

OFFICE OF THE ATTORNEY GENERAL

Decision No. 41578

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 equipment and for refinancing)
existing conditional sale contracts;)
authorizing a Refinancing Agreement)
pursuant thereto; authorizing the)
acceptance of certain waivers and)
consents by various bondholders and)
securityholders; and authorizing the)
issuance of certain conditional sale)
contracts.)
-----)

) Application
) No. 28760
) (Third Supplemental)

Gibson, Dunn & Crutcher, by Max Eddy Utt and
Frank L. Mallory, for Applicant.

SECOND SUPPLEMENTAL OPINION

In this application, Los Angeles Transit Lines asks permission to execute a conditional sale contract or contracts for the purchase of forty (40) new PCC Type Street Cars, the aggregate cost of which, including taxes and freight, is estimated at not to exceed \$1,200,000.

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 has been rendering a unified public utility street railway, motor coach and trolley coach passenger transportation service in and about the City of Los Angeles, and various

incorporated and unincorporated areas contiguous and adjacent thereto.

Pursuant to the authority granted by Decision No. 40828, dated October 21, 1947, in this application, Applicant entered into a credit agreement with certain banks which provided for the financing of deferred balances on conditional sale contracts then outstanding and on new contracts to be issued prior to October 31, 1949, in the aggregate sum of not exceeding \$9,500,000. Applicant, under authority heretofore granted, has borrowed from said banks under the terms set forth in the credit agreement, \$5,154,113.26, leaving an unused credit of \$4,345,886.74.

Applicant has entered into an agreement with the St. Louis Car Company of St. Louis, Missouri, for the purchase of forty (40) new PCC Type Street Cars. The estimated cost per unit to Applicant of said street cars is as follows:

Price per unit, F. O. B., St. Louis, Missouri	\$27,490.52
California Use Tax, 2-1/2%	687.26
City of Los Angeles Tax, 1/2%	137.45
Freight	<u>1,046.64</u>
Total price per unit	<u>\$29,361.87</u>

The record shows that the cars will be delivered during the latter part of June or the early part of July. Because the actual cost may vary somewhat from the above estimate, particularly the freight charges, Applicant asks permission to issue a conditional sale contract or contracts to cover the total cost per unit in an amount of not to exceed \$30,000, or in the total

aggregate amount of not to exceed \$1,200,000. Applicant will pay in cash 15% of the cost of the cars, leaving a deferred balance of about \$1,025,000. The conditional sale contract or contracts will be assigned to the Bank of America National Trust and Savings Association, Agent, pursuant to the procedure provided in the credit agreement. The deferred balance is payable in 120 equal or nearly equal monthly installments, with interest on the deferred balances from time to time unpaid at the rate of 2.75% per annum, payable monthly. The form of the conditional sale contract or contracts will be the same as the form set forth as Exhibit "A" to the credit agreement.

The new PCC Type Street Cars are being purchased by Applicant to supplement the number of PCC cars now owned by it and to replace cars no longer deemed satisfactory. The testimony shows that Applicant intends to retire from service 30 to 40 two-motor street cars with wooden bodies. The new cars are several inches wider than the PCC type of cars now owned by Applicant, have wider seats and aisles and more platform space.

Exhibit "1" on file in this third supplemental application shows that the Board of Public Utilities and Transportation of the City of Los Angeles has no objection to the operation of the forty (40) PCC Type Street Cars to which reference is made herein.

THIRD SUPPLEMENTAL ORDER

The Commission has considered the testimony submitted at the hearing had on this third supplemental application before

Examiner Fankhauser, and is of the opinion that the money, property or labor to be procured or paid for through the issue and execution of a conditional sale contract or contracts for not exceeding \$1,200,000 is reasonably required by Los Angeles Transit Lines 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 third supplemental application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Los Angeles Transit Lines, after the effective date hereof and on or before September 30, 1948, may issue and execute a conditional sale contract or contracts for the aggregate face amount of not exceeding \$1,200,000 with a deferred balance of not exceeding \$1,025,000, to finance the purchase of forty (40) PCC Type Street Cars described in Applicant's third supplemental application filed in this proceeding, such contract or contracts to conform with the credit agreement executed by Applicant 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 one thousand twelve dollars and fifty cents (\$1,012.50).

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 each such contract or contracts.

Dated at San Francisco, California, this 11th day
of May, 1948.

R. Z. Anderson
Justus F. Gruesser
Frank H. Powell
Harold A. Kula
Samuel D. Patten
Commissioners

