

ORIGINAL

Decision No. 42564

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 FOSTER TRANSPORTATION, INCORPORATED)
 for an order authorizing:)
 A. A \$13,000 note, to be secured by)
 a Deed of Trust on real property)
 located in Alhambra, California;)
 and)
 B. A purchase of one Ford Transit)
 Bus on a conditional sales contract.)
 -----)

Application
No. 30058

O P I N I O N

Foster Transportation, Incorporated, applicant herein, is a corporation engaged in the local bus service in and about Alhambra. In this application, it asks permission to issue a note in the principal amount of \$13,000, to execute a deed of trust to secure the payment of said note, and to execute a conditional sales contract providing for deferred payments in the total amount of \$7,669.80.

In Exhibit "A" attached to the application, applicant reports its assets and liabilities as of November 30, 1948, as follows:

Assets

Current assets	\$ 7,174.67
Property and investments	42,182.38
Organization, franchises, permits	241.00
Deferred and miscellaneous debits	<u>2,656.72</u>
Total	<u>\$52,254.77</u>

Liabilities

Current liabilities	\$ 9,627.88
Long term debt	33,796.03
Deferred credits	25.84
Capital stock	8,000.00
Surplus	<u>805.02</u>
Total	<u>\$52,254.77</u>

For the calendar year 1947 and for the eleven months ended November 30, 1948, applicant reports its revenues and expenses as follows:

	<u>1947</u>	<u>1948 11 Months</u>
Revenues -	\$	\$
Passenger revenue	85,805.66	89,389.46
Special bus revenue	2,086.39	3,435.80
Advertising	2,942.58	2,619.42
Total revenues	<u>90,834.63</u>	<u>95,444.68</u>
Expenses -		
Operation and maintenance	67,913.11	74,323.83
Depreciation	10,962.23	11,816.11
Taxes	8,531.80	9,090.79
Operating rents (credit)	<u>(1,072.50)</u>	<u>(1,270.00)</u>
Total expenses	<u>86,334.64</u>	<u>93,960.73</u>
Net operating income	4,499.99	1,483.95
Interest deduction	<u>2,680.11</u>	<u>2,552.56</u>
Net income or <u>(loss)</u>	<u>\$ 1,819.88</u>	<u>\$(1,068.61)</u>

In order to finance in part the cost of a terminal site applicant in 1946, pursuant to authority granted by Decision No. 39367, dated August 27, 1946, executed a deed of trust and issued to Forbes Co. a 6% note in the principal amount of \$23,000. The terms of the note provide for the payment, during the first year of its life, of only the monthly accruing interest of approximately \$115, and, beginning September 15, 1947, of monthly payments on the principal of \$400, in addition to the accruing monthly interest, said payments to continue until September 15, 1950, when the entire unpaid principal, amounting to approximately \$8,000, and

the unpaid accrued interest would be payable.

The principal amount of the note has been reduced to \$13,000. Applicant reports that in order to reduce its monthly payments and to make provision for refinancing the end payment, it desires to liquidate said unpaid balance through a new loan for \$13,000 to be represented by a note in favor of E. Valsaine Latham and Mildred M. Latham, payable in equal monthly installments starting April 1, 1949, at the rate of \$400, including interest at the rate of 7% per annum, and continuing until payment in full is made. Applicant reserves the right to pay said new note in full at any time by paying the unpaid principal balance and interest and ninety days' unearned interest on the unpaid principal. The payment of the note will be secured by a deed of trust on applicant's real property in Alhambra.

Applicant reports that it believes it will be able to meet the monthly payments of \$400 including interest, but that it would find it a hardship to continue meeting monthly payments of \$400 plus interest as now required with its present note, and to set aside the funds necessary to meet the end payment in 1950. Applicant represents that it has endeavored to refinance the present indebtedness with the holder of the present note, with its own bank and with other banks and private parties, but that it was unable to do so at any rate of interest, except that the original lender suggested the possibility of extending the present note at the rate of 8%. It asserts that it has secured the best terms obtainable under its present financial condition.

In addition, applicant proposes to execute a conditional sales contract with Crown Body & Coach Corporation covering the

purchase of a 27-passenger 1948 Ford transit bus to replace a 1944 Ford transit bus. The total purchase price of the new bus is stated at \$8,999.91, including sales tax, less a trade-in allowance on the old bus of \$2,500.00, leaving an unpaid balance of \$6,499.91. Adding financing charges of \$1,169.89 (which is at the rate of 6% per annum for three years) brings the amount of the contract up to \$7,669.80 which will be repaid in thirty-six monthly installments commencing March 15, 1949.

The acquisition of the new bus is claimed by applicant to be necessary in order to maintain its schedules.

O R D E R

The Public Utilities Commission having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of the note and the execution of the conditional sales contract referred to in the preceding opinion is reasonably required by Foster Transportation, Incorporated, for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Foster Transportation, Incorporated, after the effective date hereof and on or before April 15, 1949, may issue a note in the principal amount of \$13,000 with terms and conditions as outlined in this application, for the purpose of paying the

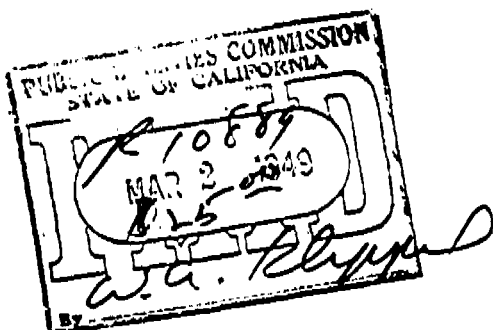
unpaid balance on the note for like amount presently outstanding, and may execute a deed of trust in substantially the same form as the deed of trust filed in this proceeding as Exhibit "C" to secure the payment of said note.

2. Foster Transportation, Incorporated, after the effective date hereof and on or before April 15, 1949, may execute a conditional sales contract in substantially the same form as the contract filed in this proceeding as Exhibit "D" providing for deferred payments of not exceeding \$7,669.80 for the purpose of financing in part the cost of a 1948 Ford transit bus.

3. Foster Transportation, Incorporated, shall file with the Commission a copy of said note, deed of trust and conditional sales contract as actually executed, together with a statement showing the purposes for which the same were issued or executed or the proceeds expended, such filings to be made within thirty (30) days after the dates of such instruments.

4. The authority herein granted will become effective when Foster Transportation, Incorporated, has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is twenty-five (\$25.00) dollars.

Dated at San Francisco, California, this 1st day of March, 1949.



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Commissioners