

ORIGINAL

Decision No. 51421

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
GARDEN CITY TRANSPORTATION CO., LTD.,
for authority to issue notes and
mortgage certain utility property.

Application No. 43093
Filed January 23, 1961

O P I N I O N

Garden City Transportation Co., Ltd., applicant herein, is a California corporation engaged in business as a highway common carrier of general commodities, with certain exceptions, over specified routes between points in northern California and in the transportation of canned goods, dried fruit and packing plant machinery, materials and supplies between San Jose and points within 10 miles of the city limits of San Jose, on the one hand, and Stockton and Sacramento, on the other hand. In this application it seeks authorization to execute a mortgage of chattels and to issue a note in the principal amount of \$100,000.

The purpose of the financing is to provide applicant with funds to liquidate outstanding indebtedness of \$60,379.91 in favor of Crocker-Anglo National Bank and to augment its working capital so as to place it in a better financial condition to meet its current operating obligations. The borrowing will be represented by a note with interest on unpaid balances at the rate of 7-1/2% per annum, payable in monthly installments as follows:

<u>No. of Months</u>	<u>Commencing</u>	<u>Ending</u>	<u>Amount Per Month</u>
7	3/10/61	9/10/61	\$ 2,000
5	10/10/61	2/10/62	5,000
7	3/10/62	9/10/62	2,000
5	10/10/62	2/10/63	5,000
7	3/10/63	9/10/63	2,000
1		10/10/63	8,000

The monthly installment payments will be substantially greater in amount during the months from October to February, inclusive, as applicant's revenues and net income will be substantially greater during that period than during the remaining months of the year. The monthly payments, as agreed upon, reflect the variations in applicant's monthly income.

Applicant's financial statement as of November 30, 1960, is indicated in the following condensed balance sheet:

<u>Assets</u>	
Current assets	\$221,925
Tangible assets, less reserves	305,789
Intangible assets	85,352
Other investments	50,105
Total	<u>\$663,171</u>
<u>Liabilities and Capital</u>	
Current liabilities	\$387,505
Long-term obligations	149,694
Proprietary capital	125,972
Total	<u>\$663,171</u>

The proprietary capital consists of \$232,150 par value of common stock, less accumulated deficit of \$106,178. While it is true that applicant's operations in the past have created a deficit of this magnitude, it appears that the carrier has accumulated a reserve for depreciation of tangible property in the amount of \$547,000 and, in addition, a reserve for amortization of intangible property of \$148,976, and that currently its operations are on a profit producing basis. Its profit and loss statement for the first 11 months of 1960 shows net income of \$54,001, after making provision of \$52,687 for depreciation.

Considering the verified application and applicant's financial history as indicated by its statements, it appears to us, and we so find, that we are warranted in making an order granting its present application.

ORDER

The Commission having considered the above-entitled matter and being of the opinion 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 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. Garden City Transportation Co., Ltd., on or after the effective date hereof and on or before May 31, 1961, may execute a mortgage of chattels in, or substantially in, the same form as that filed in this proceeding as Exhibit A and may issue its promissory note in the principal amount of not to exceed \$100,000, under the terms and for the purposes set forth in this application.

2. Garden City Transportation Co., Ltd., 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 Garden City Transportation Co., Ltd., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code.

Dated at San Francisco, California,
this 3^d day of February, 1961.

[Signature]
President
[Signature]
[Signature]

Commissioners

