

Decision No. 42836

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
)
 SAN DIEGO TRANSIT SYSTEM)
)
 for authority to issue its promissory)
 note in the principal sum of \$312,000)
 and to secure the payment thereof by)
 a chattel mortgage on certain equip-)
 ment, and to use the proceeds thereof)
 for specified purposes.)
 -----)

Application
No. 30970

O P I N I O N

San Diego Transit System, applicant herein, is a California corporation engaged in the business of transporting passengers by buses in the cities of San Diego, Coronado, National City, Chula Vista, La Mesa and El Cajon and in intermediate and surrounding territory. In this application it reports that it has placed an order with General Motors Corporation for the purchase of twenty new 45-passenger, hydraulic-transmission, diesel engine buses to replace buses which are gasoline powered, obsolete and uneconomical in operation and fully depreciated on its books.

The cost of the new buses including federal, state and city taxes, freight and incidental expenses, is estimated at \$390,000.

To finance in part the purchase price of the new buses, applicant has made arrangements to borrow \$312,000 from the Bank of America National Trust and Savings Association. It asks permission to evidence the loan by the issue of a promissory note payable in 72 equal monthly installments with interest at the rate of 3-1/2% per

annum, payable monthly, on the amount from time to time remaining unpaid. To secure the payment of the note, applicant asks permission to execute a chattel mortgage which will be a lien on the new buses. A copy of the proposed note is on file in this application as Exhibit A and a copy of the chattel mortgage as Exhibit B.

The order for the buses provides for their delivery during July, 1950. Applicant is required to pay for the buses within 30 days after their shipment. In addition to borrowing the \$312,000 from the bank, applicant will withdraw from cash on hand approximately \$78,000 to pay for the buses.

Q 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 \$312,000 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 September 15, 1950, may issue a promissory note in the principal amount of \$312,000 and may execute a chattel mortgage to secure the payment of the same, said note and said chattel mortgage to be in, or substantially in, the same form as those filed in this proceeding as Exhibit A and Exhibit B, respectively.

2. San Diego Transit System shall use the proceeds received through the issue of said note to finance, in part, the purchase price of the twenty buses referred to in this application.

3. Within thirty (30) days after the issue of the note and the execution of the chattel mortgage under the authority herein granted, San Diego Transit System shall file a copy of each with the Commission.

4. 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 three hundred twelve (\$312.00) dollars.

Dated at San Francisco, California, this 20th day of February, 1950.

P. J. [Signature]
Justice J. [Signature]
[Signature]
[Signature]
[Signature]
 Commissioners

