

ORIGINALDecision No. 84383

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. 55606
 (Filed April 8, 1975)

O P I N I O N

Western Gillette, Inc. seeks authority 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 \$8,000,000 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 operates under permits issued by this Commission and under Interstate Commerce Commission authority. At December 31, 1974, it reports total assets of \$18,170,020, offset by current liabilities, long-term debt, common stock equity and deferred credits in the respective amounts of \$5,926,279, \$7,700,348, \$3,089,082 and \$1,454,311.

The carrier proposes to enter into a Credit Agreement with Crocker National Bank, whereby the latter would lend to applicant from time to time not exceeding at any one time outstanding \$8,000,000 or 90% of the net depreciated value of the company's carrier operating property, whichever is the lesser, at an interest rate of 1/2 of 1% above the bank's prime rate for commercial loans. The agreement would be terminable by either party on six months' written notice to the other.

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 operations, and that the loans would be for applicable purposes set forth in Section 817 of the Public Utilities Code.

The proposed Credit Agreement would, in effect, be a continuation of the Credit Agreement authorized by Decision No. 79025, dated August 10, 1971, in Application No. 52779, except for a reduced principal amount and a different lender, and it appears that the terms of the new agreement would be not less favorable to applicant than those which could now be obtained from the former lender.

After consideration the Commission finds that:

1. The proposed Credit Agreement constitutes an evidence of indebtedness requiring Commission authorization.
2. The proposed Credit Agreement would be for proper purposes.
3. The money, property or labor to be procured or paid for by 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 Crocker 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 \$8,000,000 at any one time outstanding.

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

4. The effective date of this order is the date hereof.

Dated at San Francisco, California, this 29th day of April, 1975.

Vernon L. Stevenson
President
William J. Quinn
Edward Ross
Robert R. Baker
Commissioners