

ES

ORIGINAL

Decision No. 8934.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the)
 PICKWICK STAGES, NORTHERN DIVISION, INC.)
 for an order authorizing the issue of)
 Thirty Thousand Dollars (\$30,000.00) in) Application No. 6580.
 Equipment Trust Certificates and)
 Thirty Thousand Dollars (\$30,000.00) in)
 Common Capital Stock.)

N.C. Folsom for applicant.

LOVELAND, Commissioner.

O P I N I O N.

PICKWICK STAGES, NORTHERN DIVISION, INC., in its amended applica-
 tion filed April 29th, asks permission to execute an agreement defining
 the terms and conditions under which may be issued \$30,000.00 of 8 per
 cent serial equipment trust certificates and to issue and sell at par
 \$30,000.00 of common stock.

Pickwick Stages, Northern Division, Inc., as ^{January} ~~June~~ 31, 1921, ^{KRM}
 reports assets and liabilities as follows:-

ASSETS:

Automobile Stages,	\$97,093.59
Franchise Rights (cost),	11,268.31
Leaseholds,	675.00
Furniture and Fixtures,	2,351.21
Union Stage Depot Stock,	2,966.51
Garage & Equipment,	1,800.00
Supplies, Tires, etc.,	11,916.85
Bills and Accounts Receivable,	5,466.62
Cash on Hand and Ticket Collections in transit,	3,019.10
Total <u>ASSETS</u> ,	<u>136,577.19</u>

LIABILITIES:

Auto Contracts,	28,175.39
Bills Payable,	19,025.00
Accounts Payable,	36,029.26
War Tax,	2,523.98
Reserves set up not yet charged off,	3,185.68
Surplus,	8,617.88
Capital Stock (issued),	40,000.00
Total <u>LIABILITIES</u> ,	<u>136,577.19</u>

The income and expenses of the Pickwick Stages, Northern Division, Inc., is reported for 1919 and 1920 and is estimated for 1921 by applicant as follows:

I t e m	: 1 9 1 9	: 1 9 2 0	: 1 9 2 1	:
Gross Income,	\$191,704.23	\$309,935.66	\$413,247.54	:
Expenses,	162,552.99	286,915.45	376,055.26	:
Balance	19,351.24	23,020.21	37,192.28	:
Reserves	13,323.83	16,109.20	24,000.00	:
Net profits for Interest	6,027.41	6,911.01	13,192.28	:

Applicant intends to transfer to the Guaranty Trust and Savings Bank, trustee, ^{ten} ~~eleven~~ ¹⁰ ~~(11)~~ ^{and one (1) Locomobile} ~~Pierce-Arrow auto stages~~ ^{auto stage} having an estimated value of \$63,500.00 as security for the payment of the \$30,000.00 of equipment trust certificates. It intends to lease these stages from the trustee at an annual rental sufficient to enable the trustee to pay the annual interest charges on the certificates and the principal of the certificates as they mature. The company agrees to pay this annual rental. In addition, it should guarantee the payment of the certificates, such guarantee to appear on the face of the certificates or endorsed thereon. The company agrees to maintain the leased equipment in good operating condition. A copy of the trust agreement has been filed with the amended application and is marked Exhibit "F". The form of the equipment trust certificates is not entirely satisfactory, and therefore, the order will provide that no equipment trust certificates shall be delivered until an agreement and certificates satisfactory in form to this Commission has been submitted, nor until their execution has been authorized by the Commission. Applicant reports that it intends to offer the certificates for sale at an average price of 96.13 per cent of their face value and accrued interest. Certificates in the amount of \$6,000.00 mature annually during the next five years. Applicant asks permission to issue and sell at not less

than par \$30,000.00 of its common stock. The proceeds realized from the sale of the certificates and the stock, which proceeds are estimated at \$58,840.00 will be used by applicant, if permitted by the Commission for the following purposes:

To pay automobile contracts,	\$23,000.00
To pay outstanding bills,	9,500.00
To pay accounts payable,	15,000.00
To pay cost of re-constructing company owned chassis into larger capacity stages,	<u>11,340.00</u>
Total,	\$58,840.00

The evidence in this proceeding and other proceedings effecting Pickwick Stages, Northern Division, Inc., shows that all of its stock has been sold at par and that the stockholders are willing to acquire additional stock at par and that they have a substantial investments in the property and business. The evidence further shows that applicant's earnings under existing rates are adequate to pay the interest on the equipment trust certificates which are to be issued, and that the payment of these certificates is assumed or guaranteed by applicant and in effect by its stockholders, who do not ask the purchasers of the certificates to waive the right to recover from the stockholders in case the certificates are not paid by the corporation.

The authority herein granted can and should not be construed as a precedent. Necessarily, this application is decided on the evidence submitted, and therefore, no one is in a position to conclude what action the Commission may or should take in a proceeding where the evidence is materially different from that in this proceeding.

I herewith submit the following form of Order:

O R D E R

PICKWICK STAGES, NORTHERN DIVISION, INC., having asked permission to issue \$30,000.00 of common stock, to execute an equipment trust agreement and to issue, assume or guarantee the payment of \$30,000.00 of 8 per cent equipment trust certificates, 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 by such issue is reasonably required for the purpose or purposes defined in this order, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that PICKWICK STAGES, NORTHERN DIVISION, INC., be, and it is hereby, authorized to issue at not less than par \$30,000.00 of its common capital stock.

IT IS HEREBY FURTHER ORDERED, that PICKWICK STAGES, NORTHERN DIVISION, INC., be, and it is hereby, authorized to issue, assume or guarantee the payment of \$30,000.00 face value of 8 per cent serial equipment trust certificates payable in equal annual installments of \$6,000.00 each and to sell said certificates at not less than the average price of 96.13 per cent of their face value and accrued interest, provided that none of the certificates be delivered until the Commission, by supplemental order, has authorized the execution of an agreement securing the payment of the certificates.

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

- (1).--The proceeds realized from the sale of the stock and certificates herein authorized to be issued shall be used by applicant for the following purposes and none other, except as authorized by the Commission:-

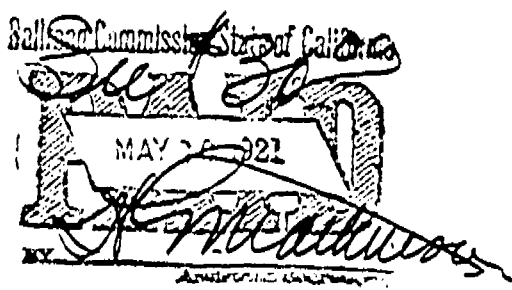
To pay automobile contracts,	\$23,000.00
To pay outstanding bills,	9,500.00
To pay accounts payable,	15,000.00
To pay cost of re-constructing company owned chassis into larger capacity stages,	<u>11,340.00</u>
Total,	\$58,840.00

- (2).--The authority herein granted will not become effective until applicant has paid the fee prescribed by the Public Utilities Act.
- (3).--Pickwick Stages, Northern Division, Inc., shall keep such record of the issue and sale of the stock and 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 will apply only to such stock and and equipment trust certificates as may be issued, sold and delivered on or before October 1, 1921.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 11th day of May, 1921.

H. B. Loveland
H. C. Brundage
James Martin
W. D. Meredith



Commissioners.