

ORIGINAL

Decision No. 22629

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
PACIFIC GREYHOUND LINES, INC.,)	
a corporation, for authority to issue) Application No. 16655	
equipment mortgage six percent serial)	
gold notes.)	

Earl A. Bagby and Richard M. Mather
for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding Pacific Greyhound Lines, Inc. asks permission to issue and sell, at 95-1/2 percent of their face value and accrued interest, \$1,200,000.00 of equipment mortgage six percent serial gold notes, to execute a mortgage to secure the payment of the same and use the proceeds realized from the sale of the notes for the purposes hereinafter stated.

Pacific Greyhound Lines, Inc. is a corporation organized under and by virtue of the laws of the State of California. By Decision No. 22469, dated May 23, 1930, in Application No. 16490, the Commission authorized applicant to issue 50,000 shares of stock in part payment for the operative rights, properties and assets, subject to outstanding liabilities and obligations, of Pickwick Stages System, California Transit Company, Southern Pacific Motor Transport Company, Pacific Auto Stages, Oregon Stages Inc., and Transit Investment Company.

The testimony submitted in this proceeding shows that it is necessary for applicant to acquire additional equipment to replace equipment which is worn out or which has become obsolete. Applicant has entered into an agreement to purchase from C. H. Wills Motor

Corporation fifty 38-passenger motor coaches at a total cost of \$598,100.00 and from General Motors Truck Corporation thirty 38-passenger motor coaches at a cost of \$324,000.00. The record shows that this equipment was purchased under competitive bidding. It is for the purpose of paying for the equipment and paying \$223,900.00 due the Pacific Greyhound Corporation that applicant asks permission to issue \$1,200,000.00 of six percent equipment mortgage serial gold notes. The notes will be dated June 1, 1930 and bear interest at the rate of six percent, payable semi annually on December 1st and June 1st. They will be secured by a mortgage on equipment which is listed in the proposed mortgage filed in this proceeding as Exhibit "C". In addition, the payment of the notes and the interest thereon will be guaranteed by Pacific Greyhound Corporation. The notes will be issued in denominations of \$1,000.00 and mature serially as follows:

<u>Number of Notes</u>	<u>Maturity Date</u>
1 to 300	June 1, 1931
301 to 450	December 1, 1931
451 to 600	June 1, 1932
601 to 750	December 1, 1932
751 to 900	June 1, 1933
901 to 1050	December 1, 1933
1051 to 1200	June 1, 1934

Under the provisions of the proposed mortgage, applicant has the right to redeem the notes at any time on thirty days notice, upon the payment of the principal amount thereof plus interest and a premium of two percent of their face value if called for redemption on or before June 1, 1931; or a premium of one and one-half percent if called thereafter and on or before June 1, 1932; or a premium of one percent if called thereafter and on or before June 1, 1933; or a premium of one-half percent if called thereafter and on or before June 1, 1934.

We have examined the proposed mortgage and find the same

to be in satisfactory form, except that we believe it should be changed so that the notes may be redeemed at the option of the company only on an interest payment date.

ORDER

Pacific Greyhound Lines, Inc. having applied to the Railroad Commission for permission to issue \$1,200,000.00 of notes and to execute a mortgage, a public hearing having been held before Examiner Fankhauser, and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant for the purposes specified in this order and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

(1) Pacific Greyhound Lines, Inc. may execute a mortgage substantially in the same form as the mortgage filed in this proceeding as Exhibit "C", except that said mortgage shall provide that Pacific Greyhound Lines, Inc. may redeem the notes secured thereby only on an interest payment date, and provided that the approval herein given of said mortgage is for the purpose of this proceeding only, and an approval insofar as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject.

(2) Pacific Greyhound Lines, Inc. may issue and sell, on or before September 1, 1930, at not less than 95-1/2 percent of their face value plus accrued interest, \$1,200,000.00 of equipment mortgage six percent serial gold notes and use the proceeds for the following purposes:

(a) To purchase from C. E. Wills Motor Corporation fifty 38-passenger motor coaches at a cost of \$598,100.00;

(b) To purchase from General Motors Truck Corporation thirty 38-passenger motor coaches at a total cost of \$324,000.00; and

(c) To pay to Pacific Greyhound Corporation, in partial liquidation of an open account indebtedness, \$223,900.00.

(3) The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$1,100.00.

(4) Pacific Greyhound Lines, Inc. shall file with the Railroad Commission such reports as are required by the Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

(5) Within thirty days after the execution of the mortgage herein authorized to be executed, Pacific Greyhound Lines, Inc. shall file with the Railroad Commission two certified copies of said mortgage.

DATED at San Francisco, California, this 3rd day of July, 1930.

Fee \$ 1100.⁰⁰/₁₀₀
RAILROAD COMMISSION
JUL 5 1930
Fee # 28122

Ernest C. ...
Leon ...
...

Commissioners.