

Decision No. 85893

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:)

WESTERN GILLETTE, INC., a corporation,)
for authority to enter into a security)
agreement encumbering utility property.)Application No. 56470
(Filed May 10, 1976)O P I N I O N

Western Gillette, Inc. seeks authority to enter into a Security Agreement pertaining to a previously authorized Credit Agreement enabling it to borrow funds at an interest rate of 1/2 of 1% above Crocker National Bank's prime rate for commercial loans.

Applicant is a California corporation operating as a highway common carrier and a petroleum irregular route carrier under certificates of public convenience and necessity granted by Decision No. 79972, dated April 25, 1972, as amended by Decision No. 80109, dated May 31, 1972, in Application No. 52637. In addition, it operates under permits issued by this Commission and under Interstate Commerce Commission authority. For the year 1975, the carrier's reported total operating revenues amounted to \$53,159,650.

Pursuant to authority granted by Decision No. 84383, dated April 29, 1975, in Application No. 55606, applicant herein entered into a Credit Agreement with Crocker National Bank, whereby the latter has been advancing funds to applicant. According to this application, the amount of such advances outstanding on May 5, 1976, totaled \$6,600,000.

Paragraph 4 of said Credit Agreement reads as follows:

"The Company agrees that upon written request of the Bank at any time after the first Advance has been made, when the Bank may deem the same to be necessary properly to secure the payment of obligations due or to become due hereunder, the Company will execute and deliver to the Bank such document or documents (including but not limited to security agreements and vehicle title instruments) as may be required to vest in the Bank a perfected security interest in and to the Company's carrier operating property against the claims of all third parties in all jurisdictions. If any security interest provided for herein requires prior approval of any federal or state regulatory agency, the Company shall secure such approval before creation of such interest. The Company will pay all costs and expenses, including filing fees and attorneys' fees, in connection with the taking of such security."

The application shows that, pursuant to said paragraph 4, the bank has requested a continuing security interest in property described in paragraph 2 of the proposed Security Agreement, as follows:

"(a) all equipment in the form of the Debtor's carrier operating property, now owned or hereafter acquired, including but not limited to revenue equipment (which includes but is not limited to motor vehicles, chassis and trailers), service cars and equipment, shop and garage equipment, furniture and office equipment, dock and miscellaneous equipment and trade fixtures, together with all additions and accessions thereto and replacements and substitutions thereof;

"(b) all proceeds of and accounts relating to any sale, lease, or other disposition of any and all of the property referred to above. For purposes of this Agreement the term 'proceeds' includes whatever is receivable or received when Collateral or proceeds is sold, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, and all rights to payment, including return premiums, with respect to any insurance relating to the Collateral; and

"(c) all guaranties, warranties and rights of Debtor under any agreements with manufacturers or suppliers of the Collateral."

After consideration the Commission finds that:

1. The proposed Security Agreement would encumber property necessary or useful in the performance of applicant's duties to the public.
2. The proposed Security Agreement would not be adverse to the public interest.
3. There is no known opposition and there is no reason to delay granting the relief requested.

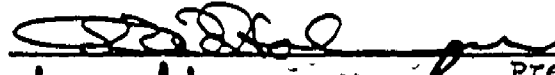
On the basis of the foregoing findings we conclude that the application should be granted, and that the effective date of the order should be the date on which it is signed. A public hearing is not necessary.

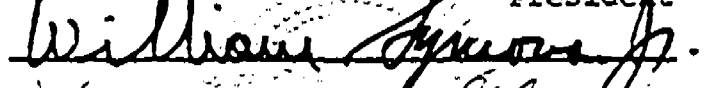
O R D E R


IT IS ORDERED that Western Gillette, Inc. may enter into a Security Agreement in substantially the same form as Exhibit A attached to the application.


The effective date of this order is the date hereof.


Dated at San Francisco, California, this 2nd day
of JUNE, 1976.



President








Commissioners