

Decision No. 23928

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 buses.

**ORIGINAL**

Application No. 23928

H. C. Lucas and H. D. Richards by  
H. D. Richards, for Applicant

BY THE COMMISSION:

O P I N I O N

Pacific Greyhound Lines, a California corporation, asks permission to execute conditional sale contracts for the aggregate face value of \$1,350,000 for the purpose hereinafter stated.

Applicant is operating passenger stages under certificates of public convenience and necessity granted by the Railroad Commission, and is likewise operating as a common carrier, motor vehicles for the transportation of passengers, baggage, and express in interstate and foreign commerce in and through the State of California.

The testimony shows that as of December 31, 1940, applicant had in operation 619 buses. Some of them have been fully depreciated and should be retired during the current and ensuing year.

It is of record that applicant has ordered from Yellow Truck & Coach Manufacturing Company, 75 cruiser type buses. The buses will have a seating capacity of 41 passengers and will be air-conditioned. A further description of them is contained in Exhibit "D" on file in this proceeding.

The cost of the buses is estimated at \$1,650,000 or at about \$22,000 per unit. Of the purchase price, \$1,350,000 will be represented by conditional sale contracts. The balance, approximately \$300,000, will be paid in cash upon the delivery of the buses. The conditional sale contracts will be executed by applicant and Yellow Truck & Coach Manufacturing Company, and assigned by the latter to The National City Bank of New York, The American Trust Company of San Francisco, and The Anglo-California National Bank of San Francisco. Each bank will advance one-third of the \$1,350,000 represented by the conditional sale contracts. Applicant is obligated to pay the \$1,350,000 in twenty consecutive, quarterly installments, with interest on the deferred installments at the rate of 2-1/2% per annum.

A copy of a conditional sale contract, such as applicant intends to execute, is on file in this proceeding as Exhibit "A." Applicant may prepay, prior to maturity, any installment due The American Trust Company of San Francisco and The Anglo-California National Bank of San Francisco, without paying a premium. If it prepays any sum due The National City Bank of New York, it must pay a premium computed at the rate of 1/4 of 1% per annum on the principal amount so prepaid for the period intervening between the date of such prepayment and the maturity date of each installment prepaid.

About two-thirds of the buses are needed to replace

equipment now in operation and one-third to take care of increasing business.

O R D E R

Pacific Greyhound Lines having asked permission to execute conditional sale contracts for the purpose of acquiring new equipment, a public hearing having been held before Examiner Fankhauser, the Commission having considered applicant's request and it being of the opinion that applicant has need for the equipment which it intends to acquire through the execution of said conditional sale contracts, that the expenditures for 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, therefore

IT IS HEREBY ORDERED that Pacific Greyhound Lines be, and it is hereby, authorized to execute, after the effective date hereof and on or before December 31, 1942, conditional sale contracts for the aggregate sum of not exceeding \$1,350,000 for the purpose of acquiring the 75 cruiser type buses to which reference is made in the foregoing opinion, said conditional sale contracts to be in substantially the same form as the conditional sale contract on file in this proceeding as Exhibit "A," modified as to premium payments as indicated in the foregoing opinion, provided, that the actual cost of said buses be substituted for the approximate cost now appearing in the record in this proceeding, 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 One Thousand One Hundred and Seventy-five (\$1,175.00) Dollars.

IT IS HEREBY FURTHER ORDERED that within thirty (30) days after the execution of any 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 buses acquired through the execution of said contracts, the actual cost of said buses, the down payment under each of said contracts, and the deferred balance due under each of said contracts.

Dated at San Francisco, California, this 4<sup>th</sup> day of February, 1941.

[Signature]  
[Signature]  
[Signature]  
Justice F. Coe  
Francis D. Hever  
Commissioners.

