

ORIGINAL

Decision No. 68403

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 CONSOLIDATED FREIGHTWAYS CORPORATION)
 OF DELAWARE, a Delaware corporation,)
 for an order authorizing it to)
 guarantee indebtedness incurred)
 under a credit agreement between)
 Transportation Equipment Rentals,)
 Inc., a Delaware corporation and)
 Bank of America National Trust and)
 Savings Association.)

Application No. 47121
Filed November 18, 1964

O P I N I O N

This is an application for an order of the Commission authorizing Consolidated Freightways Corporation of Delaware to assume liability as guarantor for payment of an indebtedness of not to exceed \$15,000,000 to be incurred under a credit agreement between Transportation Equipment Rentals, Inc. and Bank of America National Trust and Savings Association.

Applicant is a wholly-owned subsidiary of Consolidated Freightways, Inc. and it is engaged in business as a motor carrier of property in the State of California under certificates of public convenience and necessity granted by this Commission. Exhibit B, attached to the application, indicates that for the nine months ended September 30, 1964 the company's reported carrier operating revenues and net income were \$92,364,535 and \$1,857,529, respectively.

The application shows that Transportation Equipment Rentals, Inc., which is also a wholly-owned subsidiary corporation of Consolidated Freightways, Inc., proposes to enter into a credit agreement with the Bank of America National Trust and Savings Association for the purpose of financing the acquisition of equipment used or useful in its transportation equipment rental business. Under terms of said agreement, a copy of which is annexed to the application as Exhibit A, Transportation Equipment Rentals, Inc. may incur an indebtedness of not to exceed the sum of \$15,000,000, or lower limits under certain specific circumstances. The company may borrow, repay and reborrow within the limits so specified. The credit agreement requires Consolidated Freightways, Inc. and Consolidated Freightways Corporation of Delaware to guarantee payment of the obligations incurred by Transportation Equipment Rentals, Inc. under said agreement.

Applicant reports that it has two existing bank credit agreements which are guaranteed by the parent corporation, Consolidated Freightways, Inc., and that the interest terms thereunder are more favorable than they would be without such guaranties. It alleges that a proposal, such as that set forth in this proceeding, which permits an affiliate to obtain better credit terms redounds to the benefit of applicant.

The Commission has considered this matter and finds that applicant's proposal to guarantee payment of indebtedness will not be adverse to the public interest. On the basis of

this finding we conclude that the application should be granted.
A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Consolidated Freightways Corporation of Delaware may assume liability as guarantor of indebtedness of Transportation Equipment Rentals, Inc. in the principal amount of not to exceed \$15,000,000, which indebtedness will be incurred in accordance with a credit agreement in the same form, or in substantially the same form, as that attached to the application as Exhibit A.

2. The effective date of this order is the date hereof.

Dated at San Francisco, California, this 30th day of DECEMBER, 1964.

Fredrick B. Hallock
President
John E. Mitchell
Wesley B. King
George H. Trover
William W. Beards
Commissioners