

Decision No. 36946

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of the LOS ANGELES RAILWAY CORPORATION for an order authorizing the execution and delivery of an agreement revising certain terms and conditions of conditional sales contracts heretofore entered into relating to the purchase of motor coaches.

Application No. 26038

BY THE COMMISSION:

O P I N I O N

Under Commission authorization ⁽¹⁾ Los Angeles Railway Corporation has executed conditional sales contracts covering the purchase of 205 motor coaches at an aggregate cost of \$2,714,058.17. The company has met all payments due under the conditional sales contracts, and on April 1, 1944, there will remain unpaid the principal sum of \$1,680,408.32.

The Yellow Truck and Coach Manufacturing Company from whom the 205 motor coaches were purchased assigned its interest in the conditional sales contracts to Yellow Manufacturing Acceptance Corporation who in turn assigned its interest in such conditional sales contracts to The Pennsylvania Company for Insurances on Lives and Granting Annuities.

(1)	<u>Appl. No.</u>	<u>Decision Number</u>	<u>Date</u>	<u>No. Coaches</u>	<u>Amount</u>
	23192	32755	1-23-40	48	\$ 628,745.49
	23457	33091	5-14-40	4	51,596.68
	23660	33471	9-10-40	20	259,533.60
	24258	34367	7- 1-41	99	1,298,093.58
	24525	34696	10-28-41	34	476,088.82
				<u>205</u>	<u>\$2,714,058.17</u>

Applicant asks permission to enter into an agreement with The Pennsylvania Company for Insurances on Lives and Granting Annuities modifying the terms and conditions of the several conditional sales contracts. A copy of the proposed agreement is filed in this application as Exhibit "A". This agreement recognizes that there will be due and payable under the several conditional sales contracts on April 1, 1944, the sum of \$1,680,408.32. The company agrees to pay \$408.32 of such amount at the time of the execution of the agreement, and that it will pay the remaining balance of \$1,680,000 in equal monthly installments in the amount of \$35,000 each, the first payment to be made May 1, 1944, and additional payments to be made thereafter on the first of each succeeding month for 47 months until the full amount of the principal has been paid. The applicant is given the right and privilege of prepaying from time to time on any monthly payment date any installment of or all of the unpaid principal upon paying a premium of one-fourth of one per cent of the amount of the installments so prepaid. The proposed agreement modifies the rate of interest by reducing it from 4% to 3 $\frac{1}{4}$ % per annum.

It is estimated that the modification of the conditional sales contracts as indicated in the proposed agreement will result to applicant in a saving of \$41,385. Under the conditional sales contracts as they now read, applicant will have to make principal and interest payments of an aggregate sum of \$1,833,268. The principal interest payments under the proposed agreements will amount to \$1,791,883. While the proposed agreement increases the principal payment of \$32,510 to \$35,000 per month, the interest payment is reduced from 4% to 3 $\frac{1}{4}$ % per annum.

O R D E R

The Commission having considered applicant's request and it being of the opinion that this is not a matter on which a hearing is necessary; that the execution of the agreement filed in this application as Exhibit "A" by applicant is reasonably necessary for the purpose of refunding its indebtedness due under the conditional sales contracts executed under authority heretofore granted by the Commission, and that this application should be granted, therefore,

IT IS HEREBY ORDERED that Los Angeles Railway Corporation may, after the date hereof, execute and deliver to The Pennsylvania Company for Insurances on Lives and Granting Annuities an agreement in, or substantially in, the same form as the agreement filed in this application as Exhibit "A".

IT IS HEREBY FURTHER ORDERED that within thirty (30) days after the execution and delivery of said agreement Los Angeles Railway Corporation shall file with the Railroad Commission two true and complete copies of said agreement.

Dated at San Francisco, California, this 21st day of March, 1944.

Richard Lachse
Justin J. Greiner
Francis J. Hennessy
Francis J. Hennessy
Sanford Russell
Commissioners