

ORIGINAL

Decision No. 79025

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of: )

WESTERN GILLETTE, INC. a )  
corporation, for authority under )  
the Public Utilities Code, )  
Sections 816-830, to execute )  
evidence of indebtedness. )

Application No. 52779  
Filed July 28, 1971

O P I N I O N

Western Gillette, Inc. requests an order of the Commission authorizing it to enter into a Credit Agreement and, under and pursuant to the terms of such agreement, to incur indebtedness in an aggregate principal amount of not exceeding \$10,000,000 at any one time outstanding.

Applicant is a California corporation operating as a highway common carrier and a petroleum irregular route carrier pursuant to certificates of public convenience and necessity granted by this Commission. In addition, it possesses permits issued by this Commission and operates under the jurisdiction of the Interstate Commerce Commission. For the year 1970, the carrier reports operating revenues and net income amounting to \$41,158,607 and \$332,583, respectively. A summary of its reported assets and liabilities as of June 30, 1971, is as follows:

Assets

Current assets	\$ 6,221,120
Tangible property less reserves for depreciation	9,851,030
Other assets	<u>881,005</u>
Total	<u>\$16,953,155</u>

Liabilities

Current liabilities	\$ 5,290,502
Long-term debt (including current portion)	5,449,618
Deferred credits	323,066
Common capital stock	90,700
Earned surplus	<u>5,799,269</u>
Total	<u>\$16,953,155</u>

The carrier proposes to enter into a Credit Agreement with Security Pacific National Bank whereby the latter would lend to applicant from time to time not exceeding at any one time outstanding \$10,000,000 or 90% of the net depreciated value of the company's carrier operating property, whichever is the lesser. The agreement would be terminable by either party on six month's written notice to the other. Applicant would pay interest at the rate of 1/2 of 1% above the bank's prime rate for 90-day commercial loans computed on the daily balances in the loan account.

The application shows that loans under the Credit Agreement would be the primary source of any borrowed funds for the proper conduct of the carrier's public utility businesses in California and elsewhere, and that the loans

would be for applicable purposes set forth in Section 817 of the Public Utilities Code. Applicant states that initially it intends to borrow funds as necessary to pay off certain obligations under conditional sales contracts containing provisions for interest rates at or above those presently applicable under the Credit Agreement.

The carrier alleges that by the repayment and retirement of conditional sales contracts, and by reason of the more efficient use which can be made of cash and temporary cash investments because of the availability of funds under the Credit Agreement, applicant will be in position to accomplish interest and other comparable savings at an annual rate of approximately \$92,400 immediately upon the execution of the Credit Agreement.

After consideration the Commission finds that:

1. The proposed Credit Agreement constitutes an evidence of indebtedness requiring Commission authorization.
2. The proposed Credit Agreement is for proper purposes.
3. The money, property or labor to be procured or paid for by the issue of the evidence of indebtedness herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

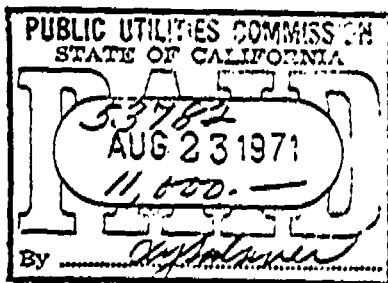
1. Western Gillette, Inc. may enter into a Credit Agreement with Security Pacific National Bank, which agreement shall be in substantially the same form as Exhibit C attached to the application.

2. Western Gillette, Inc., under and pursuant to the terms of said agreement, for any or all of the purposes set forth in the application, may incur indebtedness in an aggregate principal amount of not exceeding \$10,000,000 at any one time outstanding.

3. Western Gillette, Inc. shall file with the Commission monthly reports as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

4. This order shall become effective when Western Gillette, Inc. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$11,000.

Dated at San Francisco California, this  
10<sup>th</sup> day of AUGUST, 1971.



[Signature]  
Chairman  
William S. [Signature]  
[Signature]  
[Signature]  
[Signature]  
Commissioners