

**ORIGINAL**

Decision No. 48702

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 \$336,000, and to secure the pay- )  
ment thereof by a chattel mortgage )  
on certain equipment, and to use )  
the proceeds thereof for specified )  
purposes. )  
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Application  
No. 34408

O P I N I O N

This is an application filed by San Diego Transit System, a corporation, for authorization to execute a chattel mortgage and to issue a promissory note in the principal amount of \$336,000 for the purpose of financing the cost of equipment.

Applicant is engaged in business as a common carrier of passengers by means of motor coaches in and about the cities of San Diego, Coronado, National City, Chula Vista, La Mesa and El Cajon. It reports that it desires, and has made arrangements, to purchase from General Motors Corporation for the total sum of \$420,000, including taxes and freight, 20 new 45-passenger transit type coaches with General Motors 6-71 diesel engines, hydraulic "V" drive and air-suspension springs 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 reported as fully depreciated on applicant's books.

In making its present request to the Commission, applicant reports that in order to maintain its cash position it is necessary for it to obtain additional funds from external sources to meet a part of the total purchase price to be paid for the 20 units of equipment. It intends to provide \$84,000 of the required amount from

its own funds and to borrow the remaining \$336,000 from Bank of America National Trust and Savings Association, said sum to be represented by a note payable in 72 equal monthly installments, with interest at the rate of  $4\frac{1}{2}\%$  per annum, and to be secured by a chattel mortgage covering the equipment.

Financial statements filed with the Commission show that during 1952 applicant's operating revenues amounted to \$6,654,424.68 and its net income to \$340,425.17, and that during the first four months of 1953 its operating revenues aggregated \$2,069,458.51 with a net loss of \$5,794.63 for the period. Its cash position as reflected by its balance sheet as of April 30, 1953, is as follows:

Current assets -			
Cash and working funds		\$855,074.85	
Notes and accounts receivable		81,112.44	
Materials and supplies		201,063.29	
Prepaid expenses		<u>86,847.20</u>	
Total current assets			<u>\$1,224,097.78</u>
Current liabilities -			
Accounts payable		\$224,844.62	
Accrued liabilities		430,910.49	
Other current liabilities		6,902.84	
Equipment obligations due within one year		<u>443,116.33</u>	
Total current liabilities			<u>\$1,105,774.28</u>

Upon reviewing this matter it appears that applicant will have need for additional funds to improve its position and to finance in part the cost of the new equipment. Accordingly, an order will be entered granting its request.

#### O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, 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 may issue a note in the principal amount of not exceeding \$336,000, on or before October 31, 1953, for the purpose of financing in part the cost of new equipment, and may execute a chattel mortgage to secure the payment of the same, 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 \$336.00.

Dated at San Francisco, California, this 16<sup>th</sup> day of June, 1953.

R. F. [Signature]  
President

Justus F. [Signature]  
Harold P. [Signature]

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Commissioners

