

ORIGINAL

Decision No. 66700

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:

MERRIFIELD TRUCKING COMPANY, a corporation, for authority to issue promissory notes and chattel mortgage pursuant to Sections 816-830 and 851-853 of the California Public Utilities Code.

Application No. 46080
Filed January 7, 1964

O P I N I O N

This is an application for an order of the Commission authorizing Merrifield Trucking Company to issue a promissory note in the principal amount of \$548,000 and to execute a chattel mortgage.

Applicant is a California corporation engaged in business as a highway common carrier transporting general and special commodities between various points in central and southern California. It also possesses a prescriptive operative right as a public utility warehouseman in the City of Vernon. The application shows that applicant proposes, jointly and severally with two nonutility affiliates, namely, Mede Equipment Company and Merrifield Corporation of California, to issue a \$548,000 note in favor of Fruehauf Corporation for the purpose of obtaining funds to discharge a portion of its outstanding debt obligations, to make loans to

nonutility affiliates in order to enable them to meet some of their debt obligations and to increase working capital, all as generally distributed below:

Debt obligations of applicant	\$407,797.60
Debt obligations of affiliates	124,994.54
Working capital	<u>15,207.86</u>
Total	<u>\$548,000.00</u>

Under the provisions of Section 817 of the Public Utilities Code, a public utility may issue notes for certain specific purposes and for no other purposes. We have no authority under the code to enter an order permitting applicant to issue a note, or otherwise to obligate itself, for the benefit of affiliated corporations under the terms proposed. Applicant has advised us that it and the lender are agreeable to our withholding authorization of the incurrence of indebtedness for the purpose of obtaining funds to lend to affiliates. We shall consider the authorization of the execution of a chattel mortgage and the issuance of a 9% promissory note in the principal amount of \$423,000, payable in sixty monthly installments.

Applicant reports that its operations have depended largely upon citrus crops which recently experienced disaster as a result of heavy freeze, and that the curtailment in transportation requirements resulting therefrom has caused the company to suffer extremely heavy losses resulting in an adverse financial condition which the proposed refinancing will

aid materially in alleviating. It appears that the company's efforts to obtain funds at a lower interest rate than now proposed have not met with success and that the proposed refinancing, in addition to providing applicant with more working capital, will result in a substantially reduced burden of meeting monthly installments on its indebtedness.

We have considered this application and find that:

(1) the proposed indebtedness, excluding loans to the two affiliated corporations, is for proper purposes; (2) applicant's assets and earnings will be sufficient to support and to service the proposed note; (3) the proposed financing will not interfere with applicant's ability to maintain its public service obligations; (4) the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purposes specified herein; and (5) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary.

On the basis of the foregoing findings, we conclude that (1) applicant should be authorized to execute a chattel mortgage; (2) applicant, jointly with said affiliated corporations, and severally, should be authorized to issue a promissory note in the principal amount of not to exceed \$423,000; and (3) this application, insofar as it seeks authority for applicant to issue a promissory note in a

principal amount in excess of \$423,000 in order to obtain funds to lend to affiliated corporations, should be dismissed for lack of power to grant such authority.

O R D E R

IT IS ORDERED that:

1. Merrifield Trucking Company, on or after the effective date hereof and on or before April 30, 1964, for the purposes specified in the application, except for obtaining funds to finance loans to affiliates of applicant, jointly with Mede Equipment Company and Merrifield Corporation of California, and severally, may execute a chattel mortgage and may issue a promissory note in the principal amount of not to exceed \$423,000 providing for the payment of principal, together with interest at the rate of not to exceed 9% per annum, in sixty consecutive monthly installments.

2. This application, insofar as it seeks authority for Merrifield Trucking Company to issue a promissory note in a principal amount in excess of \$423,000 for obtaining funds to lend to affiliated corporations, is hereby dismissed.

3. Merrifield Trucking Company 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.

4. This order shall become effective if the Trucking Company has paid the fee prescribed of the Public Utilities Code, which fee is \$423.

Dated at San Francisco, California, this 28th day of JANUARY, 1964.

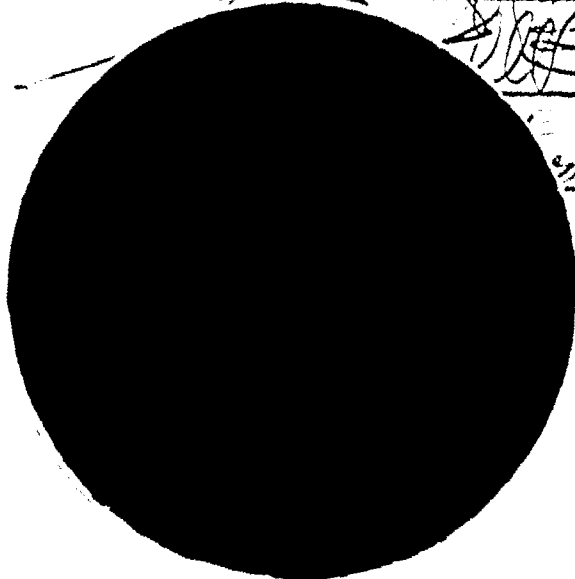
Hallam G. Brunell
President

Robert E. Hutchitt

[Signature]

[Signature]

[Signature]
Commissioners



PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FILED
28679
JAN 28 1964
By [Signature]

4. This order shall become effective when Merrifield Trucking Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$423.

Dated at San Francisco, California, this 28th day of JANUARY, 1964.

Holloman La Burrell
President

John E. Dittich

Wesley W. Bay

George L. Driver

Fredrick B. Helshoff
Commissioners

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
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By *[Signature]*

(For Roll Film)

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DEPARTMENT HEAD OR DESIGNEE

(SECTION 14756, GOVERNMENT CODE)

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(Name and Title)

that I am the lawful custodian of the records kept or microfilmed (photographic reproduction) by the California Public Utilities Commission in the regular
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Howard A. Sarasohn

(Signature)

Assistant Executive Director

(Title)

June 3, 1985

(Date)