

Decision No. 39596

**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
MERCHANTS EXPRESS CORPORATION, a	:	
corporation, for authority to exe-	)	Application
cute a note and Motor Vehicle Chattel	:	No. 27919
Mortgage.	)	
-----	:	

O P I N I O N

Merchants Express Corporation, applicant herein, is a corporation engaged in the transportation of property, by motor vehicles, between San Francisco, South San Francisco, Oakland, Alameda, Berkeley, San Leandro, Hayward, Richmond and other points in Alameda and Contra Costa Counties, and also certain points in Marin County.

Applicant reports its operating revenues at \$1,484,476 during 1944, at \$1,390,242 during 1945 and at \$934,587 during the first nine months of 1946, and its net profit at \$55,725 during 1944 and at \$9,535 during 1945, and a net loss of \$38,100 during the first nine months of 1946. Its reports show that before arriving at the net profit or loss figures, it charged for depreciation the sum of \$60,127 in 1944, of \$64,295 in 1945 and of \$43,178 in the nine months' period of 1946.

The company's assets and liabilities as of September 30, 1946, are reported as follows:

Assets

Operating property	\$867,601.73	
Less: reserves for depreciation	<u>658,460.56</u>	\$209,141.17
Investments and advances		57,661.19
Cash		29,104.72
Accounts receivable		117,550.62
Materials and supplies		3,057.51
Prepayments		<u>13,563.23</u>
Total		<u>\$430,078.44</u>

Liabilities

Current and accrued liabilities	\$ 61,772.17
Advances from associated companies	38,001.53
Miscellaneous reserves	3,764.40
Common stock	100,000.00
Surplus	<u>226,540.34</u>
Total	<u>\$430,078.44</u>

The application shows that during the years 1944, 1945 and 1946 the company purchased thirty-eight units of equipment at a total cost of \$197,563.64 and that the present book value thereof, after deducting estimated accrued depreciation, is \$152,038.77. 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 \$152,000 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 \$3,198 on December 2, 1946, and thereafter in forty-seven equal successive monthly installments of \$3,166, 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.

#### O R D E R

Merchants Express Corporation having applied to the Railroad Commission for permission to execute a mortgage of chattels and to issue a note for \$152,000, 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. Merchants Express Corporation, 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

\$152,000 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 Fifty-two (\$152.00) Dollars.

Dated at San Francisco, California, this 4<sup>th</sup> day of November, 1946.

Harold Kule  
Justin F. Calver  
Franklin D. ...  
John W. ...  
A. E. ...  
 Commissioners

