

**ORIGINAL**

Decision No. 54311

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of Vallejo Citizens Transit Co.,  
a California corporation, to  
issue notes totaling \$50,000.00  
and to encumber utility property.

Application No. 38653

OPINION AND ORDER

Vallejo Citizens Transit Co., a corporation, has filed this application for authorization to execute a mortgage of chattels and to issue notes in the aggregate principal amount of not exceeding \$50,000.

The application shows that the corporation heretofore has acquired 14 buses and auxiliary equipment for the operation of a passenger transit service in and about the City of Vallejo, under authorization granted by the Commission by Decision No. 52973, dated April 27, 1956, and that it has financed itself, in part, through the issue of two demand notes, one payable to Gibson Radio and Publishing Co. in the amount of \$26,200, with interest at the rate of 5% per annum, and the other payable to certain individuals in the amount of \$12,000, with interest at the rate of 6% per annum.

It appears that applicant now desires to refund the \$12,000 note through the issue of a new note payable on demand or if no demand is made on April 30, 1960, with no provision for amortization of principal. In addition, it is undertaking to

to arrange a line of credit with Crocker-Anglo National Bank in the maximum amount of \$50,000 and it proposes to draw upon its credit to repay the \$26,200 note, for which demand now has been made, and also to refund the \$12,000 indebtedness, should demand be made for its payment. The remainder of the available credit will be used to provide the cost of additional equipment to improve and maintain service. The arrangements provide that in no event shall the total amount of outstanding indebtedness, including the \$12,000 item, exceed \$50,000.

The money to be borrowed under the line of credit with the bank will be represented by notes bearing interest at the rate of 5-1/2% per annum and payable in equal monthly installments after April 30, 1957, with final payment by April 30, 1960. The payment of the notes will be secured by a mortgage of chattels on certain of applicant's equipment.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary, that the application should be granted and that the money, property or labor to be procured or paid for by the issue of the notes herein authorized is reasonably required for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore

IT IS HEREBY ORDERED as follows:

1. Vallejo Citizens Transit Co. may issue a note in the principal amount of not exceeding \$12,000, under the terms set forth in this application, for the purpose of refunding an existing note of like amount.

2. Vallejo Citizens Transit Co. may execute a loan agreement with Crocker-Anglo National Bank and a mortgage of chattels and may issue notes, pursuant to the terms thereof, in the aggregate amount of not exceeding \$50,000 for the purpose of refunding the outstanding indebtedness of \$26,200 and said indebtedness of \$12,000 and of financing the cost of equipment to improve and maintain service.

3. Vallejo Citizens Transit Co. shall file a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

4. The authority herein granted will become effective when Vallejo Citizens Transit Co. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$50.

Dated at San Francisco, California, this 27<sup>th</sup> day of DECEMBER, 1956.

[Signature]  
President  
[Signature]  
[Signature]  
[Signature]

Commissioners

