

ORIGINAL

Decision No. 3S928

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of LONG BEACH MOTOR BUS COMPANY for :
Authority to Execute Promissory Note)
and Mortgage of Chattels. :
-----)

Application
No. 27462

O P I N I O N

Long Beach Motor Bus Company has applied to the Railroad Commission for permission to execute a mortgage of chattels and to issue a note for \$116,000 to pay in part the cost of new equipment.

Applicant is engaged in business as a passenger stage corporation in and about Long Beach. It reports that heretofore it has leased all the bus equipment operated on its lines from Lang Motor Bus Corporation. In its 1945 annual report to the Commission it shows eighteen buses in service, all leased, and its total payments for rent of buses at \$20,365.85, being at the rate of 1-1/2 cents per mile operated. Similarly, it reports rental payments of \$19,259.76 in 1944 and \$18,846.39 in 1943. Its reports further show 5,850,503 revenue passengers carried in 1945; 6,300,494 in 1944 and 6,096,073 in 1943. Its operating revenues are stated at \$376,205.99 for 1945; at \$383,623.19 for 1944 and at \$378,840.31 for 1943.

The company reports that it now proposes to acquire its own equipment and that as a first step in that direction has made arrangements to purchase from General Motors Corporation nine transit type, 45-passenger, Diesel hydraulic coaches, exclusive

of tires and heaters, for the sum of \$123,344.73 plus freight charges. It intends to borrow from Bank of America National Trust and Savings Association, the sum of \$116,000 to provide a part of the purchase price, the balance to be provided from funds which it has available for said purchase.

The moneys to be borrowed will be represented by a note for \$116,000, payable in monthly installments of \$2,900 or more each, plus interest on deferred balances at the rate of four percent per annum, payable monthly. The payments are to be secured by a mortgage of chattels covering the nine units of equipment.

The company has filed a copy of the proposed note as Exhibit "A" and a copy of the proposed mortgage of chattels as Exhibit "B". The instruments appear to be in satisfactory form and the following order will authorize their execution.

O R D E R

Long Beach Motor Bus Company having applied to the Railroad Commission for permission to execute a mortgage of chattels and to issue a note, and the Commission having considered the matter and being of the opinion that a public hearing is not necessary, that the request of applicant should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of said note is reasonably required by applicant for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expense or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. Long Beach Motor Bus Company, after the effective date hereof and on or before July 31, 1946, may execute a mortgage of chattels in, or substantially in, the same form as that filed in this proceeding as Exhibit "B", and may issue a note in the principal amount of \$116,000 in, or substantially in, the same form as that filed in this proceeding as Exhibit "A", for the purpose of financing in part the cost of the nine units of equipment referred to in the opinion preceding this order.

2. Long Beach Motor Bus Company shall file with the Commission a report, or reports, of the issue of the note and the disposition of the proceeds as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective when Long Beach Motor Bus Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Hundred Sixteen (\$116.00) Dollars.

Dated at San Francisco, California, this 7th day of May, 1946.

David Ruden
Justin F. Coe
Frank W. Coe
James H. Powell
Harold A. Hule
Commissioners

