

Decision No. 30745

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SAN JOSE RAILROADS )  
for authority to issue evidences of ) Application No. 21855  
indebtedness for the purchase of ad- )  
ditional motor coach equipment. )

E. J. Foulds, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to make its order authorizing San Jose Railroads, a corporation, to execute a conditional sale agreement and to issue an installment note in the principal amount of \$95,534.36 payable in sixty monthly installments commencing May 1, 1938 with interest at the rate of six per cent per annum.

In Application No. 21757, filed with the Commission on February 5, 1938, San Jose Railroads requested, among other things, an order permitting it to abandon all its street railway lines and a certificate of public convenience and necessity to transport passengers by motor coaches in the Cities of San Jose and Santa Clara and in the County of Santa Clara. At that time it reported that the substitution of motor coach service in place of the rail service would call for an initial investment of approximately \$112,000.00 in the purchase of fourteen new coaches. The authority requested in Application No. 21757 was granted by the Commission, subject to certain conditions, by Decision No. 30675, dated March 7, 1938.

The present application shows that the company has made arrangements to purchase from Twin Coach Company fourteen new motor

coaches of the street railway type, five of which, known as Model 23 R, will have a seating capacity of twenty-five passengers each and are intended primarily for use upon the so-called Bascom Avenue Line, and nine of which, known as Model 30 R, will have a seating capacity of thirty-one passengers each and are intended primarily for use upon the Santa Clara-San Jose-Linda Vista Line.

The company proposes to purchase the equipment on the installment plan for a total consideration of \$106,148.36, the first installment of which, namely \$10,614.00, will be payable at or prior to the delivery of the equipment, and the balance, namely \$95,534.36, will be payable in 60 monthly installments commencing May 1, 1938, with final payment due on April 1, 1943, with interest at the rate of 6% per annum, and will be evidenced by a promissory note. A copy of a conditional sale agreement dated March 24, 1938, between applicant and Twin Coach Company has been filed in this proceeding as Exhibit A and a copy of the \$95,534.36 note as Exhibit B.

Under the terms of the conditional sale agreement, title to the motor coaches shall be, and remain vested, in the seller until the payment in full of the purchase price, all interest thereon, and any and all other sums which may become due under the terms of the agreement. Applicant proposes to place its equity in the nine 31-passenger coaches, referred to herein, under the trust indenture of San Jose and Santa Clara County Railroad Company, and in a supplemental petition filed in Application No. 21757 has requested permission to execute a supplemental mortgage to accomplish this end.

#### ORDER

San Jose Railroads having applied to the Railroad Commission for an order authorizing the execution of a conditional sale agreement and the issue of a note, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, that the application should be granted, as herein provided, that the money,

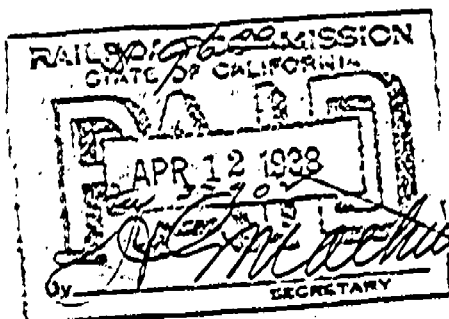
property or labor to be procured or paid for through the execution of the agreement and the issue of the note is reasonably required for the purpose specified herein, and that the expenditures for such purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED that San Jose Railroads be, and it hereby is, authorized to execute a conditional sale agreement in or substantially in the same form as that filed in this proceeding as Exhibit A, and to issue a promissory note in the principal amount of \$95,534.36, in or substantially in the same form as that filed in this proceeding as Exhibit B, for the purpose of financing the acquisition of the fourteen motor coaches referred to herein, provided:-

1. That applicant shall keep such record of the issue of the note herein authorized and of the disposition of the proceeds as will enable it to file, within thirty(30) days thereafter, a verified report, as required by the Railroad Commission's General Order No. 24-A, which order insofar as applicable, is made a part of this order; and

2. That 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 Ninety-six(\$96.00) Dollars.

DATED at San Francisco, California, this 11<sup>th</sup> day of April, 1938.



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Commissioners.