

ORIGINAL

Decision No. 35127

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of

INTER-URBAN EXPRESS CORPORATION,
a corporation, for an order of
the Railroad Commission of the
State of California authorizing
it to execute two notes secured
by deeds of trust as herein des-
cribed.

Application No. 24821

BY THE COMMISSION:

O P I N I O N

In this proceeding, Inter-Urban Express Corpora-
tion asks permission to issue notes of the aggregate face
value of not exceeding \$13,000 and execute deeds of trust
to secure the payment of such notes.

Inter-Urban Express Corporation, hereinafter
sometimes referred to as applicant, is a California corpo-
ration. It is engaged in the business of a highway common
carrier between San Francisco, Oakland, Berkeley, Emeryville,
Piedmont, Alameda, and other places, on the one hand, and
points San Pablo to Martinez, on the other. As of December
31, 1941, applicant reports assets and liabilities as follows:

Assets

Plant and Equipment	\$149,999.24
Cash	11,856.74
Accounts Receivable	19,768.08
Materials and Supplies	1,127.57
Prepayments	<u>1,311.45</u>
Total Assets	<u>\$184,063.08</u>

Liabilities

Capital Stock	\$ 84,900.00
Notes Payable	28,020.85
Accrued Liabilities - Not Due	3,361.83
Accounts Payable	41,210.49
Reserve for Accrued Depreciation	49,820.78
Deficit	<u>23,250.87</u>
Total Liabilities	<u>\$184,062.08</u>

For the year 1941, applicant reports transportation revenues of \$295,680.27 and a profit of \$8,900.39.

It is of record that on January 18, 1940, applicant issued to Carl Grondona, without authorization from the Commission, its 5% installment note for \$8,000, and secured the payment of the note by the execution of a deed of trust which is a lien on nonoperative property. A copy of the note and a copy of the deed of trust are filed in this proceeding as Exhibit "A" and Exhibit "B," respectively. It further appears that said Carl Grondona assigned the note and the deed of trust to Central Bank of Oakland, who is now the holder of the note, and that as of February 28, 1942, there was due on said note about \$6,716.05. The principal of the note is payable in monthly installments of \$80 or more. In issuing the note, applicant proceeded on the theory that inasmuch as it could mortgage nonoperative property without authorization from the Commission, it was not necessary for

it to obtain permission to issue the note. Recently its attorney advised applicant that the issue of the note should be authorized by the Commission. It now asks permission to do so. The proceeds of the note were used by applicant in the conduct of its business.

Applicant's present San Francisco Terminal is located at Beale and Folsom Streets on property leased from Southern Pacific Company on a month-to-month basis. In view of the fact that Southern Pacific Company is offering this property for sale, applicant has concluded that it would be to its best interest to move its terminal to 6th and Brannan Streets. Applicant has recently purchased at that location a terminal site for \$10,500, and proposes to erect suitable terminal facilities thereon at an estimated cost of \$3,000. To finance, in part, the purchase of the terminal site and the construction of terminal facilities, applicant desires to execute and to deliver to Bank of America National Trust and Savings Association its promissory note in the principal sum of \$10,000, and secure the payment of said note by the execution of a deed of trust which will be a lien on the new terminal site. A copy of the proposed note and a copy of the proposed deed of trust are filed in this proceeding as Exhibit "C" and Exhibit "D," respectively. The note will bear interest at the rate of 5% per annum, payable monthly in advance. The principal is payable in monthly installments of \$100 over a period of five years. At the end of the five-year period, the balance of the principal and interest is payable.

O R D E R

The Commission having considered applicant's requests and it being of the opinion that this is not a matter on which a hearing is necessary; that Inter-Urban Express Corporation has need for the funds which it will obtain through the issue of the notes herein authorized, and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:

1. Inter-Urban Express Corporation may, after the effective date hereof and on or before May 31, 1942, for the purpose of refunding indebtedness, issue a note for the sum of not exceeding \$8,000, said note to be in substantially the same form as the note filed in this proceeding as Exhibit "A," and may secure the payment of said note by the execution of a deed of trust in substantially the same form as the deed of trust filed in this proceeding as Exhibit "B," provided that the authority herein granted to execute a deed of trust 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 deed of trust as to such other legal requirements to which said deed of trust may be subject.

2. Inter-Urban Express Corporation may, after the effective date hereof and on or before May 31, 1942, issue to Bank of America National Trust and Savings Association its promissory note for the sum of \$10,000, said note to be in substantially the same form as the note filed in this

proceeding as Exhibit "C," and may secure the payment of said note by the execution of a deed of trust in substantially the same form as the deed of trust filed in this proceeding as Exhibit "D," provided that the authority herein granted to execute a deed of trust 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 deed of trust as to such other legal requirements to which said deed of trust may be subject.

3. Inter-Urban Express Corporation shall use the proceeds realized through the issue of said \$10,000 note to pay, in part, the cost of its proposed new terminal in San Francisco or reimburse its treasury because of income expended for said terminal.

4. The authority herein granted will become effective when Inter-Urban Express Corporation has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which minimum fee is Twenty-five (\$25.00) Dollars.

5. Within thirty (30) days after the issue of the note to Bank of America National Trust and Savings Association, and the execution of the deed of trust to secure the payment of said note, Inter-Urban Express Corporation shall file with the Railroad Commission a copy of said note and a copy of said deed of trust, together with a statement showing the purposes for which it used the proceeds realized through the issue of said note.

Dated at San Francisco, California, this 17th day
of March, 1942.

Justin J. Cramer
Ray L. Ripley
M. Baker
Francis C. Harman
Richard L. ...
Commissioners.

#2422
Paid 25⁰⁰
Mar. 19. 1942
RAILROAD COMMISSION
STATE OF CALIFORNIA
GEO. W. MATHEWSON, Secretary
G. W. Mathewson