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ORIGINAL

Decision No. 74343

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
Canadian Freightways, Ltd., and
Canadian Imperial Bank of Commerce

Application No. 50293
Filed June 6, 1968

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 Real Estate Credit
Agreement between Canadian Freightways,
Ltd., and Canadian Imperial Bank of
Commerce

Application No. 50305
Filed June 12, 1968

OPINION

These are applications for orders of the Commission authorizing Consolidated Freightways Corporation of Delaware to guarantee indebtedness of not exceeding \$4,000,000 to be incurred pursuant to a Loan Agreement and a Real Estate Credit Agreement between Canadian Freightways Limited and Canadian Imperial Bank of Commerce.

Applicant is a Delaware corporation engaged in business as a highway common carrier and a petroleum irregular route carrier in the State of California under certificates of public convenience and necessity granted by this Commission and, among

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other things, it also conducts interstate operations subject to the jurisdiction of the Interstate Commerce Commission. For the year 1967, the company reports gross operating revenues and net income of \$198,279,321 and \$9,153,555, respectively.

Canadian Freightways Limited, a subsidiary of applicant, proposes to enter into credit agreements with Canadian Imperial Bank of Commerce in order to obtain funds for general corporate purposes. In accordance with the agreements said subsidiary would incur indebtedness of not exceeding \$2,200,000 under the Loan Agreement and \$1,800,000 under the Real Estate Credit Agreement. It could borrow, repay and reborrow within specified limits with interest on outstanding loans payable at rates of not exceeding $\frac{1}{2}$ of 1% and $1\frac{1}{2}\%$ above the bank's minimum commercial lending rate under the Loan Agreement and Real Estate Credit Agreement, respectively. Said agreements will require applicant to guarantee prompt and punctual payment, when due, of all obligations thereunder, together with interest thereon.

Applicant asserts that financing by its Canadian subsidiary is consonant with the current federal policy of restricting the flow of capital from the United States of America to foreign countries. The company asserts further that the subsidiary will be enabled to obtain funds needed to maintain and expand its business, thereby maintaining and increasing such subsidiary's value to it.

After consideration the Commission finds that the proposals for applicant to guarantee repayment of indebtedness

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will not be adverse to the public interest. On the basis of this finding we conclude that the applications should be granted. A public hearing is not necessary.

O R D E R

IT IS ORDERED that Consolidated Freightways Corporation of Delaware may assume liability as guarantor of indebtedness of Canadian Freightways Limited in the aggregate principal amount of not exceeding \$4,000,000 at any one time outstanding, which indebtedness will be incurred in accordance with a Loan Agreement and a Real Estate Credit Agreement in the same forms, or in substantially the same forms, as those attached to the applications as Exhibit A, and will bear interest rates not exceeding those calculated in the manner set forth therein.

The effective date of this order is the date hereof.

Dated at San Francisco, California,
this 2nd day of JULY, 1968.

[Signature]
President
[Signature]
[Signature]
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Commissioners