

Decision No. 50751

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of LOS ANGELES TRANSIT LINES,)
a corporation, for authority to)
finance purchase of one hundred)
(100) new 48-passenger motor)
coaches and for authority to use)
same on certain routes.)
-----)

Application
No. 35790

OPINION AND ORDER

Los Angeles Transit Lines has filed this application for an order of the Commission approving the use of certain motor coaches and authorizing the execution of conditional sales contracts providing for payments in the aggregate amount of \$1,950,000, under the terms of a third amendment of its credit agreement of October 31, 1947.

The purpose of the proposed transaction is to enable applicant to finance in part the acquisition of 100 new 48-passenger General Motors diesel hydraulic, transit type motor coaches, the total estimated cost of the equipment being reported at \$2,285,400. It is the intention of applicant to use the new coaches on the lines it now operates and on the lines that are proposed for conversion from streetcar to motor coach operations, either as additions to its present fleet or as replacements of older equipment. According to the application the coaches will be 37 feet 9 inches in length overall, and 102 inches in width overall.

Under authorization heretofore granted by the Commission, applicant has entered into a credit agreement with certain banks,

together with two amendments thereof, under the terms of which it has borrowed money to finance the cost of equipment and to refund outstanding indebtedness. It now seeks to execute a third amendment of the agreement which will provide for additional credit in the amount of approximately \$1,950,000, to be utilized prior to April 1, 1955, and to be represented by conditional sales contracts payable in 96 equal, or nearly equal, monthly installments with interest on deferred balances at the rate of 3-1/2% per annum. The conditional sales contracts will evidence 85% of the delivered price of new motor coach equipment.

By Decision No. 50734, dated November 3, 1954, the Commission authorized applicant to discontinue certain rail line operations and to establish and operate a service as a passenger stage corporation along certain routes and permitted it, in accordance with the provisions of Sections 697.1 and 694(g) of the California Vehicle Code, to operate motor coaches having a maximum length not exceeding 40 feet and outside width not exceeding 102 inches in the conduct of the service thus authorized. As to the use of the equipment on applicant's remaining lines, the Commission is advised by the City Attorney of the City of Los Angeles that the city has no objection to an order authorizing the use of the equipment referred to in this application if such authorization is limited to the routes now in operation.

The Commission has considered this matter and is of the opinion that applicant's requests should be granted, subject to the conditions set forth in this order, that a public hearing is not necessary, that the money, property or labor to be procured or paid for by the execution of the conditional sales contracts herein

authorized 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. Los Angeles Transit Lines may execute a Third Amendment of Credit Agreement, in, or substantially in, the same form as that filed in this proceeding as Exhibit B, and, pursuant to the terms thereof, may execute conditional sales contracts providing for payments in the aggregate amount of not exceeding \$1,950,000 for the purpose of financing the cost of equipment.

2. Los Angeles Transit Lines may use the motor coaches to be acquired through the execution of such contracts on all its motor coach routes now in operation, provided said routes are in urban or suburban service as defined in Section 694(g) of the California Vehicle Code and do not have a one-way route mileage in each instance in excess of 25 miles, and also upon all trips reasonably required in serving such routes or in servicing such motor coaches to be used on such routes, i.e., for turn around purposes, pull-in and pull-out trips and for trips between termini, garages, storage lots, servicing and repair facilities, and on such emergency or temporary detours on each route as may be reasonably required by street or traffic conditions.

3. Applicant shall file with the Commission a copy of each contract executed under the authority herein granted, such filing to be made within 30 days after the date of each such contract.

4: 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 \$1,475.00.

Dated at San Francisco, California, this 16 ^{*th*} day of November, 1954.

Peter E. Mitchell

President

Justin J. Cassel

Deane Joggins

Royce Lutz

Commissioners

