

Decision No. 32750

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of Pacific Greyhound Lines, a corporation, for authority to execute conditional sale contracts for the purchase of busses.

Application No. 23245

BY THE COMMISSION:

O P I N I O N

Pacific Greyhound Lines, a California corporation, asks permission to execute two conditional sale contracts with Yellow Truck & Coach Manufacturing Company for the purchase of sixty-five cruiser-type busses.

Applicant's petition shows that it now has a considerable number of busses which are fully depreciated and which it proposes to retire from service as rapidly as circumstances will permit. Pursuant to a plan of replacement, applicant proposes to purchase sixty-five cruiser-type busses from the Yellow Truck & Coach Manufacturing Company at a price of approximately \$20,000 per unit, delivery to be taken at Toledo, Ohio. A description of the busses is contained in Exhibit "B" filed in this proceeding. The busses will have a capacity of forty-one passengers and will be air-conditioned.

Copies of the conditional sale contracts have been filed in this proceeding, as Exhibit "A" and as Exhibit "B." The conditional sale contract filed as Exhibit "A" covers the proposed acquisition of forty cruiser-type busses at an approx-

imate cost, as stated, of \$20,000 per unit, or a total cost of about \$300,000. Under the terms of the contract, applicant will make a down payment of \$120,000 and pay the balance, \$680,000, in sixty consecutive, equal monthly installments, beginning on or before the first day of July, 1940. The deferred payments carry an interest rate of 3% per annum, payable monthly. The seller of the busses proposes to assign said conditional sale contract with the deferred balance owing thereunder, to the National City Bank of New York.

The conditional sale contract filed as Exhibit "B" covers the proposed purchase of twenty-five cruiser-type busses at a cost, as stated, of about \$20,000 per unit, or a total approximate cost of \$500,000. Under the terms of this contract, applicant will make a down payment of \$200,000, the balance, \$300,000, will be payable in sixty consecutive, equal monthly installments, the first payment being due on or before July 1, 1940. The deferred payments carry an interest rate of 3% per annum, payable monthly. The seller of the equipment proposes to assign said conditional sale contract with the deferred balance owing thereunder, to the American Trust Company of San Francisco.

The title to the busses does not pass to the applicant until all amounts due under the conditional sale contracts have been paid.

O R D E R

Pacific Greyhound Lines, a California corporation, having asked permission to execute conditional sale contracts for the purpose of acquiring new equipment, the Commission having

considered applicant's request, and it being of the opinion that this is not a matter on which a hearing is necessary; that applicant has need for the equipment which it intends to acquire through the execution of said proposed conditional sale contracts; that the expenditures incurred in the acquisition of said equipment are not in whole, or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted subject to the provisions of this order and not otherwise, therefore

IT IS HEREBY ORDERED, that Pacific Greyhound Lines be, and it is hereby, authorized to execute after the effective date hereof and prior to July 1, 1940, a conditional sale contract substantially in the same form as the conditional sale contract filed in this proceeding as Exhibit "A," also a conditional sale contract in substantially the same form as the conditional sale contract filed in this proceeding as Exhibit "B," all for the purpose of acquiring the aforesaid sixty-five cruiser-type busses, provided, that the actual cost of said busses be substituted for the approximate cost now appearing in said exhibits, and that said conditional sale contracts be modified so as to show the motor number, chassis number, and buyer's number for each unit of equipment purchased through the execution of said conditional sale contracts.

IT IS HEREBY FURTHER ORDERED, 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 Nine Hundred and Eighty (\$980) Dollars.

IT IS HEREBY FURTHER ORDERED, that within thirty (30) days after the execution of said conditional sale contracts herein authorized, Pacific Greyhound Lines shall file with the Railroad Commission a certified copy of each of said conditional sale contracts, and also a report showing the number of busses acquired under the authority herein granted, the actual cost of said busses, the down payment under each of said contracts, and the deferred balance due under each of said contracts.

Los Angeles
Dated at ~~San Francisco~~, California, this 23rd day of January, 1940.

Raymond B. Owen
Raymond B. Owen
Raymond B. Owen

Justin J. Coe
Commissioner.

\$ 900.00
RAILROAD COMMISSION
STATE OF CALIFORNIA
PAID
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J. H. Matthews
SECRETARY