

ORIGINAL

Decision No. 74779

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of ASSOCIATED FREIGHT LINES, a)
California corporation, for)
authority to execute a credit)
agreement, security and)
subordination agreements, and)
to issue a promissory note.)

Application No. 50551
Filed September 16, 1968

O P I N I O N

This is an application for an order of the Commission authorizing Associated Freight Lines (a) to execute a Credit Agreement, two Security Agreements and a Subordination Agreement, and (b) to issue a Promissory Note in the principal amount of \$850,000.

Applicant is a California corporation transporting general commodities, with limited exceptions, as a highway common carrier between various points extending from Willits to San Diego. In addition, the carrier conducts operations under permits issued by this Commission, and is subject to the jurisdiction of the Interstate Commerce Commission. For the year 1967, the company reports gross operating revenues of \$4,821,988 and net income of \$192,547.

Pursuant to authority granted by Decision No. 69062, dated May 18, 1965, in Application No. 47548, and Decision No. 71211, dated August 30, 1966, in Application No. 48700, applicant obtained a maximum line of credit of \$530,000 from Bank of America

National Trust and Savings Association, the related documents being similar to those proposed in this proceeding. Arrow Delivery Company, asserted to be a nonutility under common control with applicant, is a co-borrower.

The present application shows that in accordance with said credit arrangements applicant issued a \$530,000 note in favor of Bank of America National Trust and Savings Association, and that subsequently the latter assigned the note to United California Bank.

The proposed Credit Agreement with United California Bank will increase the maximum amount of the commitment to \$850,000, the commitment fee to be payable quarterly in amounts equal to $1/2$ of 1% per annum on the unused portion. The interest rates will not be less than $1/2\%$ nor more than 2% above the bank's prime interest rate.

Under the new Credit Agreement applicant will refinance sums due, or to become due, under said \$530,000 note, a \$50,000 short-term note, and conditional sale agreements pertaining to motor vehicle equipment.

Exhibit D, attached to the application, shows that the proposed Credit Agreement will enable applicant to reduce substantially the size of monthly payments on indebtedness.

After consideration the Commission finds that: (1) the proposed note issue is for proper purposes; (2) the money, property or labor to be procured or paid for by the issue of the note 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 documents will 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. For the purposes specified in this proceeding, Associated Freight Lines may issue a Promissory Note in the principal amount of not exceeding \$850,000, and may execute and deliver a Credit Agreement, Security Agreements and a Subordination Agreement. Said documents shall be in the same form, or in substantially the same form, as those attached to the application.

2. Associated Freight Lines 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 Associated Freight Lines has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$320.

Dated at Los Angeles, California, this 8th day of OCTOBER, 1963.

William J. Squires
President
John L. Bennett
Attorney
John R. Monsey
Commissioners