

ORIGINAL

Decision No. 49976

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
VALLEY EXPRESS COMPANY, and	:	
VALLEY MOTOR LINES, INC.,)	
for authority to endorse and guarantee	:	Application
payment of the secured promissory note)	No. 35349
of United Motor Transport Lines, Inc.,	:	
in the sum of \$200,000.00.)	
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O P I N I O N

This is an application for an order authorizing Valley Express Company and Valley Motor Lines, Inc. to endorse and guarantee payment of a note of United Motor Transport Lines, Inc. in the principal amount of \$200,000.

The three corporations are controlled by the same interests. Valley Express Company is an express corporation and Valley Motor Lines, Inc. is a highway common carrier of property, both operating in this state. United Motor Transport Lines, Inc. is a real estate holding corporation engaged in no other form of business and owning certain terminal facilities, shops and offices located at 1107 D Street in Fresno, which it leases to Valley Express Company and Valley Motor Lines, Inc. for their exclusive use.

Applicants report that the D Street properties are required by the State of California for highway purposes and that United Motor Transport Lines, Inc. has sold and conveyed the land and the improvements to the state, under an agreement to quit and surrender possession of the same upon 90 days' notice and in no event later than January 1, 1955. Presently, applicants are occupying the terminal facilities, shops and offices as tenants of the state at a monthly rental of \$800.

The application shows that United Motor Transport Lines, Inc., in order to provide facilities for the two operating companies, has acquired a tract of land of approximately ten acres in the City of Fresno at a cost of \$43,151.12, which amount has been fully paid, and that it proposes to erect terminal facilities, shops and offices on this property at an estimated cost of \$425,000 and to lease the same unto applicants for their exclusive use in conducting and operating their express and highway common carrier activities.

It appears that United Motor Transport Lines, Inc. finds it necessary to borrow the sum of \$200,000 in order to defray a portion of the estimated construction costs and that Bank of America National Trust and Savings Association has agreed to advance said sum to the corporation, provided that applicants in this proceeding jointly and severally endorse and guarantee payment of the note to be issued to evidence the loan. The proposed note, according to the application, will be payable over a period of ten years in 120 equal monthly installments, including interest on the principal sum at the rate of 5-1/2% per annum. The application shows that the rentals which applicants will pay under the lease arrangements will be sufficient to pay the monthly installments to become due under the promissory note and all taxes to be levied or assessed against the premises.

From a review of the verified application it appears that applicants or United Motor Transport Lines, Inc. will be required to provide facilities for terminal, garage and office purposes, and that the issue of the note referred to in this application is necessary to finance the cost of those now under contemplation. Accordingly, an order will be entered granting the request of applicants to endorse and guarantee the payment of the note.

The action taken herein shall not be construed to be a finding by the Commission of the reasonableness of the cost of the

facilities referred to in this application or of the rentals to be paid by applicants under the proposed lease arrangements.

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 and that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Valley Express Company and Valley Motor Lines, Inc., jointly and severally, may endorse and guarantee payment of the promissory note of United Motor Transport Lines, Inc. in the principal amount of \$200,000.

2. Applicants shall file with the Commission a copy of said note within 30 days after its execution.

3. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 27th day of April, 1954.

R. E. [Signature]
President

Justus J. Calmes
Bennett Potter

Robert E. [Signature]

Donna [Signature]
Commissioners