

Decision No. 13314.

In the Matter of the Application of
PICKWICK STAGES, INC.,
a corporation, for an order permit-
ting it to issue \$50,000.00 of equip-
ment trust certificates.

ORIGINAL

OPINION

TOTAL.....	<u>\$191,815.72</u>
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LIABILITIES AND CREDIT BALANCES

Capital stock outstanding	\$100,000.00
Notes payable	45,450.00
Accrued liabilities not due	5,375.78
Accounts payable	12,244.65
Reserve for accrued depreciation	19,774.41
Surplus or deficit	8,968.88

TOTAL..... \$191,813.72

For the two years ending December 31, 1923 the company reports operating revenues and other income and operating expenses and other disbursements as follows:-

<u>ITEM</u>	<u>1922</u>	<u>1923</u>
Transportation revenue	\$266,748.64	\$425,154.81
Transportation expenses	266,584.69	416,627.59
Net operating revenue	163.95	8,527.22
Miscellaneous income	3,659.30	5,685.00
Net income	3,823.25	14,212.22
<u>NONOPERATING EXPENSES</u>		
Other interest	9.99	1,017.24
Federal income taxes	39.00	125.52
Expenses other operations	8.34	-
Miscellaneous charges to income	54.77	136.78
Amortization of debt discount and expense	-	974.00
Total nonoperating expenses \$	112.10	\$ 2,253.54
Profit for year	\$ 3,711.15	\$ 11,964.68

The operating expenses for 1922 include \$109,799.72 expended for leased cars, while during 1923 \$144,755.80 is reported by applicant to have been expended for similar purposes. During 1922 the company included in operating expenses on account of depreciation \$10,024.79, and during 1923 \$16,195.00. During both years the company has found it necessary to lease a large part of the equipment which it operated. Its officers believe that it will be to applicant's advantage to own more equipment. The company therefore has entered into an agreement for the purchase of the following equip-

ment at the following costs:-

Two 11-passenger Pierce-Arrow auto stages, inter-city type	\$14,000.00
Four 14-passenger Packard auto stages, inter-city type	32,000.00
Two 14-passenger Packard auto stages, inter-city type	16,000.00
Four 18-passenger Packard auto stages, inter-city type	38,000.00

TOTAL COST..... \$100,000.00

The company proposes to pay for such equipment through the issue of stock and equipment trust certificates. The equipment trust certificates will bear interest at the rate of seven percent per annum and will be dated March 15, 1924. They will mature in equal annual installments of \$10,000.00 each from the 15th day of March of each year from 1925 to 1929, both inclusive. The equipment trust agreement provides that at no time shall the face amount of certificates outstanding exceed fifty percent. 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 will pass to applicant.

The equipment trust agreement and lease agreement filed with this Commission appear to be in satisfactory form.

ORDER

The Pickwick Stages, Inc. 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 before Examiner Fankhauser 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, therefore,

IT IS HEREBY ORDERED that the Pickwick Stages, Inc. 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. of seven percent. serial equipment trust certificates, the issue of which is hereby authorized.

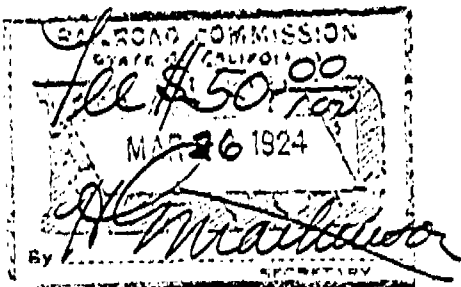
The authority herein granted is subject to further conditions as follows:-

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 percent. of their face value and the proceeds used to pay in part the cost of the additional equipment to which reference is made in the foregoing opinion.
3. Pickwick Stages, Inc. 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 only when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$50. No equipment trust certificates may be issued nor may applicant assume the payment of any equipment trust certificates under the authority herein granted after October 1, 1924.

DATED at San Francisco, California, this 24th day of March, 1924.



Clancy
H. B. Brundage
Irving Martin

Commissioners.