

**ORIGINAL**

Decision No. 54601

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GARIBALDI EQUIPMENT  
CO., INC., a corporation, to borrow  
money and sign promissory notes and  
mortgages to be repaid over a period  
of more than twelve months.

Application No. 38815

OPINION AND ORDER

Garibaldi Equipment Co., Inc., has filed this application for authorization to execute a mortgage of chattels and to issue a note in the principal amount of \$900,000 for the purpose of refinancing outstanding indebtedness.

Applicant is engaged in business as a highway common carrier of livestock under a certificate of public convenience and necessity granted by Decision No. 52558, dated January 31, 1956. It reports that it has financed itself, in part, by contractual obligations now in the amount of \$549,614.61, payable at the rate of \$15,000 a month, and with equipment obligations in the amount of \$323,390.30, payable at the rate of \$11,745.55 a month, the total monthly payments thus aggregating \$26,745.55.

It appears that applicant's operations have produced net earnings up to November 30, 1956, in the amount of \$287,366.69, after all charges, but that due to the heavy cash outlay to repay debts, applicant has depleted its working capital. Applicant

reports that in order to improve its financial position it has entered upon negotiations to extend the time of payment for the existing obligations and to reduce the monthly payments and that it has arranged to borrow \$900,000 from the Bank of America National Trust and Savings Association to take up the two obligations aggregating \$873,004.91, to which reference has been made, and to liquidate other obligations of \$26,995.09. The borrowing will be represented by a note payable in monthly installments of \$17,500 for 24 months, thereafter in monthly installments of \$15,000 for 12 months, and thereafter in monthly installments of \$12,500 with interest at the rate of 5½% per annum on the unpaid balances.

The Commission has considered this application and is 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 by applicant 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. Garibaldi Equipment Co., Inc., on and after the effective date hereof and on or before June 30, 1957, may execute a mortgage of chattels and may issue a promissory note in the principal amount of not exceeding \$900,000 for the purposes set forth in this application, such mortgage of chattels and note to be in, or substantially in, the same form as those filed in this proceeding.

2. Garibaldi Equipment Co., 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.

3. The authority herein granted will become effective when Garibaldi Equipment Co., Inc., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$900.

Dated at San Francisco, California, this 5th day of March, 1957.

Peter E. Mitchell President  
Paul J. Lutermer  
Maxwell H. Deane  
R. Hardy  
E. L. Fox Commissioners

