

Decision No. 31280

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
LANDIER TRANSIT COMPANY, INC.,
a corporation, for an order approv-
ing the execution of notes and
chattel mortgages.

Application No. 23543

ORIGINAL

BY THE COMMISSION:

OPINION AND ORDER

This is an application by Landier Transit Company, Inc. for an order approving the execution of notes and chattel mortgages.

Landier Transit Company, Inc. is a corporation organized on or about October 14, 1938, and now engaged in the business of operating buses as a common carrier of passengers and of operating school buses in Los Angeles County. For the year 1939, its first full year of operation, it reports operating revenues at \$83,527.54 and operating expenses, exclusive of depreciation, at \$62,806.83. Depreciation charges are reported at \$14,382.54, leaving net operating revenues for the year of \$6,338.17.

In a balance sheet, dated April 30, 1940, attached to the application, the company reports its investment in equipment, land and buildings at \$149,281.78, which, it appears, has been financed in part through the issue of \$34,000.00 of common stock heretofore authorized by the Commission and through the issue of \$98,074.21 of notes and contracts payable. Its assets and liabilities are reported as follows:

<u>ASSETS</u>		
<u>Plant and equipment:</u>		
Land	\$8,017.14	
Buildings	6,266.62	
Furniture, fixtures, shop	2,105.90	
Buses, autos, trucks	<u>132,892.12</u>	\$149,281.78
<u>Current assets:</u>		
Cash	425.06	
Accounts receivable	<u>9,458.67</u>	9,883.73
Deferred charges		5,655.58
Advances to officers		<u>1,762.69</u>
Total.....		<u>\$166,582.78</u>

LIABILITIES

Common stock		\$34,000.00
Liabilities:		
Overdraft	\$ 42.18	
Accounts payable	4,431.19	
Notes and contracts payable	98,074.21	
Accrued liabilities	<u>2,536.52</u>	105,084.10
Reserve for depreciation		20,265.32
Surplus		7,233.36
Total		<u><u>\$166,582.78</u></u>

In financing its properties through the execution of notes and contracts payable, the company reports that among other items it incurred liabilities as follows:

<u>Date</u>	<u>Amount Borrowed</u>	<u>Monthly Payment</u>	<u>Rate of Interest</u>
Aug. 23, 1939	\$81,899.63	\$ 2,275.00	6%
June 23, 1939	11,000.00	(1)	(2)
Feb. 3, 1940	13,200.00	550.00	(2)
Oct. 30, 1939	1,647.92	60.30	(2)

Notes: (1) Payable at rate of \$400 a month for five months, \$750 a month for 3 months and \$1,000 a month for 3 months.

(2) The monthly payments include interest.

The contract of August 23, 1939 for \$81,899.63 was executed to finance, in part, the purchase price (\$91,899.63) of fifty school buses made necessary because of school bus contracts with the Los Angeles Board of Education and the Montebello Unified School District, and one delivery truck. In addition, the company reports it paid \$7,739.46 for freight and incidental charges. The principal amount of the indebtedness was and is represented by a conditional sale contract with Crown Body & Coach Corporation. A copy of this contract is filed in this proceeding as Exhibit "C".

The indebtedness of \$11,000, of which \$10,000 represents principal and \$1,000 interest, and the indebtedness of \$13,200, of which \$12,000 represents principal and \$1200 interest, are evidenced by notes and chattel mortgages executed by the company to the Fishermen

and Merchants Bank, of San Pedro, to obtain funds to discharge liabilities incurred in the purchase of equipment and other debts, and accounts. Copies of the notes and chattel mortgages are filed in this proceeding as Exhibits D, D-1, E and E-1.

The remaining indebtedness in the foregoing tabulation, for \$1,647.92, represents in part the purchase price of a Buick Coupe acquired from San Pedro Motors, Inc. Of this amount, \$200.72 was payable on November 30, 1939, and the remainder in monthly installments of \$60.30 until paid, as shown in the copy of the conditional sale contract filed in this proceeding as Exhibit "F".

Although each one of these items of indebtedness provides in part for payment at periods later than twelve months after the respective dates thereof, applicant did not obtain from this Commission any order, or orders, authorizing the execution thereof. However, it clearly appears to us that its failure to do so was through inadvertence and with no intent to evade the provisions of the Public Utilities Act. It is our opinion that the money, property or labor procured or paid for through the execution of the contracts, notes and chattel mortgages was reasonably required by applicant for the purposes indicated, and that an order should be entered in this matter accordingly, therefore,

IT IS HEREBY ORDERED that Landier Transit Company, Inc. be, and it hereby is, authorized to execute conditional sale contracts, in the form of those filed in this proceeding as Exhibit "C" and "F", and to execute notes and chattel mortgages in the form of those filed in this proceeding as Exhibits "D", "D-1", "E" and "E-1", provided that the authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act,

which fee is One Hundred and Eight (\$108.00) Dollars.

DATED at San Francisco, California, this 3rd day of July,
1940.

Ray L. Riley
Frank P. Smith
Ralph ...
H. B. ...
Justin J. Cameron
Commissioners

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RAILROAD COMMISSION
STATE OF CALIFORNIA
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SECRETARY