

**ORIGINAL**

Decision No. 40852

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the	)	
	:	
LONG BEACH MOTOR BUS COMPANY	)	
	:	Application
for authority to issue a promissory note	)	No. 28784
and chattel mortgage to finance the pur-	:	
chase of ten (10) motor coaches.	)	
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O P I N I O N

This is an application by Long Beach Motor Bus Company, a corporation, for an order authorizing it to execute a chattel mortgage and to issue a note in the principal amount of not to exceed \$160,000 to finance, in part, the purchase price of ten new motor coaches.

Long Beach Motor Bus Company is a corporation organized and existing under and by virtue of the laws of the State of California. It is engaged in rendering a public utility motor coach transportation service in the City of Long Beach, California, and various areas contiguous and adjacent thereto. Its latest financial statement on file with the Commission shows, as of September 30, 1947, assets and liabilities as follows:

Assets

Cash	\$ 27,243.35
Accounts receivable	288.30
Prepaid expenses	554.65
Motor coaches	127,689.79
Franchises	1,383.37
Insurance deposits	1,800.00
Deferred debits	<u>7,909.82</u>

Total Assets \$166,869.28

Liabilities

Capital stock	\$ 50,000.00
Equipment obligations	84,000.00
Due Long Beach City Lines, Inc.	48,554.27
Due National City Lines, Inc.	60,000.00
Miscellaneous accounts payable	2,631.52
Accrued taxes and insurance	4,879.03
Reserve for depreciation	18,263.74
Reserve for injuries and damages	1,693.85
Deficit	<u>103,153.13</u>
Total Liabilities	<u>\$166,869.28</u>

All of the outstanding stock, consisting of 2,500 shares of common stock without par value, is reported held by National City Lines, Inc. The Commission recently has considered applicant's operations and by Decision No. 40774, dated September 30, 1947, authorized it to increase its rates.

The company reports that the services presently being given require forty-three coaches to fill its schedules. At present it owns nine motor coaches and leases the balance of those needed in its operations from Long Beach City Lines, Inc., an affiliated company. To replace some of the leased equipment, applicant has purchased ten Model TDH 4507 General Motors Forty-five Passenger Transit Type Diesel Hydraulic Motor Coaches, at an estimated purchase price, including federal excise taxes, California use tax and freight of \$168,957.80. The company further reports that it has not yet received the invoices for the coaches and that there is a possibility that additional charges for extras, taxes and freight may call for the further payment of \$16,385.87, bringing the total up to \$185,343.67.

To finance the total price, applicant proposes to make a cash payment of \$25,343.67 and to borrow the remaining balance

of not exceeding \$160,000 from The National City Bank of New York, said sum to be represented by a note payable over a period of ninety-six months with interest at the rate of 2-3/8% per annum, payable monthly, and to be secured by a chattel mortgage on the equipment. A copy of the proposed chattel mortgage is on file in this application as Exhibit "B".

O R D E R

Long Beach Motor Bus Company having applied to the Public Utilities Commission for permission to execute a chattel mortgage and to issue a note for not exceeding \$160,000, and the Commission having considered the matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of said note is reasonably required for the purpose specified herein, and that the expenditures for such purpose are not, in whole or in part, reasonably chargeable to operating expenses 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 December 31, 1947, may execute a chattel mortgage in, or substantially in, the same form as that filed in this proceeding as Exhibit "B", and may issue a note for not exceeding \$160,000 payable over a period of ninety-six months from the date thereof, with interest at the rate of 2-3/8% per annum, payable monthly, on deferred balances, for the purpose of

financing in part the cost of the ten (10) motor coaches referred to in the preceding opinion.

2. Within sixty (60) days after the issue of the note herein authorized, applicant shall file with the Commission a copy of the note and a copy of the chattel mortgage executed under the authority herein granted, and a report showing the cost per motor coach, the federal excise tax, the California use tax and the freight charges per motor coach.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One hundred sixty (\$160.00) dollars.

Dated at Los Angeles, California, this 28<sup>th</sup> day of October, 1947.

Harold P. Auld  
Justin F. Calver  
R. E. [unclear]  
Samuel D. [unclear]  
 Commissioners

