

ORIGINAL

Decision No. 59657

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:
LADS FURNITURE FREIGHT, INC., a
corporation for authority to issue
a promissory note, chattel mortgage
and deed of trust pursuant to
Sections 816-830 and 851-853 of the
California Public Utilities Code.

Application No. 41873

O P I N I O N

This is an application filed on January 21, 1960, for an order of the Commission authorizing Lads Furniture Freight, Inc., to execute a chattel mortgage and a deed of trust, and, jointly and severally with Shelton Furniture Freight, Inc., to issue a \$200,000 note under such terms and conditions as may be prescribed by the Small Business Administration, for the primary purpose of financing the cost of a new terminal facility.

Lads Furniture Freight, Inc., and Shelton Furniture Freight, Inc., are under common control through common stock ownership, and operate as permit carriers under the jurisdiction of this Commission. In addition, Lads Furniture Freight, Inc., operates as a highway common carrier of new household, office and store furniture and fixtures loose, not in boxes, crates or cartons, and uncrated new household, office and store appliances in portions of southern California, pursuant to a certificate of public convenience and necessity granted by Decision No. 52831, dated March 27, 1956, as amended by Decision No. 53619, dated August 28, 1956, in Application No. 35957.

Applicant reports that present terminal facilities are inadequate to handle the traffic and equipment of the two carrier corporations, and that they have made tentative arrangements to purchase a new terminal facility, adequate in size, to serve as their joint terminal in the future. Lads Furniture Freight, Inc., proposes to acquire jointly with Shelton Furniture Freight, Inc., the proposed terminal facility at 3540 East 26th Street in the City of Vernon for the approximate sum of \$160,000 and to make capital improvements thereon in the approximate sum of \$18,296.

Lads Furniture Freight, Inc., and Shelton Fast Freight, Inc., have made tentative arrangements to borrow \$200,000 from the Small Business Administration to finance the above-mentioned terminal facility including the capital improvements, to discharge conditional sales contracts on motor vehicle equipment of approximately \$21,704 and to provide working capital. In connection with such borrowings the corporations, jointly and severally, propose to issue a note and to execute a deed of trust on the new terminal property, and they also propose to execute chattel mortgages on their equipment. The new loan will bear interest at the rate of $5\frac{1}{2}\%$ per annum and will be payable in monthly installments of approximately \$2,241.

Financial statements filed with the application show that the two corporations have been enjoying profitable operations. For the 11 months ended November 30, 1959, applicant reports freight revenue of \$290,089.26 and net income of \$6,510.52 after making provision for depreciation and income taxes. For the same period Shelton Furniture Freight, Inc., reports freight revenue

of \$404,481.03 and net income of \$21,027.58 after making provision for depreciation and income taxes.

On the basis of the information before us, we conclude that the earnings of Lads Furniture Freight, 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 enable it to conduct its operations more efficiently and economically including relief from paying a portion of the rent for the present terminal facilities. 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 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:

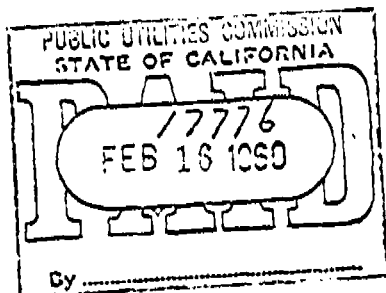
1. Lads Furniture Freight, Inc., on or after the effective date hereof and on or before April 30, 1960, for the purposes specified in this application, may execute a chattel mortgage, and, jointly and severally with Shelton Furniture Freight, Inc., may execute a deed of trust, and may issue a note in the principal amount of not to exceed \$200,000 at 5½% 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 and deed of trust herein authorized, applicant shall file with the Commission a copy of each instrument as actually executed.

3. Lads Furniture Freight, Inc., 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.

4. The authority herein granted shall become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$200.

Dated at San Francisco, California, this 16th day of FEBRUARY, 1960.



[Signature]
President
[Signature]
[Signature]
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Commissioners