

Decision No. 46040**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of LANG TRANSPORTATION CORPORATION
for authority to execute
conditional sales contracts.

Application
No. 32616

O P I N I O N

In this application Lang Transportation Corporation requests authority to execute conditional sales contracts in order to refinance outstanding indebtedness heretofore incurred without Commission authorization, and to finance in part, the purchase of new equipment and facilities.

Applicant is a highway common carrier engaged primarily in the transportation of petroleum and petroleum products within the State of California. For the years 1949 and 1950 and for the three months ended March 31, 1951, it reported operating revenues, net carrier operating income and net income to surplus as follows:

	Year 1949	Year 1950	3 Months Ended Mar. 31, 1951
Operating revenues	\$3,764,913	\$2,931,348	\$729,556
Net carrier operating income	465,681	462,201	51,656
Net income to surplus	357,831	300,671	29,822

Applicant's assets and liabilities, as of March 31, 1951, are reported as follows:

<u>Assets</u>		
Cash		\$ 51,858.49
Accounts receivable-Affiliated companies		287,811.45
Accounts receivable-Others		190,305.04
Material and supplies		191,610.57
Tangible carrier operating property	\$1,786,459.44	
Less: Reserve for depreciation	<u>1,196,188.65</u>	590,270.79
Intangible property	\$ 76,118.03	
Less: Reserve for amortization	<u>75,393.03</u>	725.00
Investment and special funds		23,404.26
Deferred debits		<u>94,747.63</u>
Total Assets		<u>\$1,430,733.23</u>

<u>Liabilities</u>	
Current liabilities	\$ 519,671.76
Equipment obligations	8,171.70
Other deferred credits	206.00
Insurance reserves	188,066.81
Equipment replacement reserve	346,000.00
Common capital stock	246,024.74
Unappropriated surplus	122,592.22
Total Liabilities	<u>\$1,430,733.23</u>

Applicant reports that recently it executed certain conditional sales contracts for the purchase of revenue equipment without first having secured authorization from the Public Utilities Commission. It further states that the equipment was purchased for use in interstate commerce and that it was its belief that it was not required to secure such authorization. Applicant since has been advised that such authority is necessary and that the contracts heretofore executed are void. It proposes to re-execute these contracts as of August 15, 1951. The contracts which applicant proposes to re-execute are as follows:

1. On April 3, 1951, applicant purchased from the J. T. Jenkins Company revenue equipment of the total price of \$66,627.09. Applicant made a down payment of \$4,955.43, and has since paid in monthly installments the sum of \$2,055.78, leaving an unpaid balance of \$59,615.88. Applicant proposes to execute a conditional sales contract in the amount of \$58,587.96 to Bank of America National Trust and Savings Association calling for monthly payments of \$1,027.86 or more, over a period of 57 months with interest at the rate of 5% per annum on the unpaid balance.

2. On June 15, 1951, applicant purchased from Fruehauf Trailer Company revenue equipment of the total price of \$51,647.42. Applicant made a down payment of \$10,329.56 and has since made a monthly payment of \$688.69, leaving an unpaid balance of \$40,629.17. Applicant proposes to execute a conditional sales contract in the amount of \$40,629.17 to Bank of America National Trust and Savings Association calling for equal successive monthly payments of \$688.63, or more, over a period of 59 months with interest at the rate of 5% per annum on the unpaid balance.

3. On June 7, 1951, applicant purchased revenue equipment from Richmond Motor Company of the total price of \$61,860.72. Applicant made a down payment of \$12,372.72 and has made monthly payments of \$824.80, leaving an unpaid balance of \$48,663.20. Applicant proposes to execute a conditional sales contract in the amount of \$47,838.40 to Bank of America National Trust and Savings Association which will be repayable over a period of 58 months in equal monthly installments of \$824.80, or more, with interest at the rate of 5% per annum on the unpaid balance.

In addition, applicant proposes to purchase additional revenue equipment said to be necessary in the conduct of its business, and proposes to finance a portion of the purchase price through the issue of conditional sales contracts, as follows:

1. Purchase of revenue equipment of the total price of \$61,860.72 from Richmond Motor Company, with a down payment of \$12,372.72, leaving a balance of \$49,488.00 payable \$824.80 on August 15, 1951, plus 59 equal successive monthly payments of \$824.80 commencing September 15, 1951, plus interest at the rate of 5% per annum payable monthly on the unpaid balance. This conditional sales contract will be payable to Bank of America National Trust and Savings Association.

2. Purchase from J. T. Jenkins Company of revenue equipment of the total price of \$33,255.00, with a down payment of \$6,651.00, leaving a balance of \$26,604.00 payable \$443.40 on September 15, 1951 and 59 equal successive monthly payments of \$443.40, or more, commencing October 15, 1951, plus interest at the rate of 5% per annum payable monthly on the unpaid balance. This conditional sales contract will be payable to Bank of America National Trust and Savings Association.

3. Purchase from Fruehauf Trailer Company of revenue equipment of the total price of \$18,832.54, with a down payment of \$3,766.50, leaving a balance of \$15,066.04 payable \$251.14 on October 15, 1951, and 59 equal successive monthly payments of \$251.10, or more, commencing November 15, 1951, plus interest at the rate of 5% per annum payable monthly on the unpaid balance. This conditional sales contract will be payable to Bank of America National Trust and Savings Association.

A copy of the form of conditional sales contract which applicant proposes to execute is attached to the application as Exhibit A.

ORDER

The Commission has considered the above entitled matter and is of the opinion that a public hearing thereon is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for through the execution of the conditional sales contracts herein authorized is reasonably required by applicant for the purposes specified herein; and that such purposes are not, in whole or in part, reasonably

chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Lang Transportation Corporation, after the effective date hereof and on or before December 31, 1951, may execute conditional sales contracts providing for deferred payments in the aggregate principal amount of not exceeding \$238,213.57, for the purpose of refinancing outstanding indebtedness and to finance, in part, the purchase of new equipment and facilities. The conditional sales contracts shall be in, or substantially in, the same form as that filed in this proceeding as Exhibit A.

2. Within thirty days after the execution of the conditional sales contracts herein authorized, applicant shall file a copy of each with the Commission.

3. 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 \$239.00.

Dated at San Francisco, California, this 7th day of August, 1951.

Justice F. Crocker
Harold A. Kuhl
Franklin D. Potter
Robert L. Mitchell

Commissioners

