Decision No. 39595

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of WALKUP DRAYAGE & WAREHOUSE COMPANY, a corporation, for authority to execute a note and Motor Vehicle Chattel Mortgage.

Application No. 27920

OPINION

Walkup Drayage & Warehouse Company, applicant herein, is a corporation engaged in the transportation of property, by auto trucks, and in the operation of a public utility warehouse business, its principal field of operations being San Francisco:

The company's financial reports filed with the Commission show its volume of business during the last two calendar years as follows:

Carrier Operations	<u>394/</u>	<u>1945</u>
Revenues: Intercity freight revenue Local service freight revenue Other revenues Total	16,410 1,986,568 2,866 2,005,844	1,961,962
Expenses Net carrier operating revenues Warehouse Operations	1.816,164 189,680	1,900,295 61,667
Revenues Expenses Net warehouse operating revenues Total net operating revenues Other income Gross income Interest and other deductions Balance Provision for income taxes	202,173 136,930 65,243 254,923 49,948 304,871 8,173 296,698 211,354	236,365 151,162 85,203 146,870 9,195 156,065 18,261 137,804 76,337
Net income for year	<u>\$ 85-344</u> .	\$61,467

For the period from January 1 to September 30, 1946, the company reports total operating revenues of \$1,274,229 and expenses of \$1,203,328, leaving a balance of \$70,901. Its financial condition as of September 30, 1946, as reflected by its balance sheet, is shown in Exhibit "A", attached to the application. In summary form, its statement of assets and liabilities is as follows:

Assets

Operating property	\$1,146,966.63		
Less: reserves for depreciation Investments and advances Cash and special deposits Accounts receivable Materials and supplies Prepayments	683,066.28	\$	463,900.35 237,258.06 142,333.21 288,436.06 3,435.95 21,257.34
Total		<u>\$1</u>	.161-,620:97
<u> Liabilitios</u>			
Notes payable Conditional sales contracts Current and accrued liabilitie Deferred credits Preferred stock Common stock Surplus	:S		100,000.00 129,647.11 216,913.26 11,070.78 22,000.00 50,000.00 631,989.82
Totel		<u>^:</u>	,161,620.97

The application shows that during the years 1944, 1945 and 1946 the company purchased eighty-nine units of equipment at a total cost of \$268,229.56 and that the present book value thereof, after deducting estimated accrued depreciation, is \$178,748.02. It is reported that the total purchase price was paid in cash from the company's treasury and that there is no obligation outstanding against the equipment or any part thereof.

The company reports that it now has need for additional funds and that accordingly it has made arrangements to borrow, from Bank of America National Trust & Savings Association, the sum of \$178,000 for the purpose of replenishing its treasury because of the moneys expended from its income for the additional equipment. The amount to be borrowed will be represented by a note payable in the amount of \$3,724 on December 2, 1946, and thereafter in forty-seven equal successive monthly installments of \$3,708, together with interest at the rate of four percent per annum. The payment of the note will be secured by a mortgage of chattels covering the units of equipment.

The application shows that the funds thus received will be used for further capital expenditures, namely for the construction of new terminal facilities and the improvement of existing facilities, and for the purchase of additional equipment.

A review of the application and of the company's financial returns indicates that it has had income from operations in excess of the proposed note issue, that such income has been invested in its assets and business, and that it has need for additional funds. An order authorizing the issue of the note accordingly will be entered.

ORDER

Walkup Drayage & Warehouse Company having applied to the Railroad Commission for permission to execute a mortgage of chattels and to issue a note for \$178,000, and the Commission having considered the matter and being of the opinion that a

public hearing is not necessary and that the money, property or labor to be procured or paid for through the issue of said note is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED as follows:

- 1. Walkup Drayage & Warehouse Company, after the effective date hereof and on or before December 31, 1946, may execute a mortgage of chattels and issue a note in the principal amount of \$178,000, said mortgage and said note to be in, or substantially in, the same form as the note and mortgage of chattels filed in this proceeding as Exhibit "D", and use the proceeds to reimburse its treasury because of moneys expended from income for the purchase of equipment.
- 2. Applicant shall file with the Commission a report, or reports, as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.
- 3. 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 One Hundred Seventy-eight (\$178.00) Dollars.

Dated at San Francisco, California, this 42 day

of November, 1946.

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