

ORIGINAL

Decision No. 67786

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of MARINE TRANSPORT COMPANY, a
California Corporation, for an
order authorizing issuance of a
promissory note and deed of trust.

Application No. 46831
Filed July 21, 1964

O P I N I O N

This is an application for an order of the Commission authorizing Marine Transport Company to execute a deed of trust and to issue a \$100,000 note for the purpose of replacing similar documents previously executed and issued, through inadvertence, without Commission authority.

Applicant is a California corporation engaged in business as a highway common carrier of general commodities, with certain exceptions, within the Los Angeles Basin Territory and between other points in southern California. It also possesses a prescriptive operative right as a public utility warehouseman in the vicinity of Bandini, Los Angeles County. For the year 1963, it reported operating revenues of \$248,278 and net income of \$21,635. The balance sheet, attached to the application as Exhibit A, indicates that as of March 31, 1964, the corporation's depreciated investment in fixed assets was \$242,754, and that total assets of \$440,383 were offset primarily by long-term obligations and common stock equity amounting to \$80,738 and \$313,086, respectively.

The application shows that on or about March 18, 1964, the company issued in favor of Commerce City Bank a promissory note in the principal amount of \$100,000, secured by a deed of trust and repayable in monthly installments of \$1,460.90 or more, including interest at the rate of 6% per annum. Applicant reports that a portion of the proceeds were used to pay a balance of \$62,462.39 outstanding as of March 31, 1964 on a Small Business Administration loan previously authorized by the Commission; that \$13,427.00 will be applied toward the purchase of 0.34 acre of land adjoining its terminal; and that the remainder of \$24,110.61 will be utilized for other land acquisitions or for working capital. The company alleges that its improved financial position enabled it to negotiate bank financing on favorable terms. It asserts further that certain restrictions on its business operations were eliminated upon retirement of the Small Business Administration loan.

Applicant advises that, through inadvertence, it failed to apply for timely consent to the transaction proposed in accordance with the requirements of Section 818 and 851 of the Public Utilities Code, and in this proceeding it seeks an order of the Commission authorizing it to issue the \$100,000 note and to execute the deed of trust.

The Commission has considered this matter and finds that: (1) the \$100,000 note and related deed of trust were issued and executed for proper purposes prior to receiving authorization to do so from the Commission: (2) Sections 825

and 851 of the Public Utilities Code declare void any long-term note or other evidence of indebtedness of a public utility or any encumbrance of utility property made without approval of the Commission; (3) 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 (4) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that applicant should be granted authority to issue a new note and to execute a new deed of trust. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Marine Transport Company, on or after the effective date hereof and on or before November 30, 1964, may issue its new note in favor of Commerce City Bank in the principal amount of not to exceed \$100,000, and may execute a new deed of trust to secure its repayment, said new note and new deed of trust to be issued and executed in the place and stead of the instruments presently outstanding which were issued and executed without authorization from the Commission.

2. Marine Transport Company shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

3. This order shall become effective when Marine Transport Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$38.

Dated at San Francisco, California, this 1st day of September, 1964.

Frederick B. Hallock
President
George T. Hoover
William A. Bevine

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

