

ORIGINAL

Decision No. 41075

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the)
Los Angeles Transit Lines, a corporation,)
for an order or orders authorizing a credit)
agreement for the acquisition of new equip-)
ment and for refinancing existing conditional)
sale contracts; authorizing a refinancing)
agreement pursuant thereto; authorizing the)
acceptance of certain waivers and consents)
by various bond holders and security holders;)
and authorizing the issuance of certain condi-)
tional sale contracts.)

Application No. 28760
First Supplemental

Gibson, Dunn & Crutcher, by Max Eddy Utt,
for applicant.

FIRST SUPPLEMENTAL OPINION

The Commission by Decision No. 40828 dated October 21, 1947, authorized Los Angeles Transit Lines, hereinafter sometimes referred to as applicant, to execute and deliver a credit agreement which provides for the financing of deferred balances on conditional sale contracts existing and to be issued in the aggregate amount of not exceeding \$9,500,000. The order in said Decision No. 40828 provides that applicant may not borrow any money under said credit agreement except as in said order specifically authorized and as may be further authorized by supplemental order.

In its first supplemental application in this application, applicant asks permission to execute and issue a conditional sale contract or contracts for the purchase of fifty (50) new forty-five (45) passenger Mack type C-45 motor coaches, the aggregate cost of which, including taxes and freight, will be \$923,027.00. Fifteen (15) per cent of the cost, or \$138,454.05, will be paid in cash at the time of the execution and delivery of the contract. The deferred balance of \$784,572.95 is payable in ninety-six (96) equal monthly installments

with interest on the deferred balance from time to time at the rate of 2.375% per annum, payable monthly.

The testimony shows that applicant placed its tentative order for said coaches on July 10, 1946. They were ordered with a view of carrying out service changes and betterments and the replacement of motor coaches. Applicant has now pending before the Commission three applications covering changes in and extensions of service. In addition applicant has on file in its office a number of requests for extensions of and additions to its service which, because of the lack of equipment, it has not yet given final consideration.

Applicant's traffic manager and general consultant admitted that under presently existing conditions and service requirements, applicant now has enough motor coach equipment. However, as indicated present conditions are not static. Neither are the manufacturers of equipment in a position to fill an order for equipment on short notice. To meet its service requirements, applicant should be authorized to execute the conditional sale contract or contracts.

The Board of Public Utilities and Transportation of the City of Los Angeles has approved the purchase of the fifty (50) Mack coaches, but in so doing states that there is no assurance that the City of Los Angeles will grant the authority necessary, under Franchise Ordinance No. 90343, for permission to abandon any portion of the rail service on the "W" or "5" lines referred to in paragraph V of applicant's first supplemental application. The order following does not authorize applicant to extend any of its lines or substitute motor coach for rail service. Neither does it follow that the Commission will include the cost of the new coaches in its rate base if in fact they are not used by applicant in its transportation service.

FIRST SUPPLEMENTAL ORDER

The Commission has considered the testimony submitted at the hearing had on this first supplemental application before Examiner Fankhauser and is of the opinion

that the money, property or labor to be procured through the execution of a conditional sale contract or contracts for not exceeding \$923,027.00 is reasonably required by applicant for the purpose herein stated, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this First Supplemental Application should be granted as herein provided, therefore,

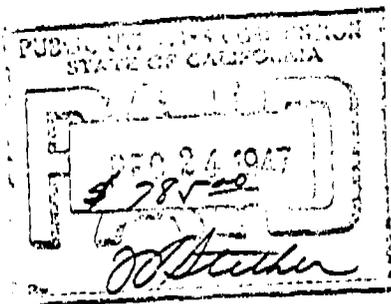
IT IS HEREBY ORDERED as follows:

1. Los Angeles Transit Lines may, after the effective date hereof and on or before February 1, 1948, execute and issue a conditional sale contract or contracts in the aggregate face amount of not exceeding \$923,027, with a deferred balance of not exceeding \$784,572.95, to finance the purchase of fifty (50) forty-five (45) passenger Mack C-45 motor coaches more particularly described in applicant's first supplemental application filed in this proceeding; such contract or contracts to conform with the financing agreement executed under the authority granted by Decision No. 40828 dated October 21, 1947.

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 Seven Hundred Eighty-five (\$785.00) Dollars.

3. Within thirty (30) days after the execution of said conditional sale contract or contracts, Los Angeles Transit Lines shall file with the Commission a copy of such contract or contracts.

Dated at San Francisco, California, this 22nd day of December, 1947.



Harold A. Kula
Justice F. Galbreath
Grant Russell
R. F. ...

COMMISSIONERS