

ORIGINAL

Decision No. 42622

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 note; to place a)
lien of chattel mortgage on certain)
of the Applicant's properties to se-)
cure repayment of said note, and to)
use the proceeds of said note for the)
purpose specified herein.)
-----)

Application
No. 30807

OPINION AND ORDER

In this application, The Gray Line, Inc. asks the Commission to make an order authorizing it to issue a promissory note in the principal amount of \$57,560, payable in 40 equal, consecutive monthly installments, with interest at the rate of 4% per annum payable monthly, and to execute a chattel mortgage to secure the payment of said note. A copy of the proposed note is attached to the application as Exhibit C and a copy of the proposed chattel mortgage as Exhibit D.

The Gray Line, Inc. is a corporation organized under the laws of the State of California. It operates sightseeing tours and special transportation service principally in the City and County of San Francisco, East Bay cities, and adjacent territories. It has reported its operating revenues at \$1,187,949.77 for 1947, \$1,023,037.17 for 1948, and \$879,945.90 for the 10 months ended October 31, 1949, and its net profit for the three periods at \$53,581.53, \$42,701.64 and \$66,726.67 respectively. As of October

31, 1949, it reports its assets and liabilities as follows:

Assets

Current assets		
Cash and deposits	\$124,261.95	
Notes and accounts receivable	69,835.39	
Prepayments	7,204.99	
Material and supplies	<u>19,613.81</u>	
Total current assets		\$220,916.14
Tangible property-less reserve for depreciation		292,116.49
Intangible property		13,028.06
Investments and advances		<u>115,156.29</u>
	Total assets	<u>\$641,216.98</u>

Liabilities

Current liabilities		
Accounts payable	\$ 34,852.52	
Accrued liabilities	30,549.87	
Payroll tax deductions	7,276.55	
Accrued Federal income taxes	<u>35,600.49</u>	
Total current liabilities		\$108,279.43
Equipment obligations		92,895.61
Reserve for contingencies		1,000.00
Capital stock		110,006.00
Capital surplus		45,707.77
Earned surplus		<u>283,328.17</u>
	Total liabilities	<u>\$641,216.98</u>

The Gray Line, Inc. reports that, in order to improve its service, it purchased from The Gray Line of Washington, at a cost of \$65,000, 10 used 37-passenger Aerocoach buses. Adding thereto the California use tax of \$1,950 and delivery charges of \$5,000 makes a total cost of \$71,950. Five of the buses were manufactured in 1946 and five in 1947. To reimburse its treasury in part because of cash payment made upon acquiring the buses, The Gray Line, Inc. proposes to borrow \$57,560 from the Bank of America National Trust and Savings Association, said sum to be represented by the note referred to in this application. The payment of the note will be secured by said chattel mortgage, which will be a lien on the 10 buses and will be guaranteed by Airport Limousine Company, the owner of all outstanding

capital stock of The Gray Line, Inc.

The Commission has considered this matter and is 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 said note is reasonably required by The Gray Line, Inc. 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. The Gray Line, Inc., after the effective date hereof and on or before March 31, 1950, may issue a promissory note in the principal amount of \$57,560 for the purpose of reimbursing its treasury and of maintaining and improving its service, and may execute a chattel mortgage to secure the payment of the note, said note and said chattel mortgage to be in, or substantially in, the same form as those filed in this proceeding as Exhibit C and Exhibit D, respectively.

2. Within thirty (30) days after the issue and execution of said note and said chattel mortgage, The Gray Line, Inc. shall file with the Commission a copy of each as actually executed.

3. 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 fifty-eight (\$58.00) dollars.

Dated at San Francisco, California, this 13th day
of December, 1949.

R. F. Murray
Justin F. Calver
Joseph F. Sowell
Harold P. Hule
Samuel P. Patten
Commissioners

