

**ORIGINAL**

Decision No. 68483

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of: )

ARCHIE J. BRADY, ARCHIE E. WELCH )  
and EDWIN R. PARTINGTON, )  
co-partners doing business as )  
BIG PINE TRUCKING COMPANY, 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. 47160  
Filed December 3, 1964

O P I N I O N

This is an application for an order of the Commission authorizing Archie J. Brady, Archie E. Welch and Edwin R. Partington, copartners doing business as Big Pine Trucking Company, to execute a mortgage of chattels and to issue an installment note in the principal amount of \$127,500.

Applicants possess a cement carrier certificate authorizing them to operate to and within the County of Inyo, which certificate was granted by Sub. No. 17 of Resolution No. 13827, dated June 23, 1964. In addition, they operate as a radial highway common carrier and a highway contract carrier pursuant to permits issued by this Commission.

For the first nine months of 1964, the copartners report a net profit of \$16,122. The October 1, 1964 balance

sheet of Big Pine Trucking Company is summarized from the application as follows:

| <u>Assets</u>                               |                  |
|---|------------------|
| Current assets                              | \$ 35,952        |
| Tangible property less accumulated reserves | 240,553          |
| Goodwill                                    | 20,000           |
| Prepayments                                 | 13,772           |
| Organization expenses                       | <u>189</u>       |
| Total                                       | <u>\$310,466</u> |

| <u>Liabilities</u>    |                  |
|-----------------------|------------------|
| Current liabilities   | \$ 10,148        |
| Long-term liabilities | 142,455          |
| 7% Investment credit  | 2,317            |
| Capital               | <u>155,546</u>   |
| Total                 | <u>\$310,466</u> |

Applicants propose to reduce by approximately \$3,000 their monthly payments on long-term obligations by refinancing \$100,000 of their indebtedness with funds to be obtained by issuing a \$127,500 note in favor of Inyo-Mono National Bank repayable in sixty monthly installments of \$2,125. The indebtedness to be evidenced by such note will be secured by a mortgage of chattels. The \$27,500 difference between the principal amount of the note and the funds to be received represents prepaid interest computed at the rate of 5-1/2% per annum discounted.

Although the effective interest rate on the proposed indebtedness is considerably higher than this Commission would authorize under normal circumstances, it appears that applicants

have made a diligent effort without success to obtain funds at a lower effective interest rate, which funds would be repayable over a period of time of sufficient duration to reduce substantially their burden of meeting monthly payments on their indebtedness. Moreover, it appears that applicants incurred the bulk of their indebtedness before becoming subject to the financing jurisdiction of this Commission as a cement carrier, and also that they conduct their public utility operations in an area where sources of financing are extremely limited.

The Commission has considered this matter and finds that: (1) the proposed note issue is for proper purposes; (2) the proposed refinancing will reduce substantially applicants' monthly debt burden; (3) applicants' assets and operations are adequate to enable them to meet the monthly obligations of the proposed note issue; (4) 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 (5) such purposes, except as otherwise authorized for payment of interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

The action taken herein is for the purpose of this particular proceeding only, and is not to be construed as an expression of policy of this Commission to recognize an interest

rate computed on the discounted basis of the magnitude of 5-1/2% per annum as approaching the realm of reasonableness under normal circumstances. Applicants are urged to review their financial statements with the proposed lender and to consummate the proposed borrowing at the lowest possible effective interest rate available.

O R D E R

IT IS ORDERED that:

1. Archie J. Brady, Archie E. Welch and Edwin R. Partington, on or after the effective date hereof and on or before April 30, 1965, for the purposes set forth in the application, may issue a note in the principal amount of not to exceed \$127,500, repayable in monthly installments of not to exceed \$2,125, and may execute a mortgage of chattels, which documents shall be in the same form, or in substantially the same form, as those attached to the application.

2. Within 30 days after issuing the note herein authorized, applicants shall file with the Commission a copy thereof as actually issued, together with a statement showing the amount of prepaid interest pertaining to such note, and a list of the obligations liquidated with the note proceeds.

3. This order shall become effective when applicants have paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$128.

Dated at San Francisco, California,  
this 19th day of JANUARY, 1965.

Frederick B. Hallock  
President  
W. J. [unclear]  
George L. Hoover  
William L. [unclear]

Commissioners

