

ORIGINAL

Decision No. 72970

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
DI SALVO TRUCKING CO.)
for authority to execute a)
continuing guaranty.)
_____)

Application No. 49592
Filed August 7, 1967

O P I N I O N

This is an application for an order of the Commission authorizing Di Salvo Trucking Co. to execute a Continuing Guaranty of obligations of R.W.L. Investments, Inc. to Bank of America National Trust and Savings Association in the aggregate principal amount of not exceeding \$1,500,000 at any one time outstanding.

Applicant, a California corporation, operates as a highway common carrier of general commodities, with certain exceptions, over routes from Sacramento to Mexico, including the San Francisco and Los Angeles Basin territories. It has been applicant's practice to operate equipment leased to it by R.W.L. Investments, Inc., the holder of all its outstanding shares of stock. The application shows that such practice has resulted in tax advantages and in making equipment readily available to applicant. By Decision No. 64805, dated January 22, 1963, in Application No. 44995, the Commission authorized applicant to execute a Continuing Guaranty of

indebtedness of the holding company to the bank in an aggregate principal amount of not exceeding \$750,000 at any one time outstanding, the reported balance being \$621,772 as of June 30, 1967.

Applicant reports that its need for equipment is a continuing one, that during the next five years it will be necessary for the holding company to borrow additional sums to acquire equipment to be used by applicant and that the bank has insisted that the loans for this purpose be guaranteed by the carrier. Applicant desires to execute a Continuing Guaranty in an aggregate principal amount of not exceeding \$1,500,000 at any one time outstanding, the guaranty to cover the outstanding balance advanced by the bank. The loans will be represented by notes bearing interest at a rate of not exceeding 6-3/4% per annum and will be secured by Security Agreements.

It appears that the execution of the proposed Continuing Guaranty will assure applicant of the availability of equipment. The financial statements of both corporations, attached to the application, indicate that the operations of the lessor will be sufficient to enable it to service the proposed borrowing and that the execution of the Continuing Guaranty by applicant will not interfere with its ability to meet its public service obligations.

The Commission has considered this matter and finds that the execution and delivery of the proposed Continuing Guaranty 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 Di Salvo Trucking Co., for the purpose set forth in this proceeding, may execute and deliver a Continuing Guaranty in the same form, or in substantially the same form, as that attached to the application as Exhibit A.

The effective date of this order is the date hereof.

Dated at San Francisco, California,
this 29th day of AUGUST, 1967.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners