

Decision No. 39167

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
)
 SAN JOSE CITY LINES, INC.)
)
 for an Order Authorizing Applicant to)
 issue its promissory note; to place a)
 lien of chattel mortgage on certain of)
 the Applicant's properties to secure)
 repayment of said note, and to use)
 proceeds of said note for the purpose)
 specified herein.)
 -----)

Application
No. 27590

OPINION AND ORDER

San Jose City Lines, Inc., a corporation engaged in the operation of motor vehicles for the transportation of passengers in and about the City of San Jose, reports that in order to meet transportation requirements and to improve its service, it has ordered from G.M.C. Truck & Coach Division, General Motors Corporation, fifteen new "GMC" TD 3609 transit type 36 passenger diesel powered motor coaches for a total cost, including freight charges, of approximately \$173,834.96. Seven motor coaches have been delivered to applicant for a total cost of \$81,109.76, which includes freight charges of \$3,090.21. It is expected that the remaining eight coaches will be delivered during July and August.

In order to finance, in part, the purchase price the company proposes to borrow from the Oakland Main Office of the Bank of America National Trust & Savings Association the sum of \$139,000 to be represented by two notes, one for \$65,000 and one

for \$74,000, each note to be repayable in sixty equal consecutive monthly installments, plus interest at the rate of 2% per annum. The payment of the \$65,000 note will be secured by a chattel mortgage, in the form set out in Exhibit "D" filed in this proceeding, covering the seven new motor coaches, and the payment of the \$74,000 note will be secured by a chattel mortgage, in similar form, covering the remaining eight coaches. In addition, the payment of the notes will be guaranteed by Pacific City Lines, Inc., the owner of all the outstanding stock of San Jose City Lines, Inc.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary; that San Jose City Lines, Inc., should be authorized to execute chattel mortgages and to issue notes, as herein provided; and that the money, property or labor to be procured or paid for through the issue of said notes is reasonably required 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. San Jose City Lines, Inc., after the effective date hereof and on or before October 31, 1946, may execute two chattel mortgages in, or substantially in, the same form as that filed in this proceeding as Exhibit "D", and may issue two promissory notes in the total principal amount of \$139,000, one note to be for \$65,000 and one for \$74,000, each note to be repayable in sixty equal consecutive monthly installments plus interest at the rate of 2% per annum, for the purpose of financing in part the cost of the fifteen motor coaches referred to herein.

2. The authority herein granted will become effective when San Jose City Lines, Inc., has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Hundred Thirty-nine (\$139.00) Dollars.

3. San Jose City Lines, Inc., shall file with the Commission a report, or reports, of the issue of the note herein authorized and of 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.

Dated at Los Angeles, California, this 25th day of June, 1946.

Richard Anderson
Justice F. C. C. C. C.
James D. D.
J. P. D.
Harold P. H.
 Commissioners

