

Decision 83-03-020

March 2, 1983

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Valley Parcel Service, Inc. by its consultant, James C. Olsson, for authority to encumber its public utility property pursuant to Section 851-854 of the Public Utilities Code.

Application 83-01-32
(Filed January 17, 1983)

ORIGINAL

O P I N I O N

Valley Parcel Service, Inc. (Valley), a California corporation, seeks authority under Public Utilities (PU) Code Sections 851-854 to encumber its public utility property as stated in a Loan and Security Agreement with Trefoil Capital Corporation of California, Inc. (Trefoil), filed as Exhibit A to the application, for a line of credit in the amount of \$400,000.

Notice of the filing of the application appeared on the Commission's Daily Calendar of January 21, 1983. No protests have been received.

Valley is a California corporation engaged in the transportation of general commodities in intrastate commerce under a certificate of public convenience and necessity granted by PU Code Section 1063.5. Valley also holds a highway contract carrier permit and an agricultural carrier permit under File T-90,282.

Because of a large operating loss sustained during the corporate fiscal year ended September 30, 1981, which was not made up during the fiscal year ended September 30, 1982, Valley has

found it necessary to arrange for the establishment of the working capital credit line. In exchange for the extension of this credit Valley has agreed to pledge its accounts receivable and certain operating equipment as collateral.

Interest will be determined on the average daily balance only, at the rate of 5% above the prime rate of interest announced as being charged by the Fidelity Bank, Philadelphia, PA, computed on the basis of a 360-day year.

Details of the security given to Trefoil to guarantee repayment of amounts borrowed under this line of credit appear in parts 2, 3 and 4 of the Loan and Security Agreement filed as Exhibit A to the application. The agreement will have a term of two years from its effective date and shall be automatically renewed for successive periods of one year unless terminated by either party on the anniversary of its effective date.

Valley's balance sheet dated September 30, 1982 shows a negative net worth of \$56,382 with total assets of \$703,175. The corporation's income statement for the twelve months ending September 30, 1982 shows a net profit of \$49,210 with total income of \$3,642,027.

A schedule of depreciation listing the operating equipment to be pledged as collateral is filed as Exhibit C to the application.

Findings of Fact

1. Valley is a California corporation operating as a highway carrier of property subject to the jurisdiction of this Commission.

2. Valley has an immediate need for daily working capital to meet current operating expenses.

3. Because of this immediate need, the effective date of the order which follows should be the date it is signed.

4. Valley proposes to enter into a line of credit agreement for \$400,000 with Trefoil.

5. Valley proposes to pledge certain of its operating equipment and accounts receivable as security for the repayment of amounts borrowed under this line of credit agreement.

6. The rates charged for the amounts borrowed under the agreement are reasonable.

7. There is no known opposition and no reason to delay granting the authority requested.

8. The proceeds from the proposed line of credit are for lawful purposes and the money, property or labor to be obtained by them are required for these purposes. Proceeds from the line of credit may not be charged to operating expenses or to income.

Conclusions of Law

1. A public hearing is not necessary.

2. The application should be granted to the extent set forth in the order which follows.

A.83-01-32 T/SEG/ARM/WPSC

The authority granted by the decision is for the purpose of this proceeding only and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

On or after the effective date of this order, but before April 30, 1983, for the purpose specified in the application, Valley Parcel Service, Inc. may enter into the Loan and Security Agreement with Trefoil Capital Corporation of California, Inc., shown as Exhibit A to the application, encumbering certain revenue and operating equipment as security for the establishment of a line of credit not to exceed \$400,000.

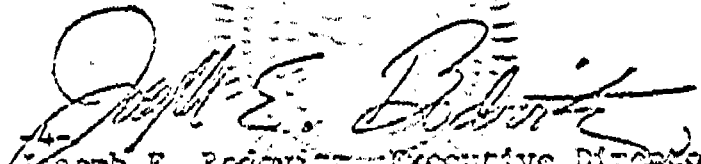
This order is effective today.

Dated MAR 2 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovitz, Executive Director