

Decision 93178 JUN 2 1981

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application)
of: WILLIG FREIGHT LINES, a Cal-)
ifornia corporation, for author-)
ity to: (1) Assume existing debt)
securities; and (2) Acquire real)
property subject to existing en-)
cumbrances and to assume said en-)
cumbrances; pursuant to Sections)
816 et seq., 830 et seq., of the)
California Public Utilities Code.)

Application 60299
(Filed February 26, 1981)

O P I N I O N

Willig Freight Lines (Willig) requests authority, under Sections 816 through 830 and 851 of the Public Utilities (PU) Code, for the following:

1. To assume debt securities in the form of promissory notes in the total amount of \$628,365.
2. To acquire real property, subject to existing encumbrances in the form of first deeds of trust.

Notice of the filing of the application appeared on the Commission's Daily Calendar of March 4, 1981. No protests have been received.

Willig is a California corporation operating as a highway common carrier under a certificate of public convenience and necessity

granted by Decision (D.) 85317 dated January 6, 1976, in Application (A.) 55946, contained in File T-11501. Willig holds a certificate of public convenience and necessity from the Interstate Commerce Commission (Docket No. MC 48632 Sub 16F) authorizing it to provide transportation service between points within its California and the Phoenix-Tucson, Arizona area.

Willig reported to the Commission that for the year 1980 it generated total operating revenues of \$25,575,587 and net income of \$877,014. Willig's Balance Sheet as of December 31, 1980, attached to the application as Exhibit P-1, is summarized as follows:

<u>Assets</u>	
Net Property and Equipment	\$12,247,161
Current Assets	<u>5,344,015</u>
Total	\$17,591,176
<u>Liabilities and Equity</u>	
Common Stock Equity	\$ 9,253,628
Long-Term Debt	3,920,856
Current Liabilities	2,772,874
Deferred Credits and Reserves	<u>1,643,818</u>
Total	\$17,591,176

Willig owns real property in Berkeley, Santa Clara and Los Angeles which it determined is not necessary nor useful in the performance of its duties to the public. Willig proposes an exchange of these properties for terminal facilities presently leased and located in San Francisco, Modesto and Santa Rosa. The three

properties to be acquired are subject to three 15-year promissory notes and are secured by first deeds of trust. Willig seeks to assume these promissory notes and the first deeds of trust. Copies of the deeds of trust are attached to application as Exhibits F, G and H. Copies of the promissory notes are attached to the application as Exhibits C, D and E, and summarized as follows:

<u>Terminal</u>	<u>Original Amount of Note</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 12-31-80</u>
San Francisco	\$600,000	9.25%	3-1-92	\$514,754.78
Modesto	85,000	8.50	6-1-88	55,094.95
Santa Rosa	75,000	10.00	5-1-90	<u>58,514.84</u>
Total (To be assumed by Willig)				\$628,364.57

The promissory notes and deeds of trust are obligations due the Bank of America by Eric K. Anderson and Warren J. Coughlin, major stockholders of Willig.^{1/}

The application indicates that at the present time all of the properties which Willig proposes to acquire are owned by Warren J. Coughlin. The properties were formerly owned by Eric K. Anderson and Warren J. Coughlin, but as a result of intervening transactions, Warren J. Coughlin became the sole owner.

^{1/} Pending Commission approval is A.60371, filed on March 19, 1981 by Transport Holdings, Inc. for authority to acquire control of Willig through the purchase of all issued and outstanding shares of Willig common stock.

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The application indicates the real properties have been appraised by various independent appraisers and the current fair market value of the properties ^{has} ~~have~~ been established by the parties to the exchange. The exchange of the properties is to be effected on the basis of the equities of the properties. The equity of each property has been determined as the fair market value of the property less the amount of the encumbrance (promissory notes) upon the property at the date of exchange. Any difference in exchange value, which is expected to be \$315,135 will be adjusted by the payment of cash by Willig necessary to equalize the exchange values. A schedule of the proposed exchange equities at December 31, 1980 is attached to the application as Exhibit O.

In support of its application, Willig states that it will acquire the real property (terminal facilities) it uses in its operation in exchange for real property which is in excess to its needs and not necessary nor useful in the performance of its duties to the public. The ownership of the terminal facilities will allow Willig to enjoy all the benefits of an owner of property and will eliminate the future uncertainty attendant upon any lessee at the conclusion of a lease term.

The terminal facilities proposed to be acquired are presently leased to Willig for the total monthly rental of \$17,075 as follows:

<u>Location</u>	<u>Amount</u>
San Francisco	\$13,695
Modesto	2,155
Santa Rosa	<u>1,225</u>
Total	\$17,075

The real properties owned by Willig and to be exchanged, are presently leased to others by Willig for the monthly rental of \$9,047 as follows:

<u>Location</u>	<u>Amount</u>
Berkeley	\$4,500
Santa Clara	2,547
Los Angeles	<u>2,000</u>
Total	\$9,047

At present Willig has rental expense of \$17,075 per month and rental income of \$9,047 per month. Giving effect to the exchange transaction, Willig will have no rent expense, will save \$8,028 per month in rent expense and as a result will increase its cash flow by this amount.

The Commission's Revenue Requirements Division and Transportation Division have reviewed the application and have concluded that the proposed exchange of properties, the assumption of the notes with their encumbrances are necessary and useful to Willig in its operations, and have no objection to granting the authority requested. Although the System of Accounts for Motor Carriers of Property does not require that property acquired be carried on its accounting records at original costs, the Revenue Requirements Division reserves the right to review the acquisition of these properties in future rate setting proceedings.

Findings of Facts

1. Willig is a California corporation operating as a highway common carrier subject to the jurisdiction of this Commission.
2. Willig has determined that real properties in Berkeley, Santa Clara, and Los Angeles, which it owns, are not necessary nor useful in the performance of its duties to the public.
3. Willig has determined that terminal facilities which it now rents in San Francisco, Modesto, and Santa Rosa are necessary and useful in the performance of its duties to the public.
4. The current fair market value of the properties to be exchanged is reasonable.

5. The assumption of the three promissory notes together with the respective deeds of trust is not adverse to the public interest.

6. The proposed assumption of the promissory notes and encumbrances are for lawful purposes and the money, property, or labor to be obtained by them are required for these purposes.

7. There is no known opposition and 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.

O P I N I O N

IT IS ORDERED that:

1. On or after the effective date of this order, but before December 31, 1981, for the purposes specified in the application Willig Freight Lines may enter into an exchange transaction wherein real properties owned in Berkeley, Santa Clara and Los Angeles are exchanged for terminal facilities in San Francisco, Modesto and Santa Rosa, according to the application.

2. On or after the effective date of this order, but before December 31, 1981, Willig Freight Lines may acquire real property located in San Francisco, Modesto and Santa Rosa together with deeds of trust, and may assume three promissory notes in the aggregate amount of \$628,365 under the terms specified in the application. These documents shall be in substantially the same form as those attached to the application.

3. Thirty days after the proposed exchange of properties has occurred Willig Freight Lines shall notify this Commission in writing of the fact that the proposed exchange has been executed.

4. Willig Freight Lines shall file the reports required by General Order Series 24.

5. The authority granted by this order to acquire real property with deeds of trust and to assume three promissory notes, will become effective when Willig Freight Lines pays \$1,258, the fee set by PU Code Section 1904(b). In all other respects this order becomes effective 30 days from today.

Dated JUN 2 1981, at San Francisco, California.

John E. Byron
President
Richard W. ...
James W. ...
Victor Calvo
Commissioners

Commissioner Priscilla C. Grew, being necessarily absent, did not participate in the disposition of this proceeding.

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
00317
JUN 3 1981
\$ 1258.13
By J. J. ...