

Decision No. 32524

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
FRESNO CITY LINES, INC.,  
formerly Fresno Traction Company, a  
corporation, for an order authorizing  
applicant to execute an agreement  
supplemental to its mortgage, chattel  
mortgage or deed of trust, July 14,  
1904.

ORIGINAL

Application No. 23025

Pillsbury, Madison and Sutro, by Hugh Fullerton,  
for applicant.

BY THE COMMISSION:

O P I N I O N

In this application, Fresno City Lines, Inc., formerly Fresno Traction Company, asks permission to execute an agreement similar in form to Exhibit B, filed in this proceeding for the purpose of amending its mortgage or deed of trust, dated July 14, 1904.

Fresno City Lines, Inc., formerly Fresno Traction Company, on July 14, 1904, executed an indenture of mortgage or deed of trust to Union Trust Company of San Francisco, predecessor of Wells Fargo Bank & Union Trust Co. Under this indenture Fresno Traction Company was authorized to issue \$5,000,000 of bonds. It actually issued \$750,000 of 5% bonds due July 1, 1944. Of the bonds so issued, \$323,000 have been redeemed, leaving \$427,000 outstanding. All of the outstanding bonds of the Fresno City Lines, Inc. and all of its outstanding stock is owned by Pacific City Lines, Inc. The bonds are now in possession of Pacific City Lines, Inc.

The Commission heretofore by decisions in Application No. 22255 authorized the Fresno Traction Company and its successor, Fresno City Lines, Inc. to abandon all street railway service in the City of Fresno and vicinity.

The bonds of Fresno City Lines, Inc. have been stamped with an endorsement to the effect that all real property, all street railway lines, all street railway cars and equipment, including materials and supplies pertaining to the street railway lines, have been released from the lien of the trust indenture securing the payment of the bonds. At this time the trust indenture is not a lien on any property. The covenant of the Fresno City Lines, Inc. to pay the bonds and the interest thereon is, however, still in effect.

Fresno City Lines, Inc. now proposes to amend the deed of trust and by such amendment reduce the interest rate on the bonds from 5% to 2½%, payable semi-annually for the period July 1, 1939, to and including June 30, 1942, and to eliminate the annual sinking fund payment of \$17,500. The reason for these modifications arises primarily from the tax situation. By means of the amendments, Fresno City Lines, Inc. and Pacific City Lines, Inc. will effect substantial savings in the payment of income taxes. The Pacific City Lines, Inc. has agreed to deliver the bonds held by it to the Wells Fargo Bank & Union Trust Co., Trustee, who will note the changes in the trust indenture upon the face of the bonds and the coupons attached thereto.

A copy of the agreement supplemental to the indenture has been filed in this proceeding as Exhibit B, and is found to be in satisfactory form.

#### ORDER

A public hearing having been held on this application before Examiner Fankhauser and the Commission, having considered the requests of applicant and it being of the opinion that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED that Fresno City Lines, Inc. be, and it is hereby, authorized to execute an agreement supplemental to its mortgage or deed of trust, dated July 14, 1904, in, or substantially in, the same form as that filed in this proceeding as Exhibit B, provided that the authority herein granted 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 agreement as to such other legal requirements to which it may be subject.

IT IS HEREBY FURTHER ORDERED that within thirty(30) days after the execution of said agreement, Fresno City Lines, Inc. shall file with the Railroad Commission two certified copies thereof.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 7<sup>th</sup> day of November, 1939.

Robert W. Quinn  
Charles W. Quinn  
Ray K. Wiley  
W. H. Wiley  
Justus J. Coenen  
COMMISSIONERS.