

RR/lq

Decision No. 92535

DEC 16 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of KEY TRANSPORT,
INCORPORATED for an order
authorizing it to assume a
long-term obligation in order
to increase its working capital
requirements.

Application No. 59909
(Filed August 29, 1980)

O P I N I O N

Key Transport, Incorporated (Key) requests authority, pursuant to Sections 816 through 830 and 851 of the Public Utilities Code, to issue a promissory note in an amount not exceeding \$535,000.

Notice of the filing of the application appeared on the Commission's Daily Calendar of September 4, 1980. No protests have been received.

Key is a California corporation operating as a highway common carrier of general commodities. The authority was granted pursuant to Section 1063.5 of the Public Utilities Code, effective February 28, 1968 in Application No. 42989 under File No. T-62,576. Key also operates in interstate commerce (within the same boundaries as defined in its certificate) under authority granted it by the Interstate Commerce Commission in Docket No. MC-120078(1).

Key reported in its annual report to the Commission for Calendar Year 1979 that it generated total carrier operating revenue of \$4,945,731 and net income of \$19,448. In the nine months ended September 30, 1980, Key's attorney provided financial information which indicates the company generated total carrier operating revenue of \$4,061,397 and net income of \$52,281.

Key's Balance Sheet of December 31, 1979, and as adjusted to give pro forma effect to the requested authority to issue a promissory note as of September 30, 1980 is as follows:

<u>Assets</u>	<u>December 31, 1979</u>	<u>Pro Forma September 30, 1980</u>
Net Property and Equipment	\$ 129,409	\$ 158,640
Current Assets	895,901	937,836
Prepaid and Other Assets	-	101,514
Total	<u>\$1,025,310</u>	<u>\$1,197,990</u>
<u>Liabilities and Equity</u>		
Common Equity	\$ (144,198)	\$ (6,317)
Long-Term Debt	531,690	547,805
Current Liabilities	637,818	603,134
Accrued Liabilities	-	53,368
Total	<u>\$1,025,310</u>	<u>\$1,197,990</u>
	(Deficit)	

Key states in its application that it seeks authority to confirm, ratify and effectuate a commitment made by its parent company, Neptune T & W, Inc. (Neptune) to loan applicant an aggregate principal amount not to exceed \$535,000. Key further states that it proposes to make monthly payments of \$8,000 to Neptune for the first four years of the loan and \$10,000 for the remaining three and one-half years. The interest on the unpaid declining balance of the principal will be at 9% per annum. A schedule for repayment of the loan from Neptune is set forth on Appendix C attached to the application.

Key anticipates that it will have sufficient operating revenue over the next eight years to pay off this loan. A schedule of anticipated profits for the next eight years is also set forth in Appendix C attached to the application.

The purpose of the indebtedness is to discharge the short-term loans made from Neptune and to obtain funds for working capital.

The staff of the Commission's Revenue Requirements Division and the Transportation Division has reviewed the application and concludes that the applicant's request is reasonable and is not adverse to the public interest.

Findings of Fact

1. Key is a California corporation operating as a highway common carrier subject to the jurisdiction of this Commission.
2. Key has need for external funds for the purposes specified in the application.
3. The proposed promissory note is for a proper purpose and is not adverse to the public interest.
4. The money, property or labor to be procured and paid for with the funds borrowed through the promissory note herein authorized is required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or income.
5. There is no known opposition and there is no reason to delay granting the authority requested.

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.

The action taken herein shall not 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:

1. Key Transport, Incorporated, on or after the effective date hereof and on or before June 30, 1981, for the purposes specified in the application, may issue and deliver a promissory note in the aggregate principal amount of \$535,000 to its parent, Netune T & W, Inc.

2. Key Transport, Incorporated, shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

3. This order shall become effective when Key Transport, Incorporated, has paid the fee prescribed by Section 1904(b) of the Public Utilities Code which fee is \$1,070.

Dated DEC 16 1980, at San Francisco, California.

John E. Byron
President

Hubert H. Wood
Clair J. DeBriak

Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Leonard M. Grimes, Jr., being necessarily absent, did not participate.

