

ORIGINAL

Decision No. 42916

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
VALLEY EXPRESS CO., a corporation,
for authority to execute a Conditional
Sales Contract at the approximate
amount of \$164,000.00, and a note in
the approximate amount of \$35,000.00
secured by a Mortgage of Chattels.

Application
No. 31084

O P I N I O N

This is an application for an order authorizing Valley Express Co., a corporation, to execute a conditional sale contract providing for deferred payments in the aggregate amount of not exceeding \$164,000, to issue a note in the principal amount of not exceeding \$35,000, and to execute a mortgage of chattels to secure the payment of said note, for the purpose of financing the cost of additional equipment and improvements.

Applicant is engaged in the transportation of property as an express corporation operating over the lines of Valley Motor Lines and other highway carriers. It has reported its revenues and expenses for the last two years as follows:

	1948	1949
Operating revenues	\$1,773,212	\$1,967,995
Other income	1,493	56,524
Total	<u>1,774,705</u>	<u>2,024,519</u>
Deduct		
Operating expenses and taxes	1,730,857	1,944,181
Interest and other deductions	6,003	2,947
Total	<u>1,736,860</u>	<u>1,947,128</u>
Net Income	<u>\$ 37,845</u>	<u>\$ 77,391</u>

In Exhibit A attached to the application, it reports its assets and liabilities as of December 31, 1949 as follows:

<u>Assets</u>		
Current assets-		
Cash and deposits	\$ 56,289.23	
Accounts receivable	<u>286,880.01</u>	
Total current assets		\$343,169.24
Tangible property-		
Land, structures, equipment	319,091.82	
Reserve for depreciation	<u>149,098.46</u>	
Net tangible property		169,993.36
Other investments		88,313.22
Deferred debits		<u>27,616.98</u>
Total		<u>\$629,092.80</u>

<u>Liabilities</u>		
Current liabilities-		
Notes and accounts payable	\$215,750.46	
Accrued taxes and interest	28,230.75	
Other current liabilities	<u>13,239.54</u>	
Total current liabilities		\$257,220.75
Long-term debt		23,687.79
Deferred credits		58,578.63
Capital stock		66,025.00
Surplus		<u>223,580.63</u>
Total		<u>\$629,092.80</u>

Applicant reports that it has need for additional pick-up and delivery trucks and tractors to replace equipment now in service which was purchased during or prior to 1941 and now requires excessive maintenance charges. Accordingly, it proposes to purchase from Getchell Truck Sales 40 truck chassis and 20 tractor chassis at a total net cost of approximately \$150,000, after trade-in allowances. It proposes to execute a conditional sale contract in the approximate amount of \$164,000 covering the purchase price plus simple interest at the rate of 5% per annum, said contract to be payable over a period of 42 months.

Upon acquiring these units of equipment, applicant proposes to have Fruehauf Trailer Co. build and mount van bodies on the 40 truck chassis at an approximate cost of \$31,000, and to purchase, for approximately \$4,000, 20 air-brake kits for the tractors. It desires authority to issue to Fruehauf Trailer Co. a note for \$35,000 to finance the cost of the improvements, said

note to bear interest at the rate of 5½% per annum, to be payable in 36 monthly installments, and to be secured by a mortgage of chattels.

A copy of the form of the proposed conditional sale contract has been filed as Exhibit C, a copy of the form of the proposed note as Exhibit D, and a copy of the form of the proposed mortgage of chattels as Exhibit E.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the execution of the conditional sale contract and the issue of the note as set forth in the preceding opinion is reasonably required by Valley Express Co. for the purposes specified herein and that the expenditures for such purposes, except the payment of interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

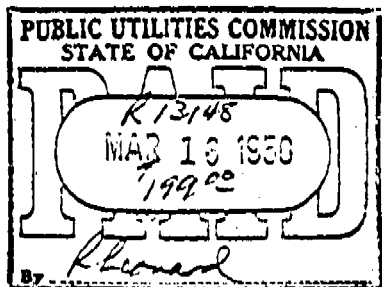
1. Valley Express Co., after the effective date hereof and on or before July 31, 1950, may execute a conditional sale contract, in substantially the same form as that filed in this proceeding as Exhibit C, providing for deferred payments in the aggregate amount of not exceeding \$164,000, and may issue a note in the principal amount not exceeding \$35,000, and may execute a mortgage of chattels to secure the payment of said note, which note and mortgage of chattels shall be in substantially the same

form as those filed in this proceeding as Exhibit D and Exhibit E, respectively, all for the purpose of financing, in part, the cost of the equipment and improvements referred to in this application.

2. Valley Express Co. shall file with the Commission a copy of the conditional sale contract, a copy of the note and a copy of the mortgage of chattels executed under the authority herein granted, said filings to be made on or before thirty days after the date of each of said instruments. At the same time it shall file its statement showing the purposes for which the proceeds were used.

3. The authority herein granted will become effective when Valley Express Co. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$199.00.

Dated at San Francisco, California, this 14th day of March 1950.



R. Z. [Signature]
Justice J. Casanova
[Signature]
Harold P. Kull
[Signature]
Commissioners