

DECISION NO. 56873 IN APPLICATION NO.
40160 AND AMENDMENT DATED JUNE 24, 1958
VACATED AND SET ASIDE BY DECISION NO.
57040 IN APPLICATION NO. 40160 FIRST
SUPPLEMENTAL DATED JULY 29, 1958.

ORIGINAL

Decision No. 56873

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of FORTIER TRANSPORTATION COMPANY,
a corporation, for authority to
execute a chattel mortgage.

Application No. 40160
and Amendment

O P I N I O N

This is an application for an order of the Commission authorizing Fortier Transportation Company, a corporation, to execute a chattel mortgage securing the payment of an indebtedness of \$1,350,000 to be incurred for the purpose of refinancing outstanding obligations.

Applicant is a petroleum irregular route carrier and a highway common carrier engaged in the transportation of petroleum and petroleum products in bulk throughout the State of California and in the transportation of general commodities with certain exceptions in portions of California. For the calendar year 1957 it has reported operating revenues in the amount of \$4,458,698 and a net loss of \$107,741 after deducting depreciation expenses of \$288,074 and interest payments of \$101,526.

The application shows that the company has invested \$3,946,002 in tangible carrier property before deducting accrued depreciation, and that it has financed itself, in part, with funds from internal sources and, in part, with equity funds and borrowed money. Its financial position at April 30, 1958, is indicated in the following condensed balance sheet:

Assets

Current assets	\$ 677,564
Tangible property - Less reserve for depreciation	1,862,008
Intangible property	50,368
Investments and advances	79,437
Deferred debits	339
Total	<u>\$2,669,716</u>

Liabilities and Capital

Current liabilities	\$ 527,895
Equipment and other long-term obligations	1,598,040
Capital stock	193,750
Unappropriated surplus	350,031
Total	<u>\$2,669,716</u>

Among the equipment and other long-term obligations are 33 equipment obligations aggregating \$1,534,040 of which the company desires to refinance 28 amounting to \$1,426,282, nearly all of which mature within the next three years, and are summarized by interest rate from Exhibit G of the application, as follows:

<u>Interest Rate</u>	<u>Amount</u>
5%	\$ 273,820
6%	810,213
6½%	109,921
7%	232,328
Total	<u>\$1,426,282</u>

Taking into consideration payments made subsequent to April 30, 1958, the balance due on the above obligations approximates \$1,350,000, which amount applicant proposes to refinance with the proceeds from the proposed chattel mortgage obligation. It has made arrangements to borrow \$1,350,000 from Bank of America National

Trust and Savings Association payable in 48 equal monthly installments of \$28,125 together with interest at the rate of 5-1/2% per annum on the declining balance.

From a review of the application and of the carrier's financial statements, it appears that the execution of the chattel mortgage will improve applicant's financial position by extending the payments due on the bulk of its long-term obligations, and reducing the average of the interest rates, thus resulting in a substantial reduction in its monthly cash outlay to meet such obligations.

On the basis of the information now before us, we will enter an order granting applicant's request.

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 execution of the chattel mortgage herein authorized is reasonably required by applicant 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. Fortier Transportation Company, a corporation, on and after the effective date hereof and on or before October 31, 1958, for the purpose set forth in this application, may execute a chattel

mortgage securing the payment of an indebtedness in the principal amount of not exceeding \$1,350,000 payable in 48 equal monthly installments of not exceeding \$28,125, together with interest at the rate of 5-1/2% per annum on the declining balance, which chattel mortgage shall be in, or substantially in, the same form as that filed in this proceeding as Exhibit A.

2. Within 30 days after executing said chattel mortgage, applicant shall file with the Commission a copy thereof as actually executed.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code.

Dated at San Francisco, California, this
24th day of June, 1958.

[Signature] President
[Signature]
[Signature]
[Signature]
Theodore J. [Signature] Commissioners

Decision No. 57040

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
FORTIER TRANSPORTATION COMPANY, a
corporation, for authority to
execute a chattel mortgage.

Application No. 40160
(First Supplemental)

FIRST SUPPLEMENTAL ORDER

By Decision No. 56873, dated June 24, 1958, the Commission authorized Fortier Transportation Company to execute a chattel mortgage and to issue a note in the principal amount of not exceeding \$1,350,000 for the purpose of refinancing outstanding obligations. The Commission's order provided that the authorization thus granted would become effective when applicant had paid the fee prescribed by Section 1904(b) of the Public Utilities Code.

Applicant has not yet paid the fee for the reason that it seeks to modify its original plans and to refinance only \$660,688.90 of outstanding obligations. It therefore has made arrangements to execute a mortgage of chattels covering only a portion of its equipment and to issue a note for \$660,688.90 to be payable in 48 equal monthly installments of not to exceed \$13,764.14, plus interest at the rate of 5-1/2% per annum, payable monthly. Applicant has filed a supplemental application seeking approval of this revised program and an order authorizing it to issue a note in the principal amount of \$660,688.90 instead of \$1,350,000.

The Commission has given consideration to this supplemental application and is of the opinion that the company's request should be granted, that a public hearing is not necessary, 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,

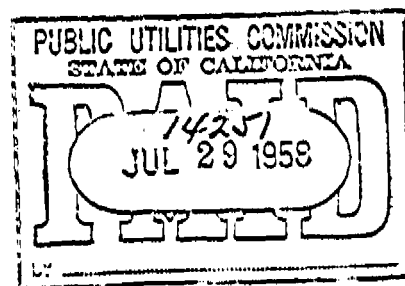
IT IS HEREBY ORDERED as follows:

1. The Order in Decision No. 56873, dated June 24, 1958, hereby is vacated and set aside.
2. Fortier Transportation Company, on and after the effective date hereof and on or before December 31, 1958, may execute a mortgage of chattels and may issue a note in the principal amount of \$660,688.90 for the purpose of refinancing outstanding indebtedness, said mortgage of chattels and note to be in, or substantially in, the same form as those filed in this proceeding.
3. Within 30 days after executing said mortgage of chattels and note, applicant shall file with the Commission a copy of each as actually executed.


4. The authorization herein granted will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$425.

Dated at San Francisco, California, this 29th day of July, 1958.

C. LYN FOX
President
PETER E. MITCHELL
RAY E. UNTERKINER
THEODORE H. JENNER
Commissioners



Certified as a True Copy


ASST. SECRETARY, PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA