

**ORIGINAL**

Decision No. 39977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 THE GRAY LINE, INC. )  
 for an Order Authorizing Applicant to )  
 issue its promissory notes to place )  
 liens of chattel mortgage on certain )  
 of the Applicant's properties to secure )  
 repayment of said notes, and to use the )  
 proceeds of said notes for the purpose )  
 specified herein. )  
 ----- )

Application  
 No. 28195

OPINION AND ORDER

The Gray Line, Inc., a corporation, asks permission to issue to the Bank of America National Trust and Savings Association its 3% installment notes for the aggregate sum of \$106,000 and execute chattel mortgages to secure the payment of the notes. A copy of the proposed notes and a copy of the proposed chattel mortgages are on file in this application as Exhibits "C" and "D", respectively.

Applicant operates various sight-seeing tours, principally within the City and County of San Francisco, East Bay cities and adjacent territories, under certificates of public convenience and necessity granted by the Commission. It also engages in other transportation service. For the twelve months ending December 31, 1946, applicant reports operating revenues of \$983,274.48, segregated as follows:

Sight-seeing revenue	\$399,056.34
Special bus revenue	558,505.39
Miscellaneous station revenue	<u>25,712.75</u>
Total	<u>\$983,274.48</u>

For the same period applicant reports a net profit of \$46,999.04.

Applicant reports that in order to more adequately handle increased traffic and to improve its service, it purchased in 1946 from Gillig Bros., Hayward, California, nine new 37-passenger Gillig-International motor coaches at a total cost of \$123,575.91. It also acquired from the Inglewood City Lines ten used 1942 Dodge-Wayne coaches and from the Fresno City Lines, Inc. one used rebuilt 1929 Mack-International motor coach. For the eleven motor coaches it paid \$20,573.74. To pay in part for the nine new Gillig-International motor coaches, applicant borrowed \$100,000 on a promissory note from the Pacific National Bank in San Francisco. On December 31, 1946, there was a balance of \$50,002 due on this note.

To pay for the equipment acquired from the Inglewood City Lines and the Fresno City Lines, Inc., to pay the balance due on the note issued to the Pacific National Bank, and to reimburse its treasury because of income used to pay for equipment, applicant has made arrangements to borrow \$106,000 from the Bank of America National Trust and Savings Association. The loan will be represented by two promissory notes, one for \$90,000 and the other for \$16,000. The \$90,000 note will be payable in 72 equal consecutive monthly installments, and the \$16,000 note in 24 equal consecutive monthly installments. Both notes will bear interest at the rate of 3% per annum. Copies of the proposed notes are filed in this application as Exhibit "C".

The payment of the notes will be secured by chattel mortgages, a copy of which is filed in this application as Exhibit

"D". The mortgage securing the payment of the \$90,000 note will be a lien on the nine Gillig-International coaches, while the mortgage securing the payment of the \$16,000 note will be a lien on the coaches acquired from the Inglewood City Lines and the Fresno City Lines, Inc. The Airport Limousine Company, which owns all the outstanding stock of The Gray Line, Inc., will guarantee the payment of the notes.

The Commission has considered applicant's request and is of the opinion that this is not a matter on which a hearing is necessary, that The Gray Line, Inc. should be authorized to execute chattel mortgages and issue notes as herein provided, that the money, property or labor to be procured or paid for through the issue of said notes is reasonably required by applicant for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. For the purpose of paying the balance due on the note held by the Pacific National Bank, to acquire the said equipment from the Inglewood City Lines and the Fresno City Lines, Inc., and to reimburse its treasury, The Gray Line, Inc. may, after the effective date hereof and on or before April 30, 1947, issue to the Bank of America National Trust and Savings Association two promissory notes, one in the principal sum of \$90,000 payable in 72 equal consecutive monthly installments, and one in the principal sum of \$16,000 payable in 24 equal consecutive monthly installments, plus interest at the rate of 3% per annum, and execute

chattel mortgages to secure the payment of said notes, said notes and said chattel mortgages to be in, or substantially in, the same form as the notes and the chattel mortgages filed in this application as Exhibits "C" and "D", respectively.

2. The authority herein granted will become effective when The Gray Line, Inc. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Hundred Six (\$106.00) Dollars.

3. Within thirty (30) days after the issue of the notes herein authorized, The Gray Line, Inc. shall file with the Commission a true and correct copy of each of said notes and a true and correct copy of each of said chattel mortgages executed under the authority herein granted.

Dated at San Francisco, California, this 15th day of February, 1947.

Harold P. Kula  
Justice J. Coe  
Justice J. Coe  
R. J. Johnson  
Commissioners

