ORIGINAL

Decision No. 41336

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of GIBSON LINES, a corporation, for an order authorizing it to issue a note secured by a mortgage.

Application No. 29156

O P I N I O N

In this application, Gibson Lines requests an order of the Public Utilities Commission authorizing it to execute a mortgage of chattels and to issue a note, or notes, for $72,500 for the purpose of financing in part the cost of five new motor coaches.

Gibson Lines is a corporation engaged generally in the transportation of passengers between Chico on the north, San Francisco on the south and west, Stockton on the south and Folsom and Reno on the east, and in local service between Sacramento and North Sacramento and vicinity, the said local service having been inaugurated in May, 1947. The company's revenues and expenses for the last two calendar years, in summary form, are reported as follows:

	1946	1947
Operating revenues	$1,325,767.19	$ 741,725.29
Operating expenses, taxes, depreciation	1,243,676.50	840,682.94
Net operating revenue	82,090.69	(98,957.65)
Other income	1,308.77	434.64
Gross income	83,399.46	(98,523.01)
Income deductions	3,362.32	3,464.35
Net income before income taxes	80,037.14	(101,987.36)
Provision for income taxes	45,426.33	----
Net income	$ 34,610.81	$(101,987.36)

(______) loss

During 1947 the company's operations were suspended for about sixty-eight days because of a strike by some of its employees.

The company reports its assets and liabilities, as of December 31, 1947, as follows:

Assets

Current assets		
Cash on hand and in bank	$74,164.52	
Notes and accounts receivable	24,821.14	
Materials and supplies	7,281.97	
Total current assets		$106,267.63
Tangible property		
Carrier operating property	603,448.19	
Less reserve for depreciation	393,008.58	
Total tangible property		210,439.61
Intangible property		44,572.02
Investments		2,614.92
Deferred debits		8,823.18
Total		$372,717.36

Liabilities

Current liabilities	
Notes and accounts payable	$193,503.98
Capital stock	87,600.00
Surplus	91,613.38
Total	$372,717.36

By Decision No. 41077, dated December 22, 1947, in Application No. 28574, the Commission reviewed the company's operations and authorized the increase of some of its rates. The record in that proceeding showed that the company contemplated the acquisition, during 1948, of ten buses, primarily for use in its local service. It reported at that time that the purchase of the additional equipment was necessary to enable it to meet the needs of the traveling public.

In the pending application the company reports that five new General Motors, Model TDH-3610, transit type coaches are scheduled for delivery in March, 1948. It reports the cost thereof at $14,652.71 each, including federal excise tax, California use tax and delivery charges, making a total for the five units of $73,263.55. It desires to borrow $72,500 to meet, in part, these costs, said sum to be represented by a note, or notes, payable in forty-eight equal monthly installments with interest at the rate of not exceeding 5% per annum, and secured by a mortgage or mortgages of chattels.

A copy of the form of mortgage of chattels is attached to the application.

O R D E R

Gibson Lines having applied to the Public Utilities Commission for authority to issue a note, or notes, for $72,500 and to execute a mortgage, or mortgages, of chattels, and the Commission having considered the matter and being of the opinion that a public hearing is not necessary, that the requests of applicant 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, or notes, is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED as follows:

1. Gibson Lines may, after the effective date hereof and on or before June 30, 1948, execute a mortgage, or mortgages, of chattels in, or substantially in, the same form as that filed in this proceeding, and issue a note, or notes, in the aggregate amount of not exceeding $72,500 payable in not more than forty-eight (48) equal monthly installments with interest at not exceeding 5% per annum, for the purpose of financing in part the cost of the five (5) units of equipment referred to in the preceding opinion.

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2. Gibson Lines shall file with the Commission a copy of the mortgage of chattels and a copy of each note executed or issued under the authority herein granted, within one (1) month after the date thereof.

3. The authority herein granted will become effective when Gibson Lines has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is seventy-three ($73.00) dollars.

Dated at San Francisco, California, this 23d day of March, 1948.

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
MAR 24 1948
$73.00
By Virginia Denning