

Decision 93659 OCT 20 1981

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of UNIVERSAL MARINE)
CORP. for authority to issue a)
promissory note and encumber)
public utility property.)

Application 60904
(Filed September 15, 1981;
amended October 1, 1981)

O P I N I O N

Universal Marine Corp. (Universal) requests authority under Public Utility (PU) Code Sections 816 through 818 to issue a \$700,000 promissory note, and to issue a chattel mortgage.

Notice of the filing of the application and the amendment appeared on the Commission's Daily Calendars of September 22 and October 2, 1981. No protests have been received.

Universal is a California corporation operating as a vessel common carrier, transporting freight on barges equipped with cranes and providing a water taxi service transporting passengers and their baggage at shore points on Long Beach and Los Angeles Harbors. A certificate of public convenience and necessity was granted by Decision (D.) 86732, dated December 7, 1976, in Application (A.) 56366, as modified by D.89353, dated September 6, 1978 in A.57692.

Universal's Income Statement for the nine months ended June 30, 1981, shown as part of Exhibit C attached to the application, indicates total operating revenues of \$3,763,104 and

a net loss of \$125,955. Also, shown as part of the same exhibit, Universal's Balance Sheet, as of June 30, 1981, is summarized as follows:

<u>Assets</u>	<u>Amount</u>
Current Assets	\$ 594,646
Fixed Assets (Net)	963,630
Other Assets	<u>43,347</u>
Total	\$1,601,623
 <u>Liabilities and Common Equity</u>	
Current Liabilities	\$1,344,326
Long-Term Liabilities	176,771
Common Equity	<u>80,526</u>
Total	\$1,601,623

Universal proposes to issue a promissory note to Walter E. Heller & Company in the amount of \$700,000, payable over a period of 98 months at 22% interest. The form of the note is attached as Exhibit D to the application.

The purpose of the borrowing is to obtain funds sufficient to satisfy immediate outstanding indebtedness, and to provide needed working capital.

The application indicates that Universal was granted a rate increase by this Commission in D.93068, dated May 19, 1981, in A.60418. The additional revenue now being generated as a result of such increase should enable Universal to service the proposed note without difficulty.

The security given to Walter E. Heller & Company, the proposed mortgagee, is a chattel mortgage covering eight identified and documented vessels. The form of the chattel mortgage is attached as Exhibit E to the application. Additional security in the form of a guaranty of note payment will be provided by Universal's stockholders.

Because of its precarious financial condition, Universal, through its attorney, requests expedited handling of the request for authority.

The amended application indicates that Universal inadvertently issued two promissory notes without Commission authority. These notes are therefore void under PU Code Section 825. A summary of these transactions is as follows:

<u>Payee</u>	<u>Original Amount</u>	<u>Current Amount</u>
Ralph R. Newton, Jr. ^{1/}	\$160,000.00	\$34,000.00
ITT Terryphone Corp. ^{2/}	50,982.30	42,937.98

1/ This note was issued in satisfaction of a judgment entered in legal action No. 77 2258 DWW in the United States District Court, Central District of California, entitled Ralph R. Newton v Universal Marine Corporation.

2/ This note was issued in connection with the purchase of a telephone system for use in Universal's operations.

Universal now desires to correct these errors, and requests authority to issue the notes. A review of these transactions indicates that the notes were for proper purposes and were not adverse to the public interest.

The Commission's Revenue Requirements Division and Transportation Division have reviewed the application and conclude that the authority requested is reasonable and should be granted.

Findings of Fact

1. Universal is a vessel common carrier under the jurisdiction of this Commission.
2. Universal requests authority to issue promissory notes and a chattel mortgage.
3. The proposed notes and chattel mortgage are not adverse to the public interest.
4. The proposed security issue is for lawful purposes and the money, property, or labor to be obtained by it is required for these purposes. Proceeds from the security issue may not be charged to operating expenses or income.

5. The amended application indicates that the notes issued to Ralph R. Newton, Jr., on November 10, 1978, in the amount of \$160,000, and to ITT Terryphone Corp., on October 20, 1980, in the amount of \$50,982.30, were executed without authority, and are therefore void under PU Code Section 825.

6. There is no known opposition and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.

2. The application should be granted to the extent set forth in the order which follows.

The authorizations granted by this decision are for the purpose of this proceeding only and are not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

The following order should be effective on the date of signature to enable Universal to expeditiously issue its promissory notes and chattel mortgage.

O R D E R

IT IS ORDERED that:

1. On or after the effective date of this order, but before March 31, 1982, for the purposes specified, Universal Marine Corp. (Universal) may issue an evidence of indebtedness in the principal amount of \$700,000. This document shall be in substantially the same form as that attached as Exhibit D to the application.

2. On or after the effective date of this order, but before March 31, 1982, for the purposes specified, Universal may issue a chattel mortgage as security for the note described in the preceding paragraph. This chattel mortgage shall be in substantially the same form as that attached as Exhibit E to the application.

3. On or after the effective date of this order, but before March 31, 1982, for the purposes specified in the amended application, Universal may issue evidences of indebtedness to Ralph R. Newton, Jr., in the principal amount of \$160,000, and to ITT Terryphone Corp. in the principal amount of \$50,982.30. These documents shall be in substantially the same form as Exhibits J and M, respectively, attached to the application as amended.

4. Applicant shall file the reports required by General Order Series 24.

5. The authority granted by this order to issue notes, and evidences of indebtedness and a security instrument shall become effective when Universal pays \$1,822, the fee set by PU Code Section 1904(b). In all other respects this order becomes effective 30 days from today.

Dated OCT 20 1981, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. GREW
Commissioners

I certify that this decision was approved by the above Commissioners today.

John E. Bryson

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FILED
01491
SEP 15 1981
#14 00.00
BY *[Signature]*

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FILED
01484
OCT 21 1981
#422-00
BY *[Signature]*