

ORIGINAL

Decision No. 68639

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of CALIFORNIA MOTOR EXPRESS, LTD.,)
a corporation, to sell real)
property)

Application No. 47326
Filed February 10, 1965
and Amendment
Filed February 16, 1965

O P I N I O N

This is an application for an order of the Commission authorizing California Motor Express, Ltd. to sell and transfer certain terminal properties which it will lease back.

Applicant is a California corporation conducting business as an express corporation in this State under a certificate of public convenience and necessity granted by the Commission. The application shows that the company is a wholly-owned subsidiary of City Transit Systems, as will be the transferee and lessor of the terminal properties. As of February 3, 1965, the name of said transferee was Sunset Transfer Service, and its Articles of Incorporation were in the course of amendment so as to change the name to California Motor Realty.

The terminal properties involved in this proceeding are located in the Counties of Alameda, Fresno, Los Angeles, San Francisco, San Luis Obispo and Santa Clara, and are described in Exhibit A attached to the application. Said properties will be sold for the sum of \$2,110,867.54, which price represents the

depreciated book value as of November 30, 1964, according to Exhibit B attached to the application. Concurrently with the transfer, the purchaser will lease back said properties to applicant under long-term leases.

The purchase price will be evidenced by an installment promissory note in favor of applicant and repayable in thirty-six monthly principal payments of \$3,750 followed by eighty-three of \$5,833.33, and with a final payment of the remaining principal due ten years from the date of the note. Accrued interest computed at the rate of 6% per annum on the remaining balances of principal will be added to each payment of principal. Said note will be secured by a trust deed for the benefit of applicant as beneficiary.

Applicant alleges that the proposed sale and lease back arrangement will result in substantial tax savings and other economies and will improve its future working capital position, which is advisable in view of its growing volume of business. The company asserts further that under long-term leases it will be in possession of the properties and will utilize them in the performance of its obligations as an express corporation.

The Commission has considered this matter and finds that the proposed transaction will not impair applicant's ability to serve the public and will not be adverse to the public interest. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

The action taken herein shall not be construed as a finding of the value of the properties authorized to be transferred nor as approval of the transactions involved for any rate-making purposes.

ORDER

IT IS ORDERED that California Motor Express, Ltd., in accordance with the conditions set forth in this proceeding, may sell and transfer to California Motor Realty, a corporation, the properties described in Exhibit A, attached to the application.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 24th day of February, 1965.

Frederick B. Holcroft
President

Paul J. D. [unclear]

George H. [unclear]

[unclear]

William H. Bennett
Commissioners