

ORIGINAL

Decision No. 48764

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
Pete Drake, doing business under	:	
the name of TERMINAL ISLAND TRANSIT)	Application
CO., for permission to execute note	:	No. 34441
and conditional sales contract.)	
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O P I N I O N

In this application Pete Drake, an individual doing business under the name of Terminal Island Transit Co., requests the Commission to authorize the execution of two conditional sale contracts and the issue of a note to satisfy an open account obligation. The conditional sale contracts and the note were executed in 1952 without first having been authorized by this Commission.

It appears that applicant is engaged in the operation of an automobile passenger stage line within the City of Los Angeles (Wilmington area) and between the City of Los Angeles and the City of Long Beach.^{1/} His financial condition as of December 31, 1952, as reflected in the balance sheet attached to the application as Exhibit A, is summarized as follows:

^{1/} Applicant's 1952 annual report on file with the Commission shows operating revenues for the year of \$163,123.10 and gross income of \$4,653.01 available for interest, other income deductions and income taxes. Depreciation and amortization expenses which have been deducted in arriving at gross income amounted to \$9,414.70.

Assets

Cash and special deposits	\$ 9,807.13
Accounts receivable	1,732.00
Material and supplies	10,749.22
Carrier operating property, less reserve	56,542.19
Franchises and permits	67.87
Investments pledged	1,065.00
Prepayments	<u>6,288.08</u>
Total	<u>\$86,251.49</u>

Liabilities

Current liabilities	\$11,881.63
Long term obligations	41,264.55
Proprietorship capital	<u>33,105.31</u>
Total	<u>\$86,251.49</u>

Applicant reports that on or about October 3, 1952, he purchased a new White motor bus at a cost of \$15,573.60 and that he financed \$10,373.60 of the purchase price, plus \$1,556.08 of carrying charges, through the execution of a conditional sale contract calling for 36 monthly payments of \$331.38 starting November 18, 1952. Also, on or about December 3, 1952, a second White motor bus was purchased at a cost of \$14,572.44, of which \$9,772.44, plus \$1,452.73 of carrying charges, was financed through the execution of a conditional sale contract calling for repayment at the rate of \$311.81 per month over a 36-month period starting January 18, 1953. In addition, applicant reports that on or about August 1, 1952, he issued a promissory note in the amount of \$18,000 to the widow of his former attorney in payment of fees for legal services rendered, this note to be repaid in monthly installments of \$300 with interest computed at the rate of 6% per annum on deferred balances.

In this proceeding applicant now requests the Commission to authorize the execution of the conditional sale contracts and the issue of the promissory note, which had been executed without Commission authorization. However, the instruments are void and the

Commission by a later order cannot authorize or approve the void documents. Applicant will be required to execute new instruments in place of those now outstanding.

From a review of the application it appears that applicant had need for the two new buses purchased in 1952 and that he did not, and does not now, have on hand sufficient cash resources with which to liquidate the indebtedness. Accordingly, the Commission will authorize applicant to execute new conditional sale contracts and to issue a new promissory note in satisfaction of the unpaid liabilities on these obligations.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary and that the money, property or labor to be procured or paid for by the execution of the evidences of indebtedness herein authorized is reasonably required by applicant for the purposes specified herein; therefore,

IT IS HEREBY ORDERED as follows:

1. Pete Drake, doing business as Terminal Island Transit Co., on and after the effective date hereof and on or before December 31, 1953, may execute conditional sale contracts providing for deferred payments aggregating not in excess of \$23,154.85 and may issue a promissory note to Mrs. Mildred B. Deatherage in the principal amount of not exceeding \$18,000, said conditional sale contracts and said promissory note to be in, or substantially in, the same form as those filed in this proceeding as Exhibit B, Exhibit C and Exhibit D.

2. Pete Drake, doing business as Terminal Island Transit Co., shall file with the Commission a copy of each conditional sale contract and the promissory note executed under the authority herein granted, within 30 days after the dates of execution.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$42.00.

Dated at San Francisco, California, this 30th day of June, 1953.

A. J. [Signature]
President

[Signature]

[Signature]
[Signature]

Commissioners

