

ORIGINAL

Decision No. 42420

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)	
SAN DIEGO TRANSIT SYSTEM (formerly)	
San Diego Electric Railway Company))	
for authority to issue its promissory)	Application
note in the principal sum of \$720,000)	No. 29924
and to secure the payment thereof by)	
a chattel mortgage on certain equip-)	
ment, and to use the proceeds thereof)	
for specified purposes.)	
-----)	

O P I N I O N

In this application, the Commission is asked to make an order authorizing San Diego Transit System (formerly San Diego Electric Railway Company) to issue a promissory note in the principal amount of \$720,000, and to execute a chattel mortgage to secure its payment, for the purpose of financing, in part, the cost of forty-five new passenger buses.

The application shows that the company is engaged in operating a transportation service, by both street railroad and automobile bus, for the transportation of passengers in and about the Cities of San Diego, Coronado, National City, Chula Vista, La Mesa and El Cajon. It has reported its operating revenues at \$5,570,557.72 for the eleven months ending November 30, 1947, and at \$5,388,291.91 for the eleven months ending November 30, 1948, with net income of \$219,179.89 and \$44,775.72 for the same two periods, respectively. It reports its assets and liabilities as of November 30, 1948, as follows:

Assets

Current assets -		
Cash	\$ 890,371.17	
Notes and accounts receivable	21,323.38	
Materials and supplies	277,918.86	
Other current assets	<u>3,525.00</u>	
Total current assets		\$1,193,138.41
Investments -		
Roads and equipment	9,505,067.60	
Less-depreciation reserve	<u>6,656,476.90</u>	
Net investments		2,848,590.70
Due from affiliated companies		65,000.00
Prepaid items		43,074.67
Unadjusted debits		<u>348,073.39</u>
	Total	<u>\$4,497,877.17</u>

Liabilities

Current liabilities -		
Accounts payable	\$ 170,590.18	
Wages payable	119,294.48	
Accrued liabilities	208,912.46	
Other current liabilities	<u>10,414.65</u>	
Total current liabilities		\$ 509,211.77
Equipment loans		609,622.20
Deferred credits		21,778.82
Unadjusted credits		324,811.82
Capital stock		3,000,000.00
Surplus		<u>32,452.56</u>
	Total	<u>\$4,497,877.17</u>

The company sets forth in its application that it has on order from General Motors Corporation, for delivery in February and March, 1949, forty-five new forty-five passenger hydraulic-transmission diesel engine buses. It alleges that such new buses are required to replace buses and street cars now to be retired and that its studies indicate they will meet the full needs of its service for the year 1949.

The company reports that the new buses will cost approximately \$20,000 each, including taxes, freight and incidentals, making a total purchase price of approximately \$900,000. It proposes to pay approximately \$180,000 of this amount in cash and to borrow \$720,000 from Bank of America National Trust and

Savings Association to provide the balance of the purchase price. Said sum of \$720,000 will be represented by a note payable in seventy-two equal monthly installments with interest at the rate of 3-1/2% per annum, secured by a chattel mortgage on the forty-five new buses.

A copy of the proposed note has been filed in this proceeding as Exhibit "A", and a copy of the proposed chattel mortgage as Exhibit "B". They are in satisfactory form.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of a note for \$720,000 is reasonably required by San Diego Transit System for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. San Diego Transit System, after the effective date hereof and on or before June 30, 1949, may issue its promissory note in the principal amount of \$720,000, upon the terms set forth in this application, for the purpose of financing in part the cost of forty-five (45) new passenger buses, and may execute a chattel mortgage to secure the payment of said note. The note and chattel mortgage shall be in, or substantially in, the same

form as those filed in this proceeding as Exhibit "A" and Exhibit "B", respectively.

2. Within thirty (30) days after the issue and execution of said note and chattel mortgage, applicant shall file with the Commission an exact copy of each as actually issued or executed, together with a statement showing the purposes for which the proceeds were used and the actual cost of the forty-five (45) buses referred to herein.

3. The authority herein granted will become effective when San Diego Transit System has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is seven hundred twenty (\$720.00) dollars.

Dated at San Francisco, California, this 12th day of January, 1949.

R. F. Johnson
James J. Colman
Wesley T. Farrell
Harold Kula
Francis P. Potter
Commissioners

