

LEM

Decision No. 17433.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of
PICKWICK STAGES SYSTEM,
a corporation, for an order permit-
ting it to issue three hundred thous-
and dollars (\$300,000.) of equipment
trust certificates.

Application No. 13166

In the Matter of the Application of
PICKWICK STAGES SYSTEM,
a corporation, for an order authoriz-
ing the issue of capital stock in the
sum of three hundred twenty-five thous-
and dollars (\$325,000.)

Application No. 13167

Warren E. Libby, for applicant.

BY THE COMMISSION:

O P I N I O N

In the two above entitled matters Pickwick Stages System asks the Railroad Commission to make an order authorizing the issue of \$325,000.00 of its common capital stock at par, and of \$300,000. of seven percent serial equipment trust certificates, at 95, to finance the cost of additional equipment.

A public hearing on the two applications was held before Examiner Fankhauser on September 28, 1926, at which time they were consolidated for the purpose of receiving evidence and for decision.

The company reports that as of June 30, 1926 it had outstanding \$916,150.00 of stock and equipment trust certificates of \$476,000.00. Its assets and liabilities as of the same date,

are shown in Exhibit "A" as follows:-

ASSETS:

Plant and equipment.	\$1,908,961.76
Securities of other corporations	2,675.00
Cash (Credit balance)	5,453.45
Accounts receivable	125,733.07
Notes receivable	638.47
Materials and supplies	75,105.87
Special funds	12,041.75
Prepayments	25,377.26
Other assets	44,976.14
Deferred debits	82,688.75
Discount on stock	7,792.00
Total assets	<u>\$2,280,536.62</u>

LIABILITIES:

Capital stock	\$ 916,150.00
Funded debt	476,000.00
Notes payable	213,430.17
Accounts payable	341,373.78
Accruals	17,829.75
Reserves	160,459.12
Surplus	<u>155,293.80</u>
Total liabilities	<u>\$2,280,536.62</u>

In making these petitions to issue additional stock and certificates, the company reports that it is in need of additional equipment and that it proposes to expend \$600,000.00 for the following:-

Eight 14-passenger inter-city type stages at \$8,000. each	\$64,000.
Eight 18-passenger inter-city type stages at \$9,000. each	72,000.
Nine 18-22-passenger observation sedan stages at \$11,000. each	99,000.
Six 22-passenger inter-city type stages at \$10,000. each	60,000.
Ten 26-passenger inter-city type stages at \$10,500. each	105,000.
Ten 33-passenger parlor sedan type stages at \$12,500. each	125,000.
Five 18-20-passenger parlor buffet type stages at \$15,000. each	<u>75,000.</u>
Total	<u>\$600,000.</u>

Applicant proposes to obtain a portion of the \$600,000.00 through the sale, at 95 percent of par value, of \$300,000. of equipment trust certificates, bearing interest at seven percent per annum and maturing in annual installments as follows:-

September 15, 1927	\$20,000.
September 15, 1928	40,000.
September 15, 1929	60,000.
September 15, 1930	60,000.
September 15, 1931	60,000.
September 15, 1932	60,000.

There have been filed with Application No. 13166 a copy of an equipment trust agreement, defining the terms and conditions under which the certificates will be issued and a copy of a lease agreement under which applicant is given the right to operate the equipment referred to herein. These agreements appear to be in satisfactory form.

At 95 applicant will receive \$285,000.00 for the certificates. The balance of the purchase price, approximately \$315,000., will be provided through the issue and sale of the stock covered by Application No. 13167.

While the record shows that some of the equipment may be leased to Pickwick Stages System of Arizona, C. F. Wren, president of Pickwick Stages System, has, subsequent to the hearing had on September 28th, advised the Commission that none of the equipment acquired through the issue of the equipment trust certificates would be leased to the Arizona corporation. Only in the case of an emergency will any of the equipment be operated over the routes of the Arizona corporation. According to C. F. Wren the equipment will all be used and operated by the Pickwick Stages System.

O R D E R

Pickwick Stages System, a corporation, having applied to the Railroad Commission for an order authorizing the issue of

\$300,000. of equipment trust certificates and \$325,000. of common stock, a public hearing having been held and the Commission being of the opinion that the money, property or labor to be procured or paid for through such issue is reasonably required by applicant for the purposes specified herein, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Pickwick Stages System be, and it hereby is, authorized to issue and sell at not less than par, \$325,000. of its common capital stock.

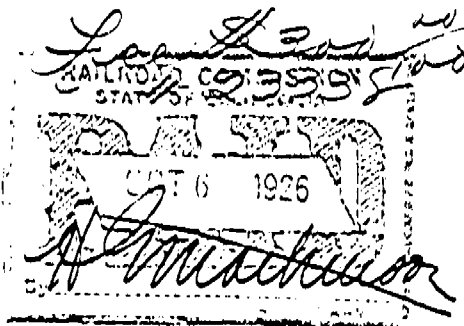
IT IS HEREBY FURTHER ORDERED that Pickwick Stages System be, and it hereby is, authorized to execute and enter into an equipment trust agreement and lease agreement substantially in the same form as the agreements filed with Application No. 13166, and to assume or guarantee the payment of not exceeding \$300,000. of seven percent equipment trust certificates, dated September 15, 1926 and payable on or before September 15, 1932, the issue of which certificates is hereby authorized.

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

1. The equipment trust certificates, herein authorized to be issued, shall be sold at not less than 95 percent of face value plus accrued interest, and the proceeds, other than accrued interest, which may be used for general corporate purposes, together with the proceeds from the sale of the stock herein authorized, shall be used to pay for the equipment to which reference is made in the foregoing opinion, said payments not to exceed the cost set forth in said opinion. Any proceeds remaining after the purchase of said equipment may be expended only for such purposes as the Commission will authorize in a supplemental order or orders.

2. The authority herein granted to execute an equipment trust agreement and a lease agreement is for the purpose of this proceeding only and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said 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. Applicant shall keep such record of the issue and sale of the stock and 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, insofar as applicable, is made a part of this order.
4. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, and Section 6 of the Auto Stage and Truck Transportation Act, which fee is \$300. Under the authority herein granted no stock or certificates may be issued after September 15, 1927.

DATED at San Francisco, California, this 5th day of October, 1926.



H. B. Brundage
Chairman
Leon O. ...

Commissioners.