

Decision No. 17874

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
PICKWICK STAGES, NORTHERN DIVISION,)
a corporation, for an order permitt-) Application Number 9442
ing it to issue \$50,000.00 of equip-)
ment trust certificates.)

Warren E. Libby, for Applicant.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to make an order authorizing the Pickwick Stages, Northern Division, a corporation, to enter into an equipment trust agreement and lease agreement defining the terms and conditions under which not exceeding \$50,000.00 of serial 7 per cent equipment trust certificates will be issued.

A public hearing on this application was held before Examiner Fankhauser in Los Angeles.

The business of Pickwick Stages, Northern Division, consists, for the most part, in transporting passengers and express by automobile stages between Los Angeles and San Francisco and San Francisco and Portland. It reports its gross revenues for the year ending December 31, 1921 as \$338,847.99, for the year ending December 31, 1922 as \$585,062.72 and for the nine months ending September 30, 1923 as \$552,627.36. After paying operating expenses, interest and other items, and providing for depreciation, it reported net profit for 1921 as \$7,160.41, for 1922 as \$58,193.06 and for the first nine months of 1923 as \$67,251.08.

Applicant reports its assets and liabilities as of September 30, 1923, as follows :-

<u>Assets</u>		
Plant and equipment		\$319,767.63
Securities of other companies		1,500.00
Current assets:-		
Cash	\$ 1,861.27	
Special deposits	8,400.00	
Accounts receivable	13,974.79	
Notes receivable	505.03	
Total current assets		24,741.09
Materials and supplies		8,707.51
Prepayments		10,946.93
Other debit items		19,550.00
Total assets - - - - -		\$ 385,213.16

<u>Liabilities</u>		
Capital stock		70,000.00
Funded debt		18,000.00
Current liabilities:-		
Accounts payable	\$59,446.27	
Notes payable	35,000.00	
Accrued liabilities	10,920.86	
Total current liabilities		105,367.13
Reserve for accrued depreciation		61,245.97
Surplus		130,600.06
Total liabilities - - - - -		\$ 385,213.16

At the close of 1922 applicant reported that it operated thirteen eighteen passenger cars, ten fourteen passenger cars, nine eleven passenger cars and twelve eight passenger cars, a total of forty-four cars. The testimony herein indicates that the company has been compelled to lease as high as twenty cars to meet demands for transportation and that it has been decided to purchase additional equipment.

The record shows that The Pickwick Corporation, which company owns substantially all of applicant's outstanding stock, has acquired, or is acquiring and constructing four White automobiles and seven Pierce Arrow automobiles at an aggregate cost of approximately \$103,000.00. This equipment will be transferred to Hellman Trust and Commercial Bank, as trustee, to secure the payment of not exceeding \$50,000.00 of equipment trust certificates. These certificates will bear interest at 7 per cent per annum, will be dated October 15, 1923, and will mature in equal annual installments of \$10,000. on the fifteenth day of October

of each of the years 1924 to 1928 inclusive. The equipment trust agreement provides that at no time shall the face amount of certificates outstanding exceed fifty per cent of the cost of the trust equipment.

Upon delivery of the equipment to the trustee it will be leased to applicant who has agreed to pay to the trustee an amount as rental sufficient to pay the interest and the annual payments on account of the principal of the certificates. In addition applicant agrees to pay all taxes and insurance on the equipment and maintain it in good operating condition, and also to pay the difference between the cost of the equipment and the amount received from the sale of the certificates. Upon the payment in full of the principal of the certificates title to the equipment passes to applicant.

The equipment trust agreement and lease agreement, filed with the petition, appear to be in satisfactory form.

ORDER

PICKWICK STAGES, NORTHERN DIVISION, a corporation, having applied to the Railroad Commission for an order authorizing the execution of an equipment trust agreement and a lease agreement and the issue of certificates, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the money, property or labor to be procured or paid for through the issue of such certificates is reasonably required by applicant for the purpose specified herein,

IT IS HEREBY ORDERED that the PICKWICK STAGES, NORTHERN DIVISION, a corporation, be and it is hereby authorized to execute and enter into an equipment trust agreement and lease agreement substantially in the same form as the equipment trust agreement and lease agreement filed in this proceeding and to assume or guarantee the payment of not exceeding \$50,000.00 of 7 per cent serial equipment trust certificates, the issue

of which is hereby authorized.

The authority herein granted is subject to further conditions as follows :-

1. The authority herein granted to execute an equipment trust agreement and lease agreement is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of such equipment trust agreement and lease agreement as to such other legal requirements to which said equipment trust agreement and lease agreement may be subject.
2. The equipment trust certificates which are herein authorized to be issued shall be sold at not less than 95 per cent of their face value, plus accrued interest, and the proceeds used to pay in part the cost of the additional equipment, to which reference is made in this application.
3. Pickwick Stages, Northern Division, shall keep such record of the issue and sale of the equipment trust certificates herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th. day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order in so far as applicable is made a part of this order.

4. The authority herein granted to issue and sell equipment trust certificates will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$50.00, and will expire on March 31, 1924.

DATED at San Francisco, California, this 14th day of November, 1923.

Fee \$50.00
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Commissioners.