

ORIGINAL

Decision No. 47090

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 \$331,200, and to secure the pay-)	Application
ment thereof by a chattel mortgage	:	No. 33245
on certain equipment, and to use)	
the proceeds thereof for specified	:	
purposes.)	
-----	:	

Lindley, Lazar and Scales, by Fred E. Lindley and
Leon Scales, for San Diego Transit System;
Louis M. Karp, Deputy City Attorney, for City of
San Diego, interested party; John F. Donovan, for
the Commission's staff.

O P I N I O N

This is an application for an order of the Commission authorizing San Diego Transit System to issue its promissory note in the principal amount of \$331,200 for the purpose of financing, in part, the cost of twenty new passenger buses, and to execute a chattel mortgage to secure the payment of the note.

A public hearing in this matter was held before Commissioner Potter and Examiner Bryant in San Diego on April 24, 1952, at which time the matter was submitted. The Commission has received no protest to the granting of the application.

Applicant is engaged in operating motor coaches for the transportation of passengers in the cities of San Diego, Coronado, National City, Chula Vista, La Mesa and El Cajon, and in intermediate and surrounding territory in the County of San Diego. Applicant's

president testified concerning capital expenditures and dismantling costs during the years 1947 to 1951, inclusive, and described in general the company's program for 1952 and 1953. He stated that the company has need for new equipment and that it has made arrangements to purchase from General Motors Corporation twenty 45-passenger transit type coaches with diesel engines and hydraulic drives, to replace a like number of buses which are gasoline-powered and are said to be obsolete and uneconomical in operation. The buses which are to be replaced are fully depreciated on the books of the company.

The record shows that the new buses will cost approximately \$20,700 each, including freight, taxes and incidental expenses, making a total purchase price for the twenty units of approximately \$414,000. Applicant proposes to pay approximately \$82,800 of this amount in cash and to borrow \$331,200 from Bank of America National Trust and Savings Association to provide the balance of the purchase price, said sum to be thus borrowed to be represented by a note payable in 72 equal monthly installments with interest at the rate of 4% per annum. The payment of the note will be secured by a chattel mortgage on the new buses.

A review of this matter clearly indicates that applicant will have need for the additional equipment and that an order authorizing the issue of the note under the circumstances set forth at the hearing is warranted.

O R D E R

A public hearing having been held on the above entitled matter, and the Commission having considered the evidence and being of the opinion that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for by 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 September 30, 1952, may issue a promissory note in the principal amount of \$331,200, in substantially the same form as that filed in this proceeding as Exhibit A, for the purpose of financing, in part, the cost of the 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 copy of the note issued under the authority herein granted, such filing to be made within thirty (30) days after the date of said note.

3. The authority herein granted will become effective when San Diego Transit System has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is three hundred thirty-two (\$332.00) dollars.

Dated at San Francisco, California, this 2nd day of May, 1952.

A. J. [Signature]
President
Justin F. [Signature]
[Signature]
[Signature]

Commissioners

