

ORIGINAL

Decision No. 69872

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of INTERLINES-BLANKENSHIP MOTOR)
EXPRESS, a California corporation,)
for authority to execute a Loan)
Agreement and Security Agreement)
and encumber Property thereunder.)

Application No. 47955
Filed October 7, 1965

O P I N I O N

This is an application for an order of the Commission authorizing Interlines-Blankenship Motor Express to execute a Loan Agreement, Security Agreement and Deed of Trust, and to issue promissory notes in the aggregate principal amount of \$1,125,000.

Applicant is a California corporation operating as a highway common carrier in various portions of the State. For the year 1964, it reported operating revenues and net income of \$4,766,747 and \$315,624, respectively.

The company reports that for a consideration of \$436,500 it will acquire about 5.25 acres of land located in the Town of Emeryville on which it contemplates constructing truck terminal facilities at an estimated cost of \$285,000. For the purpose of obtaining funds to finance, in part, the costs of said land and construction, applicant proposes to issue a 15-year, 6% promissory note in favor of Bank of America National Trust and Savings Association in the principal amount of \$400,000 repayable in monthly installments.

In addition, the carrier proposes to issue a \$325,000 five-year, 6-1/2% promissory note in favor of said bank for the purpose of obtaining a like amount of working capital. In order

to refinance existing revenue equipment indebtedness applicant intends to issue 6 $\frac{1}{2}$ % notes in favor of said bank and aggregating \$400,000, repayable in a varying number of monthly installments extending over a period up to five years.

In connection with the proposed financing the company will execute a Loan Agreement, Security Agreement and Deed of Trust. Said Loan Agreement will include a provision permitting the reduction of installment payments under the \$325,000 loan upon prepayment of the anticipated sum of \$125,000 expected to arise from the sale of applicant's Oakland terminal.

The application shows that the proposed transactions will provide the carrier with proper and adequate financing commensurate with its size of operations and growth at a lower interest cost and on repayment terms more compatible with its flow of cash and rates of depreciation than at present. Moreover, according to the application, the company will be in a position to replace its small and inefficient East Bay terminal by a more modern and about two and one-half times larger terminal, which will be better equipped for maintaining service to the public and will provide for enlarged service commensurate with the anticipated growth of the State.

The Commission has considered this matter and finds that: (1) the proposed notes are for proper purposes; (2) the money, property or labor to be procured or paid for by the notes herein authorized is reasonably required for the purposes specified herein; (3) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income;

and (4) the proposed Security Agreement and Deed of Trust would not be adverse to the public interest. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Interlines-Blankenship Motor Express, for the purposes specified in this proceeding, may issue promissory notes in the aggregate principal amount of not to exceed \$1,125,000, and may execute a Security Agreement and Deed of Trust, pursuant to a Loan Agreement, all in the same form, or in substantially the same form, as those attached to the application.

2. Interlines-Blankenship Motor Express shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

3. This order shall become effective when Interlines-Blankenship Motor Express has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$1,062.50.

Dated at San Francisco, California, this 2nd day of NOVEMBER, 1965.

Frederick B. Holcomb
President

Robert E. Mitchell
Secretary

Augustus
Commissioner

William B. Smith
Commissioner

George T. Grover
Commissioner

