

Decision No. 38963

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the)
 LOS ANGELES TRANSIT LINES)
 for an order or orders authorizing the)
 issuance of conditional sale contracts)
 and the execution and delivery of a)
 financing agreement for the acquisition)
 of equipment.)
 -----)

ORIGINAL

Application
No. 26768

FIRST SUPPLEMENTAL OPINION AND ORDER

Los Angeles Transit Lines, hereinafter referred to as applicant, during 1945 entered into an agreement, referred to as a financing agreement, with Bank of America National Trust and Savings Association and Security-First National Bank of Los Angeles whereby said banks agreed to loan applicant, on or before December 31, 1946, \$5,000,000 to enable it to pay 80 percent of the cost of new and unused motor coaches, street cars or trackless trolleys, or any of them, to modernize and improve its service.

By Decision No. 38045, dated June 26, 1945, in the above entitled matter, the Commission authorized the company to execute the financing agreement but provided that applicant could draw upon the credit extended to it only to the extent that the Commission might authorize it to execute conditional sale contracts. By the same decision the Commission authorized the company to execute conditional sale contracts providing for the payment of not exceeding \$2,880,815.36 for 200 motor coaches for

which orders had been placed by applicant at that time. The financing agreement provides for repayment of the amounts advanced in sixty equal or nearly equal monthly installments with interest on deferred balances at the rate of 2.18% per annum.

Applicant now reports that it has placed an additional purchase order with GMC Truck & Coach Division of General Motors Corporation for sixty model TGM 3609 36-passenger transit type coaches at a total purchase price of \$538,110 plus estimated taxes, freight and delivery charges of approximately \$72,000, making a total of \$610,110. It reports that it intends to use said coaches for the replacement of existing older equipment which has become obsolete and inefficient.

The company has requested authority to execute additional contracts providing for the purchase of the sixty coaches.

The Commission has considered this request and is of the opinion that a public hearing is not necessary and that the money, property or labor to be procured or paid for through the execution of said contracts is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. Los Angeles Transit Lines, after the effective date hereof and on or before December 31, 1946, may execute conditional sale contracts substantially in the same form as that filed with the original application herein as Exhibit "B", for the purpose of acquiring or obtaining possession of the

sixty motor coaches referred to herein, the aggregate face amount of said contracts, including cash and deferred payments, not to exceed \$610,110.

2. The authority herein granted will become effective when Los Angeles Transit Lines has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Six Hundred Eleven (\$611.00) Dollars.

3. Within thirty (30) days after the execution of any conditional sale contract under the authority herein granted, Los Angeles Transit Lines shall file a true and complete copy thereof with the Railroad Commission.

Dated at San Francisco, California, this 14th day of May, 1946.

Harold Anderson
Justin J. Coleman
Ernest K. Russell
Harold P. Hule
Commissioners

