

**ORIGINAL**Decision No. 61152

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of SAN BERNARDINO VALLEY TRANSIT  
COMPANY, a Corporation, for an  
Order to Borrow Money and  
Encumber Properties

Application No. 42829  
Filed November 2, 1960

O P I N I O N

San Bernardino Valley Transit Company has filed this application for authorization to execute a mortgage of chattels and to issue a note in the principal amount of \$19,000. The note will be issued to Wilmer N. Glasscock and Ethel M. Glasscock, will be secured by a mortgage on 25 units of equipment, and will be payable in monthly installments of \$500 or more commencing December 5, 1960, with interest at the rate of 7.2% per annum.

Applicant is a California corporation which, for more than 17 years, has been engaged in operating a passenger carrier service in and about San Bernardino and Colton. Its financial reports filed with the Commission show its results of operations, since 1956, as follows:

	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>12 Mos. 9/30/60</u>
Operating revenues	\$368,655	\$354,489	\$343,044	\$325,422
Operating expenses, excl. depreciation	<u>349,486</u>	<u>349,963</u>	<u>343,950</u>	<u>322,823</u>
Balance	19,169	4,526	(906)	2,599
Depreciation	<u>11,276</u>	<u>7,426</u>	<u>7,259</u>	<u>6,613</u>
Net operating income before income taxes	<u>\$ 7,893</u>	<u>\$ (2,900)</u>	<u>\$ (8,165)</u>	<u>\$ (4,014)</u>

(Loss)

The carrier's financial position as of September 30, 1960, is indicated in the following statement:

<u>Assets</u>	
Current assets	\$ 33,896
Tangible assets, less reserves	58,920
Intangible assets	28,627
Other investments	1,735
Prepayments	<u>4,328</u>
Total	<u>\$127,506</u>
<u>Liabilities and Capital</u>	
Current liabilities	\$ 45,258
Notes payable	18,526
Deferred credits	19,010
Capital stock and surplus	<u>44,712</u>
Total	<u>\$127,506</u>

Among the outstanding notes is one originally in the amount of \$15,000, but since reduced to \$3,500, which was authorized by Decision No. 51698, dated July 18, 1955, and which is payable in monthly installments of \$500 or more with interest at the rate of 6% per annum.

Applicant now desires to refinance this existing remaining balance of \$3,500 and to increase its borrowings to \$19,000 to provide funds for working capital to be devoted to paying current obligations and operating expenses. It reports, among other things, that recently it was compelled to move its principal place of business at a cost of \$30,000 for moving expenses and for improvements and facilities.

It clearly appears that applicant has an adverse financial position and that it is in need of additional funds to liquidate current obligations. In view of the trend of applicant's earnings and its cash position, we are of the opinion that in this particular proceeding an order is warranted authorizing the issue of the note under the terms as proposed by applicant. Our order in this matter is not to be construed as a recommendation or endorsement of the note to be issued or as obligating the State to pay or guarantee the note, or interest thereon, in any way whatsoever. If the lenders are willing to advance the funds to applicant, we will not withhold our authorization.

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 money, property or labor to be procured or paid for through the issue of the note 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. San Bernardino Valley Transit Company, on or after the effective date hereof and on or before February 28, 1961, may issue a note in the principal amount of not to exceed \$19,000 and may execute a mortgage of chattels for the purposes specified in this application, which note and mortgage of chattels shall be in, or substantially in, the same form as those filed in this proceeding as Exhibit A and Exhibit B, respectively.

2. San Bernardino Valley Transit Company shall file with the Commission a report, or 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 San Bernardino Valley Transit Company 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 13th day of December, 1960.

*[Signature]*  
President

*[Signature]*  
*[Signature]*

*[Signature]*

*[Signature]*  
Commissioners

