

Decision No. 20810

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
AMERICAN RAILWAY EXPRESS COMPANY)
and of Railway Express Agency, In-)
corporated, for an order authorizing)
the sale of property.)

Application No. 15410.

Alfred Sutro, for applicants.

BY THE COMMISSION:

O P I N I O N

American Railway Express Company asks permission to sell to the Railway Express Agency, Incorporated, all of its properties in California used in its express operations, such sale to be made pursuant to the terms of the agreement filed in this proceeding as Exhibit "B" and the report and plan filed in this proceeding as Exhibit "C".

It appears that the American Railway Express Company is conducting an express transportative business in the State of California and elsewhere in the United States over the lines of the railroads referred to in applicant's petition. This business is being conducted under "Amended Uniform Express Contracts" which by their terms expire on February 28, 1929. Article XX of these contracts provides, that in the event the American Railway Express Company does not continue express operations over the lines of the several railroads after midnight on February 28, 1929, then, at

ORIGINAL

that time the railroads shall purchase from the American Railway Express Company and the American Railway Express Company shall sell to the railroads, at cost less the depreciation chargeable under Article V, Section 4, item (e) of the contracts all property of the American Railway Express Company used in its express operations located on the lines of the railroads.

The American Railway Express Company has been notified by the railroads that they would not renew the "Amended Uniform Express Contracts."

The American Railway Express Company has agreed to sell on February 28, 1929, to the Railway Express Agency, Incorporated, the following described properties:-

1. All equipment of every kind, character and description, at its book value; i.e., cost less the depreciation chargeable to and including February 28, 1929, under Article V, Section 4, item (e) of the Amended Uniform Express Contracts.
2. All buildings, whether on land owned or not owned by the Express Company, at their book value; i.e., cost less the depreciation chargeable to and including February 28, 1929, under Article V, Section 4, item (e) of the Amended Uniform Express Contracts.
3. The parcels of land set forth in the memorandum annexed to Exhibit "B" at the sum of Eight Million Two Hundred Seventy Thousand Dollars (\$8,270,000.00). This item is not subject to adjustment.
4. All materials and supplies at their book value on February 28, 1929.

The aggregate price agreed upon by the parties for the properties as of September 30, 1929, is Thirty Million Three Hundred Thirteen Thousand Dollars (\$30,313,000.00). This price is subject to such changes as shall be made in the regular course of business between September 30, 1928, and midnight between February 28 and March 1, 1929. The record does not show that a separate price was agreed upon for the California properties.

The Railway Express Agency, Incorporated, will be a railroad-owned joint facility engaging in express transportation in its own name, but nevertheless acting in fact only as the agent of its railroad principals and accounting to them under the terms of the operating agreement (part of Exhibit "C") for all of its revenue after payment of expenses. It is proposed that the railroads comprising substantially all of the membership of the Association of Railway Executives shall participate in the ownership of the express company, but with the privilege available to all other railroad companies now parties to the Uniform Express Contract to become parties to the new operating agreement.

The one thousand (1,000) shares of stock of the new company are to be allotted to each railroad in the ratio that the express business handled on its lines, as measured in receipts, bears to the gross business so handled by all of the participating railroads.

It is agreed that the Railway Express Agency, Incorporated, will file prior to February 28, 1929, with the Interstate Commerce Commission and with each State Commission or elsewhere as shall be required, its adoption of the then existing tariffs of the American Railway Express Company as its tariffs effective March 1, 1929. Generally speaking, the Railway Express Agency, Incorporated, will assume any and all leases and contracts

pertaining to the express transportation business extending or renewed beyond February 28, 1929, or covering a period beginning after that date, including all miscellaneous contracts pertaining to the express transportation business.

O R D E R

American Railway Express Company having asked permission to sell its properties in California and used by it in its express operations to the Railway Express Agency, Incorporated, the Commission having considered such request and being of the opinion that this is not a matter in which a public hearing is necessary and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED, that the American Railway Express Company be, and it is hereby, authorized to sell to the Railway Express Agency, Incorporated, all of its property in the State of California used by it in its express operations, such sale to be made pursuant to the terms of the agreement filed in this proceeding as Exhibit "B" and of the report and plan filed in this proceeding as Exhibit "C".

IT IS HEREBY FURTHER ORDERED, that the Railway Express Agency, Incorporated, shall within twenty (20) days after the transfer of the properties herein authorized, file its adoption of the then existing tariffs of the American Railway Express Company as its tariffs effective as of the date of the transfer of the properties.

IT IS HEREBY FURTHER ORDERED, that nothing herein shall be construed as approving any of the provisions of the proposed operating agreements contained in Exhibit "C".

DATED at San Francisco, California, this 20th day of February, 1929.

Thos. D. Lewis
C. S. Lewis
Wm. W. Lewis
M. J. Lewis
Commissioners.