

Decision No. 28188

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
MOTOR TRANSIT COMPANY,)
a corporation, for permission to issue)
its promissory notes for \$165,000.;)
of Pacific Greyhound Lines, Inc., a)
corporation, to endorse such notes,)
and of Motor Transit Company to issue)
its mortgages on certain of its pro-)
perty in favor of Pacific Greyhound)
Lines, Inc. as security for such en-)
dorsement.)

Application No. 20113

ORIGINAL

Frank Karr and R. E. Wedekind, for Motor
Transit Company;
H. C. Lucas, for Pacific Greyhound Lines, Inc.

BY THE COMMISSION:

O P I N I O N

Motor Transit Company, a corporation engaged in the transportation of freight, passengers and express by motor coaches in the counties of Los Angeles, Orange, Riverside and San Bernardino, has applied to the Railroad Commission for permission to issue to American Trust Company its promissory notes for \$165,000.00, and to execute to Pacific Greyhound Lines, Inc. two mortgages on certain of its real property.

Pacific Greyhound Lines, Inc. has applied for permission to endorse the notes so to be issued by Motor Transit Company.

The application shows that Motor Transit Company has outstanding three notes aggregating \$165,500.00, as follows:-

"A promissory note in favor of Security First National Bank of Los Angeles, in the sum of \$250,000.00, dated May 11, 1933 and due August 9, 1933. Said promissory note was made under and by virtue of the authority granted applicant Motor Transit Company by Decision No. 25999 of the Railroad Commission of the State of California. Said promissory note is still outstanding, but the principal due thereon has been reduced to the sum of \$82,500.00.

A promissory note dated May 13, 1935, issued in favor of Bank of America National Trust and Savings Association, in the sum of \$60,000.00, due August 12, 1935.

A promissory note dated June 10, 1935 in favor of Farmers and Merchants National Bank of Los Angeles in the sum of \$23,000.00, and due September 8, 1935.

The company proposes to pay at this time \$500.00 in cash on such indebtedness and to refund the balance of the amounts through the issue to American Trust Company of its promissory note for \$165,000. payable six months after date of issue with interest at the rate of one and one-half percent per annum. It proposes to reduce the principal of the note, and of any renewals thereof, as fast as its revenues will permit. At the end of the first six months period it plans to issue a new note also payable six months after date in the principal sum then remaining due with interest at the rate of two percent per annum, and thereafter at the end of each six months period to issue a new note in favor of said payee, each note to run for six months at the two percent rate of interest and to be in the sum of the principal amount remaining unpaid.

Each of the notes to be thus issued by Motor Transit Company will be endorsed by Pacific Greyhound Lines, Inc. As indemnity and security for the endorsements so to be given, Motor Transit Company proposes to deliver to Pacific Greyhound Lines, Inc. two mortgages upon certain real property owned by it and situated in the City of Los Angeles and described in the application. Copies of both instruments have been filed with the application as Exhibits "D" and "E". They appear to be in satisfactory form.

O R D E R

Motor Transit Company having applied to the Railroad Commission for permission to issue its promissory notes and to execute mortgages, and Pacific Greyhound Lines, Inc. having applied for permission to endorse said notes, and the Commission being of the

opinion that this is not a matter in which a public hearing is necessary, that the money, property or labor to be procured or paid for through the issue of said notes is reasonably required for the purpose specified herein, which purpose is 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 that:

1. Motor Transit Company may issue to American Trust Company its promissory note in the principal amount of not exceeding \$165,000.00, payable on or before six months after date of issue with interest at not exceeding one and one-half percent per annum, for the purpose of paying or refunding in part the note indebtedness referred to in the preceding opinion and in this application.

2. Motor Transit Company may issue its promissory notes from time to time, each bearing interest at not exceeding two percent per annum, and maturing not later than six months after date of issue, to renew or refund the \$165,000.00 note herein authorized, or so much thereof as may remain unpaid, and any renewals or extensions thereof.

3. Pacific Greyhound Lines, Inc. may endorse the notes which Motor Transit Company is herein authorized to issue.

4. Motor Transit Company may make, execute and deliver to Pacific Greyhound Lines, Inc. two mortgages substantially in the same form as those filed in this proceeding as Exhibits "D" and "E".

5. The authority herein granted is subject to the following:-

- (a) Motor Transit Company within thirty(30) days after the issue of the notes herein authorized shall file with the Commission a report of such issue as required by the terms of the Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.

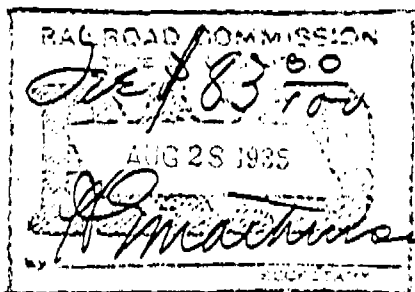
(b) The authority herein granted to execute mortgages is for the purpose of this proceeding only, and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said mortgages as to such other legal requirements to which they may be subject.

(c) The authority herein granted will become effective when Motor Transit Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Eighty-three (\$83.00) Dollars.

DATED at San Francisco, California, this 26th day of August, 1935.

Leon A. Whelan
W. A. Cum

W. A. Cum
James R. Leuby
Commissioners.



See receipt No. 31596