective when Arizona-Pacific Tank Lines has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$250.

Dated at San Francisco, California, this 22nd day of April, 1958.

[Signature]
President
[Signature]
[Signature]
[Signature]
[Signature]
Commissioners

