

ORIGINAL

Decision No. 55741

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN CALIFORNIA FREIGHT LINES,
a corporation, BOYLE & SON, a
corporation, COAST LINE TRUCK
SERVICE, INC., a corporation,
and SOUTHERN CALIFORNIA FREIGHT
FORWARDERS, a corporation,

and

In the Matter of the Application of
SOUTHERN CALIFORNIA FREIGHT LINES,
LTD., a corporation, CARROLL J.
ROUSH, TRANSPORT EQUIPMENT CO., INC.,
a corporation, and CALIFORNIA TERMINAL
COMPANY, a corporation, for authoriza-
tion to execute mortgages and for
exemption orders.

Application No. 39472

O P I N I O N

In this application there is presented to the Commission the matter of the acquisition by Carroll J. Roush of the outstanding stock of Southern California Freight Lines, Ltd., and the execution of encumbrances by public utility companies which are subsidiaries of Southern California Freight Lines, Ltd.

Southern California Freight Lines, Ltd., is a California corporation. It is not engaged in business as a public utility but functions as a holding company, being the owner of all the outstanding stock of the following corporations:

Public Utility

Southern California Freight Lines
Boyle & Son
Coast Line Truck Service, Inc.,
Southern California Freight Forwarders

Nonutility

Direct Delivery System, Ltd.
 United Truck Service
 International Express, Inc.
 Transport Equipment Co., Inc.
 California Terminal Company

The application shows that the subsidiary companies have been operating at substantial losses during the past two years and have been unable to meet their obligations as they mature, and that, in order to provide means for taking care of such obligations, the management has entered into negotiations which have culminated in an agreement, dated September 10, 1957, looking toward the acquisition of the stock of Southern California Freight Lines, Ltd., by Carroll J. Roush and the investment by said Roush in the combined enterprise of an amount, up to but not exceeding \$1,665,330, deemed necessary to restore the subsidiaries to a solvent basis. Under the proposed arrangements, Carroll J. Roush will advance said sum to the holding company which, in turn, will lend to the subsidiaries, both utility and nonutility, sufficient sums of money to enable them to make payments on account of their respective indebtedness, the amounts thus advanced to be secured by deeds of trust and chattel mortgages covering the operative and other properties of the subsidiaries, and by a single deed of trust and chattel mortgage to be executed by the subsidiaries jointly.^{1/} The agreement further contemplates that certain of the creditors, who are designated as

^{1/} The amounts to be advanced to the public utility subsidiaries are as follows:

Southern California Freight Lines	\$ 425,236
Boyle & Son	1,598
Coast Line Truck Service, Inc.	150,407
Southern California Freight Forwarders	1,027,877

standby creditors, will agree to extend the time of payment of current obligations due them by any or all of the subsidiaries and the holding company.

Carroll J. Roush, together with members of his family, own all of the issued and outstanding shares of capital stock of Oregon Nevada California Fast Freight, Inc., a California corporation which is engaged in business as a highway common carrier, although as an individual he is not engaged in business as a public utility. As stated, Southern California Freight Lines, Ltd., is not operating as a public utility, but as a holding company of public utilities, and two of the subsidiary corporations, Transport Equipment Co., Inc., and California Terminal Company, while not engaged in business as public utilities, own certain properties which are leased to one or the other public utility subsidiaries. In order to avoid any adverse effects which may follow in the event hereafter they are classified as public utilities because of these relationships and indirect control, Carroll J. Roush, Southern California Freight Lines, Ltd., Transport Equipment Co., Inc., and California Terminal Company have requested the Commission to make its order exempting them from the provisions of Articles 5 and 6 of Chapter 4 of Part 1 of Division 1 of the California Public Utilities Code relating to stocks and security transactions of public utilities and the transfer and encumbrance of utility property.

Upon reviewing this matter, we are of the opinion and so find that the proposed transaction will not be adverse to the public interest, that the application should be granted, as herein provided,

that the money, property or labor to be procured or paid for by the execution of the encumbrances is reasonably required for the purpose specified herein and that such purposes, except as otherwise authorized, are not, in whole or in part, reasonably chargeable to operating expenses or to income.

O R D E R

The Commission having considered the above-entitled matter and being of the opinion that a public hearing is not necessary, therefore,

IT IS HEREBY ORDERED as follows:

1. Southern California Freight Lines, Boyle & Son, Coast Line Truck Service, Inc., and Southern California Freight Forwarders may execute deeds of trust and chattel mortgages in, or substantially in, the same form as those filed as Exhibits F, G, and H in this application.
2. Carroll J. Roush, Southern California Freight Lines, Ltd., Transport Equipment Co., Inc., and California Terminal Company hereby are exempted from the provisions of Articles 5 and 6 of Chapter 4 of Part 1 of Division 1 of the California Public Utilities Code.
3. Southern California Freight Lines, Boyle & Son, Coast Line Truck Service, Inc., and Southern California Freight Forwarders shall file with the Commission a copy of each deed of trust and mortgage of chattels executed by them under the authorization herein granted.

4. The authority herein granted will become effective when applicants have paid the fees prescribed by Section 1904(b) of the Public Utilities Code, to wit:

Southern California Freight Lines	\$ 426
Boyle & Son	25
Coast Line Truck Service, Inc.	151
Southern California Freight Forwarders	1,014

5. The authorization herein granted will expire if not exercised on or before March 31, 1958.

Dated at San Francisco, California, this 29th day of October, 1957.

Wm. H. Doyle President
P. H. ...
E. L. ...

Commissioners

