

ORIGINAL

Decision No. 68983

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)
loan agreement between Southern-)
Plaza Express, Inc., a corporation,)
and Republic National Bank of)
Dallas.)

Application No. 47468
Filed April 5, 1965

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 repayment of an indebtedness of not to exceed \$2,484,152.15 to be incurred pursuant to a loan agreement between Southern-Plaza Express, Inc. and Republic National Bank of Dallas.

Applicant is a Delaware corporation engaged in business as a highway common carrier in the State of California under certificates of public convenience and necessity granted by this Commission and, among other things, it also conducts interstate operations subject to the jurisdiction of the Interstate Commerce Commission. For the calendar year 1964,

it reports gross operating revenues and net income of \$124,861,329 and \$1,995,968, respectively, and total assets of \$72,955,841 as of December 31, 1964.

The application shows that Southern-Plaza Express, Inc. is a Missouri corporation operating, in certain states other than California, as a motor vehicle common carrier of property pursuant to authorizations received from the Interstate Commerce Commission and other appropriate regulatory bodies. Exhibit C, annexed to the application, is a copy of a Stock Purchase and Temporary Lease Agreement dated February 6, 1965, providing for the temporary leasing by applicant of all the assets and its acquisition of all the stock of Southern-Plaza Express, Inc., subject to obtaining necessary regulatory authorization. According to the application, applicant will pay all operating expenses and interest on bank loans, operate the business as if it were the owner thereof, retain any profits realized and bear any losses incurred. Applicant reports that operations under the lease arrangement commenced on April 1, 1965, subsequent to the granting of temporary authority by the Interstate Commerce Commission.

It appears that Southern-Plaza Express, Inc. has heretofore financed the acquisition of its transportation equipment through a loan agreement with Republic National Bank of Dallas under which a balance of \$2,484,152.15, bearing an interest rate of 5-3/4% per annum, was outstanding as of March 31, 1965. As the lessee of such equipment, Consolidated

Freightways Corporation of Delaware advises that it is now in the process of renegotiating said loan agreement on behalf of the lessor in substantially the same form as that set forth in Exhibit A, attached to the application, thereby effecting a cost savings, among other things, through a reduction in the interest rate by one-half of 1% to 5-1/4% per annum. Applicant will be required to guarantee repayment of the indebtedness to be incurred under such loan agreement.

Consolidated Freightways Corporation of Delaware asserts that it will benefit from guaranteeing said indebtedness by maintaining an existing line of credit for Southern-Plaza Express, Inc. at a savings in cost to applicant.

The Commission has considered this matter and finds that applicant's proposal to guarantee repayment 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 Southern-Plaza Express, Inc. in the principal amount of not to exceed

\$2,484,152.15, which indebtedness will be incurred in accordance with a Loan Agreement and Guaranty in the same form, or in substantially the same form, as those attached to the application as Exhibit A.

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

Dated at San Francisco, California,
this 4th day of MAY, 1965.

Frederick B. Hellhoff
President

John S. Stabel

George J. Trover

Thomas

William B. ...
Commissioners