

ORIGINAL

Decision No. 59052

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of BRAKE DELIVERY SERVICE, a corporation, for authority to issue a promissory note and chattel mortgage pursuant to Sections 816-830 and 851-853 of the California Public Utilities Code.

Application No. 41460

O P I N I O N

This is an application for an order of the Commission authorizing Brake Delivery Service, a corporation, (1) to execute a chattel mortgage, and (2) jointly and severally with Charles Grace Enterprises, Inc., doing business as Meier Transfer Service, and with B & M Terminal Facilities, Inc., to issue an \$85,000 note under such terms and conditions as may be prescribed by the Small Business Administration.

Applicant operates as a highway common carrier of general commodities between various points in southern California pursuant to a certificate of public convenience and necessity granted by Decision No. 54165, dated December 4, 1956, as amended by Decision No. 54694, dated March 19, 1957. Charles Grace Enterprises, Inc., dba Meier Transfer Service, is engaged in transporting property for hire between points and places in the State of California pursuant to permits issued by this Commission. B & M Terminal Facilities, Inc., is engaged in the business of owning and leasing to applicant and Charles Grace Enterprises, Inc., dba Meier Transfer Service, terminal facilities necessary for the conduct of the motor carrier operations of each. The three corporations are controlled by the same interest through stock ownership.

It is reported that the present terminal facilities have become inadequate to handle the traffic and equipment of the two carrier corporations, that the overcrowding of the dock and yard space during peak periods has required the pickup and delivery drivers to work from two to four hours overtime, and that B & M Terminal Facilities, Inc., in order to alleviate the situation, has purchased, for \$110,106, real property adjoining its present terminal and has undertaken to construct a new and modern depot for the use of applicant and Charles Grace Enterprises, Inc. In meeting its costs, B & M Terminal Facilities, Inc., has borrowed money from Union Bank & Trust Co., Charles Grace Enterprises, Inc., and applicant in amounts of \$40,000, \$20,000 and \$25,000, respectively.

It appears that applicant and Charles Grace Enterprises, Inc., now require repayment of their advances for working capital and for the acquisition of motor vehicle equipment and for other necessary expenditures in the conduct of their operations and that arrangements have been made, tentatively, to borrow \$85,000 from the Small Business Administration to refinance the presently outstanding loans. The Small Business Administration has indicated that it requires applicant and Charles Grace Enterprises, Inc., to execute the loan jointly with B & M Terminal Facilities, Inc., and to execute chattel mortgages on their equipment. The new loan will be payable in 120 monthly installments with interest at the rate of 5-1/2% per annum.

Financial statements filed with the application show that the three corporations have been enjoying profitable operations. For the six months ended June 30, 1959, applicant reports freight

revenues of \$173,764 and net profits of \$10,012, after making provision for depreciation and income taxes. For the same period, Charles Grace Enterprises, Inc., dba Meier Transfer Service, reports freight revenues of \$109,263 and net profits of \$3,294, after making provision for depreciation and income taxes, and for the nine months ended June 30, 1959, B & M Terminal Facilities, Inc., reports total income of \$60,716 and net profit of \$14,934, after making provision for depreciation and income taxes.

On the basis of the information before us, we conclude that the earnings of B & M Terminal Facilities, Inc., should be sufficient to enable it to meet its financial requirements under the proposed loan arrangements and that the participation by applicant in the loan will not interfere with its highway common carrier service to the public but, on the other hand, will replenish its treasury, will enable it to conduct its operations more efficiently, and will promote economies in costs of doing business. We are of the opinion, therefore, and so find, that the proposed transaction will not be adverse to the public interest and should be approved.

#### 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 purpose specified herein, and that

such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

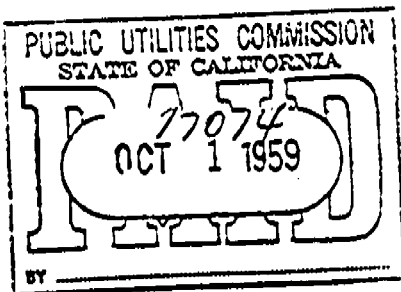
IT IS HEREBY ORDERED as follows:

1. Brake Delivery Service, a corporation, on and after the effective date hereof, and on or before December 31, 1959, for the purpose specified in this application, may execute a chattel mortgage, and, jointly and severally with Charles Grace Enterprises, Inc., doing business as Meier Transfer Service, and with B & M Terminal Facilities, Inc., may issue a note in the principal amount of not to exceed \$85,000 at 5-1/2% interest per annum, under such terms and conditions as may be prescribed by the Small Business Administration.

2. Within 30 days after the issue of the note and the execution of the chattel mortgage under the authorization herein granted, applicant shall file with the Commission a copy of each instrument 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, which fee is \$85.

Dated at San Francisco, California, this 29th day of September, 1959.



Handwritten signatures of three individuals, with the top signature labeled 'President'.

Commissioners