

Decision No. 33962

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of FRANK J. KNAPP and JOHN P. DEMETER, operating under the name of Palo Alto City Lines, for application to mortgage operative equipment and assign operative rights as security.

ORIGINAL

Application No. 24042

BY THE COMMISSION:

O P I N I O N

Frank J. Knapp and John P. Demeter ask permission to execute a mortgage of chattels and assign operative rights to The Anglo California National Bank of San Francisco to secure the payment of an \$18,000 loan, payable in thirty equal, successive, monthly installments of \$500 or more each, beginning April 15, 1941, together with two special payments each of \$1,500, one due March 15, 1942 and one due March 15, 1943, together with interest at the rate of 8% per annum on the deferred balance, payable monthly.

The Railroad Commission by Decision No. 33962, dated March 4, 1941, in Application No. 23973, authorized Floyd B. Pearson, doing business as Palo Alto Transit, to sell his operative rights and stage equipment to Frank J. Knapp and John P. Demeter.

For 1940, Floyd B. Pearson reports operating revenues of \$51,834.67. The mortgage of chattels which applicants desire to execute will be a lien on the following equipment:

White 6 Bus, Serial 210276, Motor OXC3-711965  
Studebaker 6 Bus, Serial 8425066, Motor 1-T-867  
Diamond T 6 Bus, Serial 72069, Motor L530135  
Diamond T 6 Bus, Serial 35329, Motor JXB NN568415  
Diamond T Bus, Serial 36330, Motor JXB AB580722  
Twin Coach 6 Bus, Serial TCS60024, Motor 503301  
Twin Coach 6 Bus, (B~~us~~) Serial TCS 60031, Motor 503905  
Fageol 4 Bus, Serial 10465, Motor FHS-50-483

In addition, as said, applicants will assign to the bank the operative rights acquired from Floyd B. Pearson.

#### O R D E R

The Commission having considered applicants' request and it being of the opinion that this is not a matter on which a hearing is necessary, that the money, property or labor to be procured or paid for by an \$18,000 loan, the execution of a mortgage of chattels and assignment of operative rights to secure the payment of such loan by Frank J. Knapp and John P. Demeter is reasonably required for the purposes herein stated by said Frank J. Knapp and John P. Demeter, and that the expenditures for said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. Frank J. Knapp and John P. Demeter, operating under the name of Palo Alto City Lines, may, after the effective date hereof and prior to April 1, 1941, borrow from The Anglo California National Bank of San Francisco the sum of not exceeding

\$18,000, payable as indicated in the foregoing opinion, and to secure the payment of said loan by assigning to said bank the operative rights acquired under the authority granted by Decision No. 33962, dated March 4, 1941, and by executing a mortgage of chattels substantially in the same form as the mortgage of chattels filed in this proceeding.

2. The proceeds realized through said loan, assignment of said operative rights and execution of said mortgage of chattels shall be used by said Frank J. Knapp and John P. Demeter to pay for the operative rights and properties which they are authorized to acquire by Decision No. 33962, dated March 4, 1941.

3. The authority herein granted will become effective when said Frank J. Knapp and John P. Demeter have paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which minimum fee is Twenty five (\$25.00) Dollars.

4. Within thirty (30) days after the execution of the mortgage of chattels herein authorized to be executed, said Frank J. Knapp and John P. Demeter shall file with the Railroad Commission a true and correct copy of said mortgage of chattels, a true and correct copy of the assignment of operative rights, together with a statement showing the purposes for which they expended the money borrowed from The Anglo California National Bank of San Francisco.

Dated at San Francisco, California, this 12<sup>th</sup> day of  
March, 1941.

*[Handwritten Signature]*

*Justus F. Currier*  
*Francis X. Hawens*  
Commissioners.

\$ 2500  
RAILROAD COMMISSION  
STATE OF CALIFORNIA  
MAR 12 1941  
By *[Handwritten Signature]*  
SECRETARY