

ORIGINAL

Decision No. 44912

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application	)	
of MERCHANTS EXPRESS CORPORATION,	:	
a corporation, for authority to	)	Application
execute a note and Motor Vehicle	:	No. 31819
Chattel Mortgage.	)	
-----	:	

O P I N I O N

In this application, Merchants Express Corporation requests an order authorizing it to issue a note in the principal amount of \$120,000 for the purpose of reimbursing its treasury and of paying outstanding indebtedness, and to execute a mortgage of chattels to secure the payment of said note.

The application shows that applicant is a highway common carrier engaged in the transportation of property for compensation within the general territory comprising San Francisco and East Bay points, all points south thereof to and including San Jose and all points north to and including Healdsburg and Calistoga, and that recently, by Decision No. 44269, dated May 26, 1950, it was authorized to extend its operations to Stockton, Sacramento and points in the Sacramento Valley as far north as Redding through the purchase of the M & W Truck Line and Pacific Transfer Company.

In this proceeding, applicant reports its operating revenues for the period from January 1 to August 31, 1950, at \$1,803,320.79, with a net loss for the period of \$20,390.02 after making deductions, however, of \$164,757.71 for depreciation. It reports its assets and liabilities as of August 31, 1950, as follows:

Assets

Current assets -		
Cash and deposits	\$ 130,671.08	
Accounts receivable-net	208,096.77	
Materials and supplies	<u>3,678.37</u>	
Total current assets		\$ 342,446.22
Fixed assets -		
Carrier operating property	1,735,165.91	
Non-carrier property	<u>15,391.62</u>	
	1,750,557.53	
Less: Depreciation reserves	<u>908,241.72</u>	
Net fixed assets		842,315.81
Intangible property		176,838.05
Deferred charges		<u>87,475.10</u>
	Total	<u>\$1,449,075.18</u>

Liabilities

Current liabilities	\$ 201,209.98	
Equipment obligations due within one year	220,344.36	
Inter-company advances	<u>398,199.68</u>	
Sub-total		\$ 819,754.02
Equipment obligations due after one year		251,541.32
Notes payable		<u>105,000.00</u>
Total liabilities		1,176,295.34
Reserves		3,101.78
Capital stock		100,000.00
Surplus		<u>169,678.06</u>
	Total	<u>\$1,449,075.18</u>

It appears that applicant has financed itself to a large extent through the execution of equipment obligations and with moneys advanced by Walkup Drayage & Warehouse Company, the holder of all its outstanding stock. It reports that during the past year, as shown in some detail in Exhibit C, it has expended \$135,329 in the purchase of additional equipment and assets and in the reconstruction of some of its units, and that it now desires to replenish its treasury with moneys to be borrowed from Bank of America National Trust and Savings Association and thereafter to repay in part its inter-company advances.

The sum to be thus borrowed will be represented by a note in the principal amount of \$120,000, payable in 48 equal successive

monthly installments of \$2,500, together with interest at a rate not to exceed 4-1/2% per annum. The payment of the note will be secured by a mortgage of chattels covering 151 units of equipment.

A review of the application clearly indicates that applicant will have need for the proceeds to improve its current position.

### ORDER

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 issue of the note herein authorized is reasonably required by applicant for the purposes specified herein; and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Merchants Express Corporation, after the effective date hereof and on or before December 31, 1950, may issue a note in the principal amount of \$120,000 for the purposes set forth in this application, and may execute a mortgage of chattels to secure the payment of the same, which note and mortgage of chattels shall be in, or substantially in, the same form as the note and mortgage of chattels filed in this proceeding as Exhibit D.

2. Merchants Express Corporation shall file with the Commission a report, or reports, as required by 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 Merchants Express Corporation has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is one hundred twenty (\$120.00) dollars.

Dated at San Francisco, California, this 17<sup>th</sup> day of October, 1950.

R. E. Smith  
Justice J. Craven  
Edward T. Lawrence  
Harold P. Hull  
Frederick Patten  
Commissioners

