

ORIGINAL

Decision No. 40021

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application)
of Pacific Freight Lines for per-)
mission to execute extension)
agreements covering payments of)
purchase price of automotive)
equipment purchased under con-)
ditional sales contracts.)
-----)
Application
No. 28219

O P I N I O N

Pacific Freight Lines has applied to the Public Utilities Commission for an order authorizing it to execute agreements extending the time for payment of certain sums payable under conditional sales contracts heretofore executed by it when acquiring automotive equipment.

Applicant is engaged in business as a highway common carrier. In financial returns to the Commission it has reported the results of its operations as follows:

	<u>1944</u>	<u>1945</u>	<u>1946</u> Jan. 1 - Oct. 31
Operating revenues	\$2,018,106	\$1,789,606	\$1,685,312
Deductions			
Operating expenses	1,580,922	1,695,758	1,647,131
Depreciation	181,506	177,158	149,822
Operating taxes and licenses	215,820	197,338	174,110
Operating rents.	40,905	20,656	10,306
Total deductions	<u>2,019,153</u>	<u>2,090,910</u>	<u>1,981,369</u>
Net operating loss	(1,047)	(301,304)	(296,057)
Other income	<u>60,952</u>	<u>57,863</u>	<u>38,678</u>
Gross income	59,905	(243,441)	(257,379)
Interest and other charges	<u>23,425</u>	<u>20,639</u>	<u>25,993</u>
Net before federal taxes	36,480	(264,080)	(283,372)
Provision for income tax	40,800	--	--
Loss for year	<u>\$ (4,320)</u>	<u>\$ (264,080)</u>	<u>\$ (283,372)</u>

The company reports that it owns approximately 900 pieces of trucking equipment, twelve freight terminals and miscellaneous office, garage and other equipment. Its balance sheet as of December 31, 1946, is reported as follows:

<u>Assets</u>		
Tangible property, less depreciation reserve		\$2,309,197.28
Intangible property, less amortization reserve		22,617.08
Miscellaneous investments		27,725.00
Current assets -		
Cash and working funds	\$101,056.05	
Special deposits	246,214.77	
Accounts receivable	105,468.64	
Materials and supplies	<u>156,780.13</u>	609,519.59
Prepayments and deferred charges		<u>53,014.89</u>
Total assets		<u>\$3,022,073.84</u>
<u>Liabilities</u>		
Capital stock - common		\$ 640,900.00
Long-term obligations		729,583.35
Current liabilities -		
Equipment obligations	\$136,650.10	
Note payable	85,000.00	
Due associated companies	205,976.47	
Accounts payable	225,333.14	
Accrued liabilities	46,080.86	
Other liabilities	<u>29,200.85</u>	730,241.42
Miscellaneous reserves		69,029.50
Deferred credits		77,292.08
Capital surplus		416,474.20
Earned surplus		<u>358,953.29</u>
Total liabilities		<u>\$3,022,073.84</u>

The present application shows that during 1946, for the purpose of financing in part the cost of thirty-three units of equipment, applicant executed five conditional sales contracts providing for payments during periods of twelve months after the dates thereof, as follows:

1. Contract with Mecca-Freese, Inc., dated March 7, 1946, in the amount of \$40,473.09 payable in eleven equal monthly installments of \$1,100 each with a final payment of \$28,373.09 on March

5, 1947, plus interest at the rate of 4% per annum. This contract covers the purchase of twenty-one 1946 International 6 cyl. trucks.

2. Contract with Sterling Motors Corporation, dated April 2, 1946, in the amount of \$23,040.18 payable as follows: \$2,790.18 as a down payment, eleven equal monthly installments of \$425.00 and a final payment of \$15,575.00 on March 30, 1947, plus interest at the rate of 4% per annum. Three 1946 Sterling D 6 cyl. trucks are covered by this contract.

3. Contract with Mecca-Freese, Inc., dated June 25, 1946, in the amount of \$13,079.15 payable in eleven equal monthly installments of \$1,000 and a final payment of \$2,079.15 on June 23, 1947, plus interest at the rate of 4% per annum. This contract covers seven 1946 new International K.6 trucks.

4. Contract with Sterling Motors Corporation, dated July 8, 1946, for the purchase of one 1946 Sterling tractor at a cost of \$7,882.61 payable as follows: \$1,582.61 as a down payment, eleven equal monthly installments of \$105.00 and a final payment of \$5,145.00 on July 15, 1947, plus interest at the rate of 4% per annum.

5. Contract with Sterling Motors Corporation, dated August 23, 1946, for the purchase of one 1946 Sterling tractor at a cost of \$7,761.90 payable as follows: \$1,561.90 as a down payment, eleven equal monthly installments of \$150.00 and a final payment of \$4,550 on August 23, 1947, plus interest at the rate of 4% per annum.

Applicant reports that it does not have sufficient funds to meet the final payments under these contracts and that Bank of

America National Trust and Savings Association, which now holds the contracts, has indicated its willingness to enter into extension agreements with applicant whereby the time for payment under each of the conditional sales contracts referred to herein, will be extended as follows:

Under the contract of March 7, 1946, the time for payment of the balance of \$28,373.09 due March 5, 1947, will be extended over a period of twenty-six months, with twenty-five equal successive monthly payments of \$1,100 each beginning March 12, 1947, and one final payment of \$873.09, plus interest at the rate of 4% per annum.

Under the contract of April 2, 1946, the time for payment of the balance of \$15,575.00 due on March 30, 1947, will be extended over a period of thirty-seven months, with thirty-six equal successive monthly payments of \$425 each beginning March 30, 1947, and one final payment of \$275, plus interest at the rate of 4% per annum.

Under the contract of June 25, 1946, the time for payment of the installments due after February 25, 1947, amounting to \$5,079.15, will be extended over a period of thirty-five months with thirty-four equal successive monthly payments of \$145 each beginning March 25, 1947, and a final payment of \$149.15, plus interest at the rate of 4% per annum.

Under the contract of July 8, 1946, the time for payment of the balance of \$5,145 due on July 15, 1947, will be extended over a period of forty-eight months with forty-seven equal successive monthly payments of \$105 each beginning July 15, 1947, and a final payment of \$210, plus interest at the rate of 4% per annum.

Under the contract of August 23, 1946, the time for payment of the balance of \$4,550 due on August 23, 1947, will be extended over a period of thirty months, with twenty-nine equal successive monthly payments of \$150 each, beginning August 23, 1947, and a final payment of \$200, plus interest at the rate of 4% per annum.

Applicant has filed a copy of the extension agreements as Exhibit "A".

O R D E R

Pacific Freight Lines having applied to the Public Utilities Commission for authority to execute extension agreements, the Commission having considered the matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for is reasonably required by applicant for the purpose indicated herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Pacific Freight Lines be, and it hereby is, authorized to execute five (5) extension agreements in, or substantially in, the same form as the extension agreement filed in this proceeding as Exhibit "A", providing for an extension of time for the payment of balances due under the conditional sales contracts referred to in the foregoing opinion, provided;

1. That applicant shall file with the Commission a copy of each agreement executed under the authority herein granted within thirty (30) days after such execution, and
2. That the authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Fifty-five (\$55.00) Dollars.

Dated at San Francisco, California, this 4th
day of March, 1947.

Harold Kula
Justice J. Cramer
Joseph L. Sullivan
A. B. Davidson
Thomas F. Lattin
Commissioners

