

ORIGINAL

Decision No. 42873

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
SOUTHERN CITIES TRANSIT, INC., a	:	
California corporation, for authority	)	Application
to execute and issue a Conditional	:	No. 30250
Sales Contract for the purchase of	)	
bus equipment.	:	
-----	)	

O P I N I O N,

This is an application by Southern Cities Transit, Inc. for authority to execute a conditional sales contract providing for deferred payments of \$34,720, to finance in part the purchase of ten motor coaches.

Applicant is a California corporation organized on or about April 13, 1945. It has an authorized capital stock of 2,000 shares of the par value of \$200,000, of which there are outstanding at this time, 450 shares of the par value of \$45,000, all being reported held by Crown Body & Coach Corporation. Applicant is engaged in the business of transporting passengers by motor coaches in and about Compton, Los Angeles County. It has reported, for 1947, operating revenues of \$176,922 and a net loss of \$9,129; for 1948, operating revenues of \$204,279 and net profit of \$12,671; and for the first three months of 1949, operating revenues of \$51,975 and net profit of \$4,487. As of March 31, 1949, applicant reports assets and liabilities as follows:

Assets

Current assets -		
Cash	\$ 3,490.72	
Advances to employees	551.59	
Receivables from associated companies	9,000.00	
Inventories	<u>2,615.31</u>	
Total current assets		\$15,657.62
Tangible property -		
Total	41,822.24	
Reserve for depreciation	<u>13,845.86</u>	
Net tangible property		27,976.38
Intangible assets		250.00
Deferred debits		<u>4,372.14</u>
Total		<u>\$48,256.14</u>

Liabilities

Current liabilities -		
Accounts payable	\$ 9,804.88	
Payable to associated companies	4,332.87	
Accrued liabilities	<u>2,105.19</u>	
Total current liabilities		\$16,242.94
Capital stock		<u>45,000.00</u>
Deficit		<u>(12,986.80)</u>
Total		<u>\$48,256.14</u>

The tangible property includes land, structures, fare boxes, service equipment, shop and garage equipment, furniture and fixtures, leasehold improvements and one motor coach. In addition, however, applicant leases ten motor coaches from Crown Body & Coach Corporation on the basis of \$3.50 per coach per day. It reports that it acquired the use of said coaches by means of the lease arrangement due to its financial inability in the past to acquire title. Its annual reports show payment for equipment rents charged to carrier operating income of \$19,145 in 1947 and \$15,033 in 1948.

Applicant now proposes to purchase the ten motor coaches, which are 1946 Fords, 27-passenger, transit type, for the sum of \$40,000 plus sales tax of \$1,000, making a total purchase price of \$41,000. It proposes to make a down payment of \$10,000 and to

execute with Crown Body & Coach Corporation, a conditional sales contract providing for a deferred payment of \$31,000 plus interest of \$3,720. Under the terms of the proposed contract, the total deferred payments of \$34,720 will be payable in the amount of \$964.60 on May 25, 1949, and thereafter in thirty-five equal successive monthly installments of \$964.44.

O R D E R

Southern Cities Transit, Inc. having applied to the Commission for authority to execute a conditional sales contract and the Commission having considered the matter and being of the opinion that a public hearing thereon is not necessary, that the request of applicant should be granted, as herein provided, that the money, property or labor to be procured or paid for through the execution of said contract is reasonably required by applicant for the purpose specified herein and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Southern Cities Transit, Inc., after the effective date hereof and on or before June 30, 1949, may execute a conditional sales contract in, or substantially in, the same form as that filed in this proceeding as Exhibit "B", providing for deferred payments of \$34,720, to pay in part the cost of acquiring the ten (10) motor coaches referred to in the preceding opinion.

2. Southern Cities Transit, Inc. shall file with the Commission a report, or reports, as required by General Order No.

24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective when Southern Cities Transit, Inc. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is thirty-five (\$35.00) dollars.

Dated at San Francisco, California, this 17<sup>th</sup> day of May, 1949.

R. J. Anderson  
Justice F. Cooney  
W. H. Linnell

Commissioners