

ORIGINAL

Decision No. 40044

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Fresno 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 re-)
payment of said note, and to use the)
proceeds of said note for the purpose)
specified herein.)
-----:)

Application
No. 28228

J. L. Haugh, for applicant.

O P I N I O N

Fresno City Lines, Inc. asks permission to issue to Anglo California National Bank of San Francisco its 2½% installment note for \$38,258.96 and execute a mortgage of chattels to secure the payment of the note. The note will be issued for the purpose of refunding \$38,258.96 due on notes now outstanding.

The testimony shows that Fresno City Lines, Inc. owns four 1942 Yellow TG 2706-27 passenger transit type buses which it leases to Stockton City Lines, Inc. It also owns seven 1944 GMC TGH 4006-40 passenger transit type buses which it leases to Pasadena City Lines, Inc. There is now due on notes issued by Fresno City Lines, Inc. to acquire said buses the aggregate sum of \$38,258.96. The payment of this sum is secured by mortgages of chattels which are a lien on said equipment.

Fresno City Lines, Inc. presently leases from Pasadena City Lines, Inc. three 1940 TG 3602-37 passenger Yellow coaches, five 1940 NCL type 29-passenger Mack coaches, five 1942 TG 3606-36 passenger Yellow coaches, and one 1944 GMC TG 3609-36 passenger coach. It also leases from Stockton City Lines, Inc. five 1940 NCL type 30-passenger Mack coaches.

Recently the outstanding stock of Fresno City Lines, Inc. has been acquired by J. L. Haugh from Pacific City Lines, Inc. He believes that it is in the public interest that the title to the foregoing equipment be transferred to the companies which are now operating the same. Fresno City Lines, Inc. will sell to Pasadena City Lines, Inc. and Stockton City Lines, Inc. the eleven coaches which it leases to them, and acquire from Pasadena City Lines, Inc. and Stockton City Lines, Inc. the nineteen coaches which it leases from them. The motor coaches will be transferred at their depreciated cost. It is of record that the depreciated cost of the motor coaches leased to Fresno City Lines, Inc. is \$50,436.98, and that of the motor coaches leased by it, \$48,337.36. Fresno City Lines, Inc. will pay the difference of \$2,099.62 in cash. Pasadena City Lines, Inc., Stockton City Lines, Inc. and Fresno City Lines, Inc. are in agreement as to the sale and purchase of said equipment and the price to be paid therefor.

Fresno City Lines, Inc. is now indebted to Anglo California National Bank in the sum of \$38,258.96. The payment of this indebtedness is secured by a mortgage on the equipment which is being sold to Stockton City Lines, Inc. and Pasadena City Lines, Inc. The bank is ready to release the equipment from the lien of the mortgages, provided that Fresno City Lines, Inc. will issue to the bank a new note in the sum of \$38,258.96 secured by a mortgage of chattels on the nineteen coaches which it is

acquiring from Pasadena City Lines, Inc. and Stockton City Lines, Inc. J. L. Haugh will guarantee the payment of the note. A copy of the note and mortgage are on file in this application as Exhibits "B" and "C", respectively. The note is payable in thirty-six equal consecutive monthly installments, the first installment being due March 31, 1947. The note bears interest at the rate of $2\frac{1}{2}\%$ per annum.

ORDER

A public hearing having been held on the above-numbered application by Examiner Fankhauser and the Commission having considered the evidence submitted at such hearing, and it being of the opinion that the money, property or labor to be procured or paid for through the issue of the note herein authorized is reasonably required by Fresno City Lines, Inc. for the purpose of refunding indebtedness, that the expenditures for such purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted, therefore,

IT IS HEREBY ORDERED as follows:

1. Fresno City Lines, Inc. may, after the effective date hereof and on or before April 30, 1947, issue to the Anglo California National Bank of San Francisco its $2\frac{1}{2}\%$ installment note for the principal sum of \$38,258.96, and execute a mortgage of chattels to secure the payment of said note, said note and said mortgage of chattels to be in, or substantially in, the same form as the note and mortgage of chattels on file in this application

as Exhibits "B" and "C", respectively. Fresno City Lines, Inc. shall use the proceeds from said note to pay the indebtedness due on notes now held by said Anglo California National Bank of San Francisco.

2. Fresno City Lines, Inc. shall file a report, or reports, as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. Within thirty (30) days after the execution of said note and said mortgage of chattels, Fresno City Lines, Inc. shall file with the Commission a copy of said note and a copy of said mortgage of chattels.

Dated at San Francisco, California, this 11th day of March, 1947.

Harold Kuls
Justus F. Coenen
Frank Powell
A. Z. Johnson
Francis H. Pitt
 Commissioners