

ORIGINAL

Decision No. 49171

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

| | | |
|--|---|-------------|
| In the Matter of the Application of |) | |
| PEERLESS STAGES, INCORPORATED, a | : | |
| Corporation, and BANK OF AMERICA |) | |
| NATIONAL TRUST & SAVINGS ASSOCIATION, | : | Application |
| a national banking association, for |) | No. 34743 |
| authority to execute a certain promissory | : | |
| note and Deed of Trust as security therefor. |) | |
| ----- | : | |

OPINION

Peerless-Stages, Incorporated, applicant herein, is a corporation engaged in operating passenger stage lines in the counties of Alameda, San Mateo, Santa Clara and Santa Cruz. In this application it seeks authorization to issue a promissory note in the principal amount of \$35,000 and to execute a deed of trust in order to finance construction costs.

It appears that applicant has decided to construct a building for its general offices in Oakland to take the place of leased premises and that it has caused a structure to be erected for this purpose at 2040 Castro Street, Oakland, which is adjacent to its present Oakland depot where all the Oakland schedules originate. The operation of the new facilities will be more convenient by reason of their location, according to applicant, will eliminate monthly rental expense of \$276 and, in addition, will produce for applicant monthly income of \$275 arising from the lease of a portion of the new facilities to others.

The cost of the new building is reported at \$39,863. Applicant proposes to finance a portion of the cost with borrowed moneys, the sum to be represented by a note for \$35,000 in favor of

Bank of America National Trust and Savings Association payable in monthly installments of \$400 up to and including November 1, 1962, with interest at the rate of 5% per annum. The note will be secured by a deed of trust.

A summary of applicant's revenues and expenses during the last two calendar years is as follows:

| | <u>1951</u> | <u>1952</u> |
|--------------------------------|------------------|------------------|
| Operating revenues | \$597,953 | \$572,006 |
| Net income before depreciation | 64,334 | 52,382 |
| Depreciation charges | <u>44,178</u> | <u>38,902</u> |
| Net income | <u>\$ 20,156</u> | <u>\$ 13,480</u> |

Applicant's financial position as of July 31, 1953, as reflected by its balance sheet of that date, is as follows:

Assets

| | | |
|---------------------------------|------------------|---------------------|
| Current assets - | | |
| Cash and deposits | \$ 23,676.27 | |
| Notes and accounts receivable | 35,771.38 | |
| Materials and supplies | <u>19,032.61</u> | |
| Total current assets | | \$ 78,480.26 |
| Tangible property, less reserve | | 279,307.18 |
| Intangible property | | 37,476.00 |
| Deferred debits | | <u>23,994.64</u> |
| Total | | <u>\$419,258.08</u> |

Liabilities and Net Worth

| | | |
|---------------------|------------------|---------------------|
| Current liabilities | | \$ 78,466.90 |
| Deferred credits | | 100.00 |
| Net worth - | | |
| Common stock | \$275,000.00 | |
| Earned surplus | <u>65,691.18</u> | |
| Total net worth | | <u>340,691.18</u> |
| Total | | <u>\$419,258.08</u> |

From an examination of applicant's financial statements it appears that its assets and earnings should be ample to support the proposed issue and to enable it to meet the requirements to service the same. Accordingly, an order will be entered granting the application.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required by applicant for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Peerless Stages, Incorporated, may issue a promissory note, on or before December 31, 1953, in the principal amount of \$35,000 for the purpose of financing in part the cost of the property referred to in this proceeding and may execute a deed of trust, which note and deed of trust shall be in, or substantially in, the same form as those filed in this proceeding as Exhibit A and Exhibit B.
2. Applicant shall file with the Commission monthly 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 applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$35.00.

Dated at San Francisco, California, this 10th day of October, 1953.

R. T. Dunning
President

Justice F. C. Wheeler
Thomas H. Pottel
John E. Mitchell

Commissioners

