

Decision No. 31721

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of

NAPA VALLEY BUS COMPANY and
SAN FRANCISCO AND NAPA
VALLEY RAILROAD

Application No. 22516

to Sell and Lease certain buses.

BY THE COMMISSION:

O P I N I O N

ORIGINAL

Napa Valley Bus Company asks permission to sell to the San Francisco and Napa Valley Railroad for the sum of \$18,610.40 the following passenger buses:

1. Kenworth Motor Bus, Model C-24, Engine Hercules No. 169,476, Chassis No. 50,323.
2. Kenworth Motor Bus, Model C-24, Engine Hercules No. 169,496, Chassis No. 50,324.
3. White Motor Bus, Model 706M, Motor No. 16A491, Serial No. 197,392.

The San Francisco and Napa Valley Railroad asks permission to execute a supplemental indenture with the American Trust Company as Trustee, conveying title to the buses to said Trustee to hold the same subject to that certain indenture dated January 1, 1936 between San Francisco and Napa Valley Railroad and the American Trust Company executed to secure the payment of its bonds, and to lease said buses subject to the provisions of said trust indenture to the Napa Valley Bus Company.

All of the outstanding stock of the Napa Valley Bus Company is owned by the San Francisco and Napa Valley Railroad. The Napa Valley Bus Company is engaged in the business of common carrier of passengers by motor bus between the cities of Calistoga and San Francisco. For the purpose of conducting such business the Napa Valley Bus Company in 1937 purchased the aforementioned buses. One bus cost \$5,559.78 and

two \$6,525.33 each. To obtain the funds necessary to acquire the buses, applicant issued notes maturing three months after date thereof with interest at the rate of 6% per annum. To secure the payment of such notes it executed three chattel mortgages, one upon each of said buses. Applicant, Napa Valley Bus Company, has been unable to pay any portion of the principal of the notes, or to pay the interest on the same. For 1938, it reports operating revenues of \$19,299.24 and operating expenses of \$37,425.68. Its loss for the year is reported at \$18,126.44.

Upon the acquisition of the three buses the San Francisco and Napa Valley Railroad will lease the same to the Napa Valley Bus Company, pursuant to the terms of the lease filed in this proceeding as Exhibit "D". Under the terms of this lease the Napa Valley Bus Company agrees to maintain the buses in good operating condition and to pay the San Francisco and Napa Valley Railroad a rental of 1- $\frac{1}{2}$ ¢ per mile operated by it. For 1938 the Napa Valley Bus Company reports total passenger car mileage of 199,196.

There has been filed in this proceeding a copy of the supplemental trust indenture which the San Francisco and Napa Valley Railroad desires permission to execute. This supplemental indenture is in satisfactory form.

O R D E R

The Commission having considered the requests of Napa Valley Bus Company and San Francisco and Napa Valley Railroad, and it being of the opinion that this is not a matter in which a public hearing is necessary, and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED, as follows:

- (1) Napa Valley Bus Company may, on or before May 1, 1939, sell to the San Francisco and Napa Valley Railroad

for the sum of \$18,610.40 the three (3) buses referred to in the foregoing opinion.

- (2) San Francisco and Napa Valley Railroad may, on or before May 1, 1939 execute a supplemental trust indenture similar in form to the supplemental indenture filed in this proceeding as Exhibit "C", provided that the authority herein granted to execute said supplemental indenture is for the purpose of this proceeding only, and is not an approval of said supplemental indenture as to such other legal requirements to which said supplemental indenture may be subject.
- (3) San Francisco and Napa Valley Railroad and Napa Valley Bus Company may execute a lease similar in form to the lease filed in this proceeding as Exhibit "D" provided that the Commission reserves the right to determine whether the cost of said buses should be included in the rate base of the Napa Valley Bus Company and the rent excluded from operating expenses, or to determine the amount of rent that should be included in operating expenses.
- (4) Within thirty (30) days after the transfer of said buses, San Francisco and Napa Valley Railroad shall file with the Railroad Commission a copy of the supplemental indenture and a copy of the lease which it executed under the authority herein granted.

DATED at Los Angeles, California this 6th day of February, 1939.

Raymond J. Quinn
Ray J. Kelly
Justus J. Caswell
COMMISSIONERS