

ORIGINAL

Decision No. 62729

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of DI SALVO TRUCKING CO., a
corporation, for authority to
guarantee a promissory note.

Application No. 43719
Filed September 1, 1961

OPINION AND ORDER

This is an application for an order of the Commission authorizing Di Salvo Trucking Co., a corporation, applicant herein, to guarantee payment of a note of R.W.L. Investments, Inc., in the principal amount of \$380,000.

Applicant operates as a highway common carrier of general commodities over routes from Sacramento to Mexico, including the San Francisco and Los Angeles Basin territories, as defined by this Commission. Its outstanding shares of capital stock had been held by Yellow Cab Company, but recently R.W.L. Investments, Inc., acquired such shares.

It has been applicant's practice to lease the bulk of its equipment instead of to own it outright, thus obtaining tax advantages. Recently, R.W.L. Investments, Inc., has become the owner of the trucking equipment rented to, and used by, Di Salvo Trucking Co., a corporation.

The application shows that R.W.L. Investments, Inc., now desires to borrow \$380,000 from Bank of America National Trust and Savings Association, which borrowing will be

represented by a four-year note, payment of which will be secured by a mortgage of chattels covering the equipment rented to applicant. R.W.L. Investments, Inc., is willing to make a four-year lease of the equipment to applicant, providing that, in addition to paying agreed rentals for such equipment, the carrier will also guarantee the \$380,000 note. Applicant reports that the bank has indicated that it would not look favorably upon an extended lease of the equipment to the carrier in the absence of a guarantee by Di Salvo Trucking Co., a corporation, of R.W.L. Investments, Inc.'s obligation under such note.

From a review of the verified application it appears that the execution of the proposed guarantee will assure applicant of the long-term use, and continuity of availability, of equipment which otherwise would be rented on a month-to-month basis or would have to be acquired by applicant. The financial statements, filed by both corporations, indicate that the operations of the lessor should be sufficient to enable it to service the proposed note and that the execution of the guarantee by applicant should not interfere with its ability to meet its public service obligations.


The Commission has considered this matter and finds and concludes that a public hearing is not necessary, that the execution of the proposed guarantee will not impair the ability of the applicant to meet its public service obligations, and that the application should be granted, therefore,

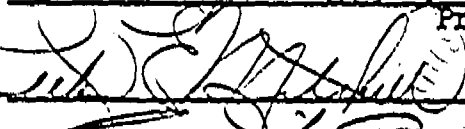
IT IS ORDERED that -


1. Di Salvo Trucking Co., a corporation, may execute a guarantee in the same form, or in substantially the same form, as that filed in this proceeding, guaranteeing payment of an indebtedness of R.W.L. Investments, Inc., in the principal amount of not to exceed \$380,000.


2. This order shall become effective on the date hereof.


Dated at San Francisco, California,
this 31st day of OCTOBER, 1961.



President








Commissioners