

ORIGINAL

Decision No. 61606

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
GARDEN CITY TRANSPORTATION CO., LTD.,
for authority to guarantee a
promissory note.

Application No. 43159

O P I N I O N

This application was filed on February 15, 1961, for an order of the Commission authorizing Garden City Transportation Co., Ltd. to assume liability as a guarantor of a \$40,000 note issued by Coastal Terminals, Inc.

Garden City Transportation Co., Ltd. and Coastal Terminals, Inc., are controlled through stock ownership by the same individuals. Garden City Transportation Co., Ltd. is a highway common carrier of general commodities, with certain exceptions, between Bradley, Carmel, Monterey, Santa Cruz, San Francisco and Richmond and of specified commodities generally between San Jose, Stockton and Sacramento. Coastal Terminals, Inc., owns certain real properties in San Jose which are occupied, in part, by applicant for terminal, office and shop purposes and, in part, by Standard Oil Company of California, Western Operations, Inc., under lease arrangements for a service station.

It appears that Coastal Terminals, Inc., has borrowed \$40,000 from Crocker-Anglo National Bank to finance, in part, the cost of constructing the facilities which are used by applicant in its operations and that the bank has required applicant to guarantee the payment of the note. The note is dated November 23, 1959, is in the principal sum of \$40,000, with interest at the rate of 5-1/2% per annum and is payable, principal and interest, in monthly installments of \$434.12. The amount of unpaid principal presently outstanding on said note is \$37,297.04.

The application shows that the lease arrangements with the oil company provide for the payment of rent on a sliding scale depending on the amount of gasoline sold at the service station, but with a minimum monthly rental of \$434.12, which is the amount of the monthly payment of principal and interest specified in the promissory note. The term of the lease is equal to the period of such monthly payments and, in addition, the oil company makes the payments of rent directly to the bank and all payments of rent are applied in payment of the note even though the rental payments exceed the minimum and hence exceed the specified monthly payments. It is reported that the monthly rental payments have been exceeding the required monthly payments on the note.

Through the execution of the note applicant has had made available to it new and additional facilities and has benefited to that extent. Moreover, it appears that Coastal Terminals, Inc., has the financial resources to enable it to

meet its obligations and that the execution of the guaranty by applicant, therefore, will not interfere with its performance of its public service obligations. Accordingly, we find and conclude that the proposed transaction will not be adverse to the public interest and we will enter an order granting the application.

ORDER

Garden City Transportation Co., Ltd. having applied to the Commission for authorization to assume liability as a guarantor of a note issued by Coastal Terminals, Inc., and the Commission having considered the matter and being of the opinion that a public hearing is not necessary and that the application should be granted; therefore,

IT IS ORDERED that Garden City Transportation Co., Ltd. be, and it hereby is, authorized to guarantee the promissory note referred to in this application which has been issued by Coastal Terminals, Inc.

This order shall become effective on the date hereof.

Dated at San Francisco, California,
this 7th day of March, 1961.

C. J. [Signature] President
George G. [Signature]
Frederick B. [Signature]
Commissioners