

Decision No. 59793

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of SUBURBAN TRANSIT LINES, a
corporation, for authority to
execute a promissory note and
supplemental loan agreement.

Application No. 41956

OPINION AND ORDER

In this application, filed on February 16, 1960, Suburban Transit Lines, a corporation, requests that this Commission enter an order authorizing it to issue a promissory note in the principal amount of \$16,000 to provide working capital and to execute a supplemental loan agreement.

Suburban Transit Lines operates as a passenger stage corporation generally between West Sacramento, Bryte, Broderick, Sacramento, North Sacramento, Parker Homes, Ben Ali, McClellan Field, Carmichael, Fair Oaks and Orangevale, Perkins, Manlove, Mayhew, Bradshaw, Routier, Mills, Rancho Cordova and Mather Field.

By Decision No. 57744, dated December 16, 1958, in Application No. 40622, applicant was authorized to execute a loan agreement with Bank of America National Trust and Savings Association and to issue its note in the principal amount of \$125,000, said loan to be repaid in 60 monthly installments of \$2,083.33 each. In order to reduce the payments on this loan to approximately \$1,000 per month and to obtain additional cash funds, which will permit the consolidation of current

smaller debts into a single long-term obligation, applicant proposes to enter into a supplemental loan agreement with Bank of America National Trust and Savings Association which provides that payments due on the existing loan^{1/} will be rescheduled so as to provide for a remaining repayment period of 48 months with monthly payments of approximately \$1,000 each and, in addition, the bank will lend to applicant an additional \$16,000, which will be evidenced by a new promissory note payable in equal monthly installments of approximately \$341, commencing on the last day of the month in which the loan is received by applicant and continuing to December 31, 1963. The loan will bear interest at the rate of 7 per cent per annum and will be secured by the chattel mortgage authorized by Decision No. 57744, and by a supplemental guarantee executed by A. B. Allen, applicant's president and sole stockholder, and his wife.

From a review of the application, it is apparent that applicant has need for the additional funds to be provided from the issue of the proposed note and that the extension of the period of repayment of the existing loan, as provided for in the supplemental loan agreement, will act to conserve applicant's cash resources.

^{1/} Supplemental loan agreement shows that as of January 15, 1960, the balance due on existing loan was \$48,619.71, plus accrued interest.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary, that the application should be 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 stated herein, and that, except as otherwise permitted in the order herein, such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; NOW THEREFORE,

IT IS HEREBY ORDERED as follows:

1. Suburban Transit Lines, on or after the effective date hereof and on or before July 31, 1960, for the purpose set forth in the application, may issue a note in the principal amount of not to exceed \$16,000, which note shall be in, or substantially in, the same form as that on file in this proceeding as Exhibit A.
2. Suburban Transit Lines, on or after the effective date hereof and on or before July 31, 1960, may execute a supplemental loan agreement substantially in the same form as that attached to the application as Exhibit B.
3. Suburban Transit Lines, within 30 days after issuing the note and executing the supplemental loan agreement herein authorized, shall file with the Commission a copy of each document as actually issued or executed.

4. The authority herein granted is for the issue of securities only and is not to be construed as obligating the State to pay or guarantee in any manner whatsoever the promissory note authorized herein.

5. This Opinion and Order will become effective when applicant has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California,
this 22nd day of March, 1960.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners

