

IRA

Decision No. 15064.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)  
 PICKWICK STAGES SYSTEM, )  
 a corporation, for an order per- ) Application No. 11075.  
 mitting it to issue \$100,000.00 of )  
 Equipment Trust Certificates. )

Warren E. Libby, for applicant.

**ORIGINAL**

BY THE COMMISSION:

O P I N I O N

Pickwick Stages System, a corporation asks the Railroad Commission to make an order authorizing the issue and sale of \$100,000.00 of equipment trust certificates for the purpose of financing in part the cost of additional equipment.

The application shows that the company proposes to acquire equipment described as follows:-

Four 22-passenger Inter-city type Pierce-Arrow automobile stages of the cost and value of \$10,000.00 each; and	\$40,000.00
Six 28-passenger Inter-city Pierce-Arrow automobile stages of the cost and value of \$10,500.00 each,	63,000.00
Two 18-passenger Inter-city type Pierce-Arrow automobile stages of the cost and value of \$9,000.00 each,	18,000.00
One 28-passenger pay-as-you-enter type Pierce-Arrow automobile stage of the cost and value of \$10,250.00,	10,250.00
One 26-passenger inter-city type Pierce-Arrow automobile stage of the cost and value of \$10,250.00,	10,250.00
Five 20-passenger Parlor Car type Pierce-Arrow automobile stages of the cost and value of \$12,000.00 each,	<u>60,000.00</u>
	\$201,500.00

It is of record that applicant has entered into an agreement for the sale of the \$100,000.00 equipment trust certificates at 95 per cent of their face value and accrued interest. The \$106,500.00 additional money which applicant must procure in order to pay for the equipment will be obtained through the issue and sale of common stock. (Application No. 11074)

The equipment trust certificates which applicant asks permission to issue are to be dated May 15, 1925 and mature as follows:-

\$10,000.00	due August 15th, 1926.
\$20,000.00	due August 15th, 1927.
\$20,000.00	due August 15th, 1928.
\$25,000.00	due August 15th, 1929.
\$25,000.00	due August 15th, 1930.

There are to be attached to the certificates dividend warrants evidencing the right of the holders of the certificates to dividends at the rate of 7 per cent per annum payable semi-annually August 15th and February 15th. The payment of the certificates and the dividend warrants is to be guaranteed by endorsement by the Pickwick Corporation, a company which controls applicant through stock ownership.

There has been filed in this proceeding as applicant's Exhibit "B", a copy of applicant's proposed equipment trust agreement and as its Exhibit "C", a copy of the proposed lease agreement under which applicant is given the right to operate equipment referred to herein. At the hearing both Exhibit "B" and "C" were modified. As modified the equipment trust agreement and lease agreement are in satisfactory form.

There is to be attached to the equipment, which applicant intends to acquire through the issue of the equipment

trust certificates, a metal plate bearing the following:-

"Pickwick Stages System,  
Equipment Trust, Series (D),  
Title Guarantee & Trust Company, Trustee,  
Owner and Lessor."

Under the terms of the lease agreement the Pickwick Stages System agrees to pay the difference between the cost of the equipment delivered and the amount realized from the sale of the equipment trust certificates, agrees to maintain the equipment in good operating condition and further agrees to pay to the trustee or his assigns an amount of rent which will be sufficient to pay all necessary and reasonable expenses of the trust including all expenses connected with the trust equipment and the lease thereof, all taxes, except such portion of any Federal income tax with respect to such income as shall be in excess two per cent, all dividends warrants attached to the trust certificates and the principal of the trust certificates when the same shall become due and payable under the provision of the trust agreement.

While the order herein will authorize the execution of the lease agreement, it should be understood that the Commission by authorizing the execution of such agreement does not bind itself to recognize the rent which applicant has agreed to pay for the equipment as a proper charge to operating expenses.

#### O R D E R

Pickwick Stages System, a corporation, having applied to the Railroad Commission for an order authorizing the execution of an equipment trust agreement and lease agreement and the issue of equipment trust certificates, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be

procured or paid for through the issue of such certificates is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses.

IT IS HEREBY ORDERED that Pickwick Stages System, a corporation, be and it is hereby, authorized to execute and enter into an equipment trust agreement and a lease agreement substantially in the same form as those filed with the Commission as applicant's Exhibits "B" and "C" respectively (as modified at hearing) and to assume or guarantee the payment of not exceeding \$100,000.00 of 7 per cent serial equipment trust certificates, the issue of which is hereby authorized.

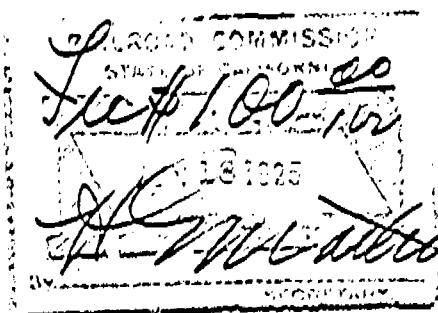
The authority herein granted is subject to further conditions as follows:-

1. The 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 other than accrued interest used to pay in part the cost of the additional equipment to which reference is made in the foregoing opinion. The accrued interest may be used for general corporate purposes.
2. The authority herein granted to execute an equipment trust agreement and lease agreement is for the purpose of this proceeding only and 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.

3. Within thirty days after execution of the equipment trust agreement and lease agreement applicant shall file with the Commission certified copies of such equipment trust agreement and lease agreement.
4. Applicant shall keep such record of the issue and sale of the equipment trust certificates 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.
5. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$100.00. Under the authority herein granted no certificates may be issued after November 30, 1925.

DATED at San Francisco, California, this 15<sup>th</sup> day of June, 1925.



H. P. Brandt  
C. Seaver  
Egerton Shaw  
George D. Squires  
Wm. W. ...