

ORIGINAL

Decision No. 86835

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of L.B.D., INC., a California cor-)
poration, for authority to acquire)
highway common carrier certifi-)
cates and properties of ASSOCIATED)
FREIGHT LINES, a California)
corporation; for authority of)
L.B.D., Inc. to issue securities;)
and for an interim order author-)
izing L.B.D., Inc. to lease cer-)
tificates and properties, and to)
issue stock.)

Petition for Modification
of Interim Order
Application No. 56640
(Filed December 21, 1976)

SUPPLEMENTAL OPINION AND ORDER

By Decision 86243, dated August 10, 1976, in Application 56640, L.B.D., Inc., a California corporation (which subsequently changed its corporate name to Associated Freight Lines),¹ was authorized to temporarily lease and subsequently purchase and acquire, among other things, several certificates of public convenience and necessity and certain highway vehicles held by the former Associated Freight Lines, a California corporation (which later changed its corporate name to Best-Way Freight Lines of Arizona).¹

The parties to the transaction authorized by Decision 86243, supra, requested and were granted authority for the purchaser to assume outstanding encumbrances on the highway equipment held by United California Bank which debt was heretofore authorized in connection with the seller by Decision 85170, dated November 25, 1975, in Application 56037. In addition, applicant purchaser desired to assume certain equipment encumbrances held by International Harvester Credit Corporation which debt was created

¹Resolution 17273 of September 1, 1976, in Applications 56640 and 50526.

pursuant to conditional sales contracts and consequently did not require the Commission's authorization.² In connection with the transaction between the applicants, the Commission authorized the issuance of a security agreement from purchaser to seller encumbering the operating authorities to be transferred to insure performance under the Agreement of Purchase and Sale between the parties. The security agreement is to be subject to and junior to any other outstanding liens, encumbrances or security interest made in connection with the financing of the equipment to be transferred.

By this pleading, the petitioner has filed Supplements 1, 2 and 3 to the Agreement of Purchase and Sale and requests approval for:

1. Execution of a Term Loan Agreement, a promissory note, and a security agreement with United California Bank which provides that the equipment subject thereto and the transferred certificate authority will secure the debt.

2. Issuance of a Transfer of Equity for vehicles encumbered by International Harvester Credit Corporation in the form set forth in Exhibit E of the petition.

3. Issuance of a security agreement encumbering the operating rights as a second lien in favor of Best-Way Freight Lines of Arizona.

The petitioner also indicates that the entire transaction is presently before the Interstate Commerce Commission for its approval in connection with the transfer of the interstate operating rights and it requests expeditious handling of the subject petition.

After consideration the Commission finds that:

1. Decision 86243 should be modified to the extent necessary to authorize issuance of the promissory note, security agreement

²Section 816.5, Public Utilities Code.

and Term Loan Agreement by Associated Freight Lines to United California Bank (Exhibits A, B and D, respectively, of the petition for modification).

2. Issuance of Transfer of Equity for vehicles encumbered by International Harvester Credit Corporation and the debt and encumbrance associated therewith pursuant to conditional sales contracts (Exhibit E of the petition) do not require the approval of this Commission.

3. The Commission, by Decision 86243, has heretofore authorized the issuance of a security agreement from Associated Freight Lines to Best-Way Freight Lines of Arizona which encumbers the certificates to be transferred. Such authorization having heretofore been granted need not be restated herein.

4. The effective date of this order should be the date on which it is signed because there is no known opposition and no reason to delay granting the authorization requested.

The Commission concludes that execution of the Term Loan Agreement with United California Bank and the issuance of the promissory note and security agreement associated therewith is not adverse to the California public interest and should be granted as set forth in the ensuing order. No protests to the petition have been received. A public hearing is not necessary.

IT IS ORDERED that Decision 86423, dated August 10, 1976, in Application 56640 is modified to authorize Associated Freight Lines to issue a promissory note, in the principal amount not exceeding \$384,000, a security agreement and to enter into a Term Loan Agreement with United California Bank in substantially the same form, in the principal amount not exceeding \$384,000, and having the same effect as those set forth in Exhibits A, B and D, respectively, of the petition. In all other respects, Decision 86243 shall remain in full force and effect.

A. 56640 - THP/cab

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 5th day of
January, 1977.

Robert Rodriguez
President
William J. Sproull
Samuel S. Stinson
Ross

Commissioners