

Decision No. 45994

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SAN DIEGO TRANSIT SYSTEM, a corpora-
tion, for authority to issue its
promissory note in the principal sum
of \$320,000, and to secure the pay-
ment thereof by a chattel mortgage
on certain equipment, and to use
the proceeds thereof for specified
purposes.

Application
No. 32601

OPINION AND ORDER

San Diego Transit System has filed this application for authority to execute a chattel mortgage and to issue a note for \$320,000 to finance in part the cost of new equipment. Applicant reports that it has made arrangements to purchase 20 new, 45-passenger, diesel-powered, transit type coaches to replace a like number of gasoline-powered coaches which are said by it to be obsolete and uneconomical in operation. The buses which are to be replaced are fully depreciated on the books of the company.

The 20 new buses will cost approximately \$20,000 each, including federal, state and city taxes, freight and incidental preparation costs, making a total purchase price of \$400,000. Applicant plans to pay a part of the total price with current funds, and to borrow \$320,000 from Bank of America National Trust and Savings Association to complete the payment. The amount to be thus borrowed will be represented by a note, payable in 72 equal monthly installments with interest at the rate of $3\frac{1}{2}\%$ per annum, and will be secured by a chattel mortgage covering the equipment.

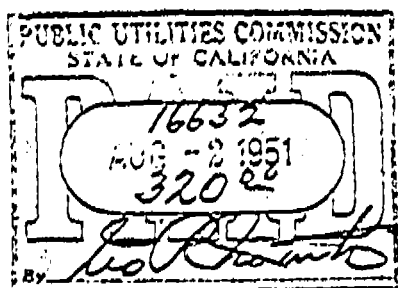
The Commission has considered this matter and is of the opinion that a public hearing thereon is not necessary; that the application should be granted, as herein provided; that the money,

property or labor to be procured or paid for through the issue of the note herein authorized is reasonably required by applicant 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 December 31, 1951, may issue a promissory note in the principal amount of \$320,000, in substantially the same form as that filed in this proceeding as Exhibit A, for the purpose of financing in part the cost of equipment referred to herein, and may execute a chattel mortgage, in substantially the same form as that filed as Exhibit B, to secure the payment of said note.
2. San Diego Transit System shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.
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 three hundred twenty (\$320.00) dollars.

Dated at San Francisco, California, this 31st day of July, 1951.



W. F. Dwyer
James J. Dwyer
Harold Hill
Thomas H. Hill
John E. Hill
 Commissioners