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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 SOUTHERN CALIFORNIA FREIGHT LINES,
 a California corporation, to transfer,
 and SOUTHERN CALIFORNIA FREIGHT LINES,
 LTD., a California corporation, to
 acquire the operating authorities of
 Southern California Freight Lines, and
 for authorization for Southern Cali-
 fornia Freight Lines, Ltd. and
 Southern California Freight Forwarders
 to execute a supplemental mortgage of
 chattels and deed of trust.

Application No. 44705
 (Amended)

O P I N I O N

This is an application by Southern California Freight Lines, Southern California Freight Lines, Ltd., and Southern California Freight Forwarders wherein Southern California Freight Lines seeks authority to transfer all of its California intrastate operating rights to Southern California Freight Lines, Ltd., and Southern California Freight Forwarders and Southern California Freight Lines, Ltd., seek authority to issue a supplemental chattel mortgage and deed of trust to Carroll J. Roush.

Southern California Freight Lines holds a certificate of public convenience and necessity authorizing it to operate as a highway common carrier and a prescriptive right to operate as a warehouseman. It also holds permits to operate as a household goods carrier, city carrier, radial highway common carrier and highway contract carrier. Southern California Freight Forwarders holds authority to operate as a freight forwarder and as an express corporation. Southern California Freight Lines, Ltd., is a holding company and is not presently a common carrier or public utility.

Southern California Freight Lines, Ltd., owns all of the stock of Southern California Freight Lines and Southern California Freight Forwarders. In Decisions Nos. 55741 and 55872 (Application No. 39472) this Commission authorized the acquisition by Carroll J. Roush of the outstanding stock of Southern California Freight Lines, Ltd., and the execution of encumbrances of its public utility subsidiaries, including Southern California Freight Lines and Southern California Freight Forwarders. Under the approved arrangement, Roush was to advance not to exceed a total of \$1,665,330 to Southern California Freight Lines, Ltd., which would lend sufficient sums to its subsidiaries, both utility and nonutility, to restore them to a solvent basis. The Commission authorized the public utility subsidiaries to join in a single deed of trust and chattel mortgage (executed jointly by all subsidiaries) to secure the amounts of money advanced to them.

The verified application alleges that on July 20, 1962, the Interstate Commerce Commission authorized Carroll J. Roush to acquire control of Southern California Freight Lines, Southern California Freight Forwarders and other subsidiaries by acquiring the stock of Southern California Freight Lines, Ltd. The Interstate Commerce Commission also authorized the merger of the operating rights and property of Southern California Freight Lines and certain other subsidiaries (not including Southern California Freight Forwarders) into Southern California Freight Lines, Ltd. This application seeks, in part, authority to accomplish such merger with respect to Southern California Freight Lines.

The record indicates that if the requested transfer and merger of operating authorities be authorized, there will be no change in ownership or control of the operating authorities.

Southern California Freight Lines, Ltd., will have the ability, including financial ability, to conduct operations under the operating authorities sought to be transferred and merged. The Commission finds that the proposed transfer and merger would not be adverse to the public interest.

Southern California Freight Forwarders and Southern California Freight Lines, Ltd., also seek herein authority to execute to Carroll J. Roush a supplemental chattel mortgage and deed of trust covering all of their operative and other property, including operating rights and franchises, to secure an existing indebtedness of not more than \$860,000.

The purpose of the supplemental chattel mortgage and deed of trust is to protect the interest of Carroll J. Roush in monies already loaned, in the light of the transfer of operating rights and merger herein authorized. The Commission finds that the execution of such encumbrance is reasonably required for the purpose specified herein and is not adverse to the public interest.

The form of deed of trust and chattel mortgage which Southern California Freight Lines, Ltd., and Southern California Freight Forwarders propose to execute contains provisions authorizing the trustee to take possession of, operate and sell any or all of the secured property in the event of a default. The property secured by the chattel mortgage and deed of trust includes "franchises", "licenses", "powers" and "privileges". Insofar as this instrument purports to cover the operating rights here involved, the Commission notes that these rights cannot be transferred without prior authority by the Commission.

Paragraph 19 of the proposed chattel mortgage and deed of trust provides that when the indebtedness which it secures is discharged, the instrument shall not become inoperative and the property covered by the instrument will not revert to Southern California Freight Lines, Ltd., and Southern California Freight Forwarders unless they so request. Paragraph 19 further provides that, if operative, the instrument may be used to secure indebtedness which may from time to time be incurred in the future. The Commission directs attention to the fact that any future transactions within the purview of the Public Utilities Code will require the appropriate approval of this Commission.

The Commission finds that a public hearing is not necessary in this matter and that the application should be granted as hereinafter set forth.

O R D E R

The Commission having considered the above-entitled matter, therefore,

IT IS ORDERED that:

1. Within one hundred and twenty days after the effective date of this order Southern California Freight Lines, a California corporation, may transfer and Southern California Freight Lines, Ltd., a California corporation, may acquire the following operating rights:

Highway Common Carrier Operating Authority:

<u>Application Number</u>	<u>Decision Number</u>
27232	43003
32030	45728
33607	47652
33393	47668
32246	48380
32246	48528
32246	49183
32246	51741
32246	52336
37571	53009
41015	58523
42796	61254
32246	61540
41430	61727

Warehouse Authority:

<u>Case Number</u>	<u>Decision Number</u>
6965	61969

Permit Authority:

Radial Highway Common Carrier Permit No. 19-2547
Highway Contract Carrier Permit No. 19-2547
City Carrier Permit No. 19-40512
Household Goods Carrier Permit No. 19-45094

Within thirty days after the consummation of the transfer herein authorized, Southern California Freight Lines, Ltd., shall notify the Commission in writing of the fact and within said period shall file with the Commission a true copy of the instrument used to effect the transfer.

2. Applicants shall amend or reissue the tariffs on file with the Commission, naming rates, rules and regulations governing the common carrier and warehouse operations here involved to show that Southern California Freight Lines has withdrawn or canceled, and Southern California Freight Lines, Ltd. has adopted or established, as its own, said rates, rules and regulations. The tariff filings shall be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and the public, and the effective date

of the tariff filings shall be concurrent with the consummation of the transfer herein authorized. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs set forth in the Commission's General Orders Nos. 61 and 80-A.

3. Southern California Freight Lines, Ltd., and Southern California Freight Forwarders may execute a deed of trust and chattel mortgage for a sum not to exceed \$860,000 in, or substantially in, the form as Exhibit D attached to this application. This authorization will expire if not exercised by June 30, 1963.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 17th day of SEPTEMBER, 1962.

George G. Crover
President

D. Lynn Fox

Fredrick B. Halshoff

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.