

ORIGINAL

Decision No. 47835

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 \$332,800, 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. 33781

OPINION AND ORDER

In this application, San Diego Transit System reports that it has made arrangements to purchase 20 new 45-passenger transit type coaches with General Motors 6-71 diesel engine and hydraulic "V" drive to replace a like number of gasoline-powered buses which are said to be obsolete, uneconomical in operation and fully depreciated on the books. It seeks authorization to execute a chattel mortgage and to issue a note in the principal amount of \$332,800 to finance in part the cost of the new equipment.

The 20 new buses will cost approximately \$20,800 each, including federal, state and city taxes and freight and incidental costs, making a total purchase price of \$416,000. Applicant plans to pay a part of the total price with current funds and to borrow \$332,800 from Bank of America National Trust and Savings Association to complete the payment. The amount to be borrowed will be represented by a note payable in 72 equal monthly installments with interest at the rate of 4% per annum, and will be secured by a chattel mortgage covering the equipment.

Applicant's financial statements filed with the Commission show its revenues and expenses for the eight-months periods ended August 31, 1951 and 1952, as follows:

	Eight Months Ended August 31	
	1951	1952
Revenue from bus operations	\$3,667,032.32	\$4,475,606.80
Operating expenses -		
Maintenance	564,032.96	662,710.55
Transportation	1,539,359.64	1,828,107.88
Solicitation-advertising	57,786.77	59,565.13
Insurance and safety	112,005.93	135,880.34
Administrative and general	306,166.82	348,415.11
Depreciation	384,328.98	476,440.82
Rents	13,039.62	10,572.84
Taxes and licenses	495,673.11	776,444.02
Total	3,472,393.83	4,298,136.69
Net operating revenue	\$ 194,638.49	\$ 177,470.11

The latest report on file shows applicant's net investment in its carrier operating properties in the amount of \$3,137,786.87 on August 31, 1952. The report shows as of that date cash and other current assets in the amount of \$1,617,869.70. It shows current liabilities in the amount of \$946,946.65 and equipment obligations due within one year in the amount of \$450,183.05, a total of \$1,397,129.70. Applicant reports that it desires to issue the long-term note covered by this application in order to maintain its cash position.

The Commission has considered applicant's request and is of the opinion that a public hearing is not necessary; that the application should be granted, provided, however, said buses shall conform with the provisions of General Order No. 98, unless exceptions hereafter are granted; 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, on and after the effective date hereof and on or before December 31, 1952, may issue a note in the principal amount of not exceeding \$332,800 for the purpose of financing, in part, the cost of new equipment, and may execute a chattel mortgage, which 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. Applicant shall file with the Commission monthly 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 applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is three hundred thirty-three (\$333.00) dollars.

Dated at San Francisco, California, this 21st day of October, 1952.

Q. J. Indrany
President

Justice D. Calver
Harold Kula

Herbert Patten
John L. Mitchell
Commissioners

