

Decision No. 92686 FEB 4 1981**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 CONVOY COMPANY, an Oregon corporation
 for authority to execute a loan
 agreement and security agreement.

Application No. 60118
 (Filed December 3, 1980)

O P I N I O N

Convoy Company (Convoy) seeks authority (a) to execute and enter into a \$2,500,000 line of credit loan agreement, and (b) to execute and enter into a related security agreement. Authority is sought pursuant to Sections 817 and 851 of the Public Utilities Code. Notice of the filing of the application appeared on the Commission's Daily Calendar of December 8, 1980. No protests have been received.

Convoy is an Oregon corporation authorized to operate in California as a highway common carrier under a Certificate of Public Convenience and Necessity (T-36182, PUC Code Section 1063.5) granted pursuant to Decision No. 51811, dated August 9, 1955 in Application No. 36008. Convoy is also the subject of a co-extensive Certificate of Registration issued by the Interstate Commerce Commission in Docket No. MC-52858.

For the year ended December 31, 1979, Convoy generated total operating revenues of \$27,214,000 (\$580,533 in California) and net carrier operating income of \$391,688.

Convoy's financial position as of June 30, 1980, as shown in Exhibit B, attached to the application, is summarized as follows:

<u>Assets</u>	<u>Amount</u>
Current Assets	\$4,249,515
Investments	111,686
Property and Equipment (Net)	3,182,882
Other Assets	<u>222,636</u>
Total	<u>\$7,766,719</u>
<u>Liabilities and Equity</u>	
Current Liabilities	\$2,564,096
Long-Term Debt	1,266,065
Other Deferred Credits	525,026
Common Equity	<u>3,411,532</u>
Total	<u>\$7,766,719</u>

Convoy principally transports motor vehicles in interstate commerce. Convoy plans to extend its operations throughout a substantial portion of the United States, according to the application. It is anticipated that approximately twenty-five complete units of trucks and trailers will be purchased as additions to the fleet now operated by Convoy.

To finance the purchase of the additional trucks and trailers and to supply its normal working capital needs, Convoy proposes to execute and enter into a \$2,500,000 line of credit loan agreement with Peoples National Bank of Washington. The loan agreement is to be supported by a security agreement in which the bank will hold title to all equipment in inventory as lien holder. Convoy's indebtedness at no time shall exceed eighty-five percent (85%) of the book value of the collateral.

Convoy's indebtedness under this agreement shall bear interest at the rate of one-half (1/2) of one percent (1%) per annum above the prime rate established by the bank. The length of the

repayment schedule shall be as agreed between the parties. However, all indebtedness nevertheless shall be subject to immediate demand for repayment.

The Revenue Requirements Division and the Transportation Division have reviewed this matter and conclude that the authority requested is reasonable and not adverse to the public interest.

Findings of Fact

1. The proposed transaction would not be adverse to the public interest.
2. The proposed note and related security agreement would be for a proper purpose.
3. There is no known opposition and no reason to delay granting the authority requested.
4. The money, property or labor to be procured or paid for by the issuance of the note herein authorized is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable 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.

The authorization granted by this 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:

1. On or after the effective date hereof and on or before June 30, 1981 for the purpose specified in the application, Convoy Company may execute and enter into a \$2,500,000 line of credit loan agreement in the form of Exhibit A, Part I, attached to the application.

2. On or after the effective day hereof and on or before June 30, 1981, Convoy Company may execute and enter a security agreement in the form of Exhibit A, Part II, attached to the application.

3. Convoy Company 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.

4. This order shall become effective when Convoy Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code which fee is \$3,500.

Dated FEB 4 1981, at San Francisco, California.

John E. Boyer
President
Richard D. Kovalick
James M. Pennington

Commissioners

