

Decision No. 35408

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of the
LOS ANGELES RAILWAY CORPORATION

for an order pursuant to Section 52 of
the Public Utilities Act, authorizing
the issuance of conditional sales
contracts for the acquisition of prop-
erty consisting of thirty (30) Presi-
dents' Conference Committee type of
street cars.

Application
No. 24994

BY THE COMMISSION:

O P I N I O N

In this proceeding, the Commission is asked to enter its order authorizing Los Angeles Railway Corporation to execute conditional sales contracts for the aggregate sum of approximately \$460,000 as part payment for thirty (30) Presidents' Conference Committee type of street cars to which reference will be made hereafter.

Los Angeles Railway Corporation, hereinafter sometimes referred to as applicant, is a corporation organized and existing under and by virtue of the laws of the State of California. It is now, and for many years last past, has been rendering public utility street railway and passenger motor coach transportation service in

and about the City of Los Angeles and various incorporated and unincorporated areas contiguous and adjacent thereto.

As of March 31, 1942, applicant reports outstanding stocks and bonds and other long-term indebtedness as follows:

Common Capital Stock - 200,000 No par shares, stated value	\$2,000,000
Non-Cumulative 5% Preferred Stock, Par value	8,954,400
First Mortgage refunding 5% bonds, Series "A," due October 1, 1948	2,943,000
First Mortgage refunding 5% bonds, Series "B," due October 1, 1950	2,204,000
General Mortgage 5% bonds, due December 1, 1971	9,000,000
Five per cent Equipment Trust Certificates issued to acquire equipment	210,000
Five per cent Real Estate Mortgage	34,125
Five per cent installment notes issued to acquire equipment	84,126
Four per cent installment notes issued to acquire equipment	2,176,432

In its petition, applicant reports that the purchase of thirty (30) Presidents' Conference Committee type of street cars is necessary for applicant to maintain satisfactory service over three of its heavier rail lines on which Presidents' Conference Committee type of street cars are now being used. Applicant now owns ninety-five (95) of this type of street car. All of these cars are in regular daily service. It has not a sufficient number of this type of car for spares, in order to provide for maintenance, inspection and repair purposes. During the peak hours, it has been necessary for applicant to augment the number of cars on the

three lines with older type cars which are seriously needed on other lines where the older type of car is exclusively in use. It is, therefore, essential that applicant obtain at the earliest possible date, additional Presidents' Conference Committee type of cars in order to provide for sufficient peak-hour service and for spares on the lines where this type of car is being used.

The cost of the new thirty (30) Presidents' Conference Committee type of street cars is estimated at \$620,000. Of this sum, applicant will pay in cash approximately \$160,000 and issue to St. Louis Car Company, the manufacturer, its conditional sales contracts for the remaining purchase price of about \$460,000. The remainder of the purchase price, to-wit: \$460,000 will be payable over a sixty months' period in equal monthly installments, together with interest payable monthly at the rate of $4\frac{1}{2}\%$ per annum on the deferred balance remaining from time to time unpaid. Arrangements have been made whereby the conditional sales contracts will be assigned by the manufacturer to the Bank of America National Trust and Savings Association. A copy of the agreement for the purchase of the street cars is on file in this proceeding as Exhibit "C." Attached as Exhibit "B" to said Exhibit "C" is a copy of a conditional sales contract.

Applicant requests permission to execute the said conditional sales contracts in total amount somewhat in excess of the reported estimated cost in the event that the cost of the street cars is increased in accordance with the terms and conditions of the purchase agreement. In view of

the fact that the Commission, under Section 57 of the Public Utilities Act, is required to collect a fee upon the issue of the order herein, it is necessary for the Commission to fix definitely the maximum face amount of the conditional sales contracts. If hereafter it develops that the aggregate amount of the conditional sales contracts will exceed \$460,000, applicant should file in this proceeding a supplemental application for permission to execute additional conditional sales contracts.

O R D E R

The Commission having considered applicant's request and it being of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by the execution of the conditional sales contracts herein authorized is reasonably required by applicant for the purpose herein stated; that the expenditures for said purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted subject to the provisions of this order, therefore

IT IS HEREBY ORDERED that Los Angeles Railway Corporation be, and it is hereby, authorized to execute, after the effective date hereof and on or before December 31, 1942, conditional sales contracts for the aggregate face amount of not exceeding \$460,000 for the purpose of acquiring the thirty (30) Presidents' Conference Committee type of

street cars referred to in this application. Said conditional sales contracts shall be in substantially the same form as the conditional sales contract attached as Exhibit "B" to Exhibit "C" on file in this proceeding.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when Los Angeles Railway Corporation has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Four Hundred and Sixty (\$460.00) Dollars.

IT IS HEREBY FURTHER ORDERED that within thirty (30) days after the execution of any conditional sales contract under the authority herein granted, Los Angeles Railway Corporation shall file with the Railroad Commission a true, correct and complete copy of each and every such conditional sales contract, together with a statement showing the number of street cars acquired and the cost thereof, through the execution of such contract..

Dated at San Francisco, California, this 26th day of May, 1942.

Justice J. Coe
Ray L. Riley

Richard L. Baker
Commissioners.

