

Decision No. 46069

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of Pacific Freight Lines for  
permission to execute extension  
agreements covering payments of  
purchase price of automotive  
equipment purchased under condition-  
al sales contracts.

Application  
No. 32644

O P I N I O N

In this application, Pacific Freight Lines, a corporation, engaged in business as a highway common carrier, asks permission to execute agreements extending the time for payment of certain sums, in the aggregate amount of \$358,567.24, to become due under conditional sales contracts heretofore executed by it for the purpose of acquiring automotive equipment. A copy of the proposed form of extension agreement is on file in this application as Exhibit A.

The following is a summary of the conditional sales contracts to which reference is made in this application:

- A. Contract with Mobilift Corporation, dated August 21, 1950, covering the purchase of two 1950 Mobilifts at a cost of \$4,223.00 payable as follows: \$845 as down payment, 11 equal successive monthly installments of \$77 each beginning October 5, 1950, and one final payment of \$2,531 on September 5, 1951, with interest on deferred balances at the rate of 4½% per annum. Applicant asks permission to extend the payment due September 5, 1951, over a period of 33 months.
- B. Contract with J. T. Jenkins Co., dated August 21, 1950, covering the purchase of one 1950 Kenworth Diesel Tractor at a cost of \$11,263.53 payable as follows: \$2,263.53 as down payment, 11 equal successive monthly installments of \$165 each beginning October 5, 1950, and one final payment of \$7,185 on September 5, 1951, with interest on deferred balances at the rate of 4½% per annum. Applicant asks permission to extend the payment due September 5, 1951, over a period of 48 months.

- C. Contract with J. T. Jenkins Co., dated September 14, 1950, covering the purchase of six 1950 Kenworth Trucks at a cost of \$68,737.33 payable as follows: \$13,747.46 as down payment, 11 equal successive monthly installments of \$1,250 each beginning November 1, 1950, and one final payment of \$41,239.87 on October 1, 1951, with interest on deferred balances at the rate of 4½% per annum. Applicant asks permission to extend the payment due October 1, 1951, over a period of 48 months.
- D. Contract with Printex Products, dated October 8, 1950, covering the purchase of eighteen 1950 Pacific Built Converter Dollies at a cost of \$38,478.42 payable as follows: \$7,695.68 as down payment, 11 equal successive monthly installments of \$642 each beginning November 1, 1950, and one final payment of \$23,720.74 on October 1, 1951, with interest on deferred balances at the rate of 4½% per annum. Applicant asks permission to extend the payment due October 1, 1951, over a period of 48 months.
- E. Contract with J. T. Jenkins Co., dated October 8, 1950, covering the purchase of six 1950 Kenworth Trucks at a cost of \$74,029.08 payable as follows: \$14,805.82 as down payment, 11 equal successive monthly installments of \$1,233 each beginning November 1, 1950, and one final payment of \$45,660.26 on October 1, 1951, with interest on deferred balances at the rate of 4½% per annum. Applicant asks permission to extend the payment due October 1, 1951, over a period of 48 months.
- F. Contract with Printex Products, dated October 14, 1950, covering the purchase of twelve 1950 Pacific Built Converter Dollie Gears at a cost of \$25,652.28 payable as follows: \$5,130.46 as down payment, 11 equal successive monthly installments of \$428 each beginning on November 1, 1950, and one final payment of \$15,813.82 on October 1, 1951, with interest on deferred balances at the rate of 4½% per annum. Applicant asks permission to extend the payment due October 1, 1951, over a period of 48 months.
- G. Contract with J. T. Jenkins Co., dated November 22, 1950, covering the purchase of eleven 1950 Kenworth Trucks at a cost of \$126,923.88 payable as follows: \$25,384.78 as down payment, 11 equal successive monthly installments of \$2,115.20 each beginning January 1, 1951, and one final payment of \$78,271.90 on December 1, 1951, with interest on deferred balances at the rate of 4½% per annum. Applicant asks permission to extend the payment due December 1, 1951, over a period of 48 months.
- H. Contract with Trailmobile Company, dated December 12, 1950, covering the purchase of thirty-two 1950 Trailmobile Van Trailers at a cost of \$62,241.80 payable as follows: \$12,448.36 as down payment, 11 equal successive monthly installments of \$1,037 each beginning January 1, 1951, and one final payment of \$38,386.44 on December 1, 1951, with interest on deferred balances at the rate of 4½% per annum. Applicant asks permission to extend the payment due December 1, 1951, over a period of 48 months.

- I. Contract with Printex Products, dated December 12, 1950, covering the purchase of fifty-two 1950 Sub Assemblies for Semi Trailers and three 1950 Tank Trailer Sub Assemblies, less 5th Wheel at a cost of \$125,358.04 payable as follows: \$25,071.61 as down payment, 11 equal successive monthly installments of \$2,090 each beginning January 1, 1951, and one final payment of \$77,296.43 on December 1, 1951, with interest on deferred balances at the rate of  $4\frac{1}{2}\%$  per annum. Applicant asks permission to extend the payment due December 1, 1951, over a period of 48 months.
  
- J. Contract with J. T. Jenkins Co., dated December 19, 1950, covering the purchase of four Kenworth Tractors at a cost of \$46,154.14 payable as follows: \$9,230.83 as down payment, 11 equal successive monthly installments of \$769.23 each beginning February 1, 1951, and one final payment of \$28,461.78 on January 1, 1952, with interest on deferred balances at the rate of  $4\frac{1}{2}\%$  per annum. Applicant asks permission to extend the payment due January 1, 1952, over a period of 48 months.

The application shows that all the above contracts are now held by Bank of America National Trust and Savings Association, and that said bank has indicated its willingness to enter into extension agreements giving applicant additional time to make the final payments due under the several contracts. The contracts as executed covered the purchase of 147 units of equipment at an aggregate cost of \$583,061.50, with deferred payments over a period of approximately twelve months. The sum total of the final payments under all the contracts is \$358,567.24. The interest rate under the extension agreements will be the same as under the original contracts, to-wit:  $4\frac{1}{2}\%$  per annum payable monthly on deferred balances due under the contracts.

Applicant reports that it has not sufficient funds on hand to make the final payments due under the several contracts. It is for that reason that it is asking permission to execute extension agreements so that the final payments under the present contracts will be extended over the periods stated.

O R D E R

The Commission has considered this application and is of the opinion that a public hearing is not necessary; that the money, property or labor to be procured or paid for by the execution of the extension agreements to which reference is made in the foregoing opinion is reasonably required by Pacific Freight Lines for the purpose of acquiring said equipment, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income and that this application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Pacific Freight Lines, after the effective date hereof and on or before February 1, 1952, may execute extension agreements in, or substantially in, the form of the extension agreement filed in this proceeding as Exhibit A, providing for extensions of time as indicated in the foregoing opinion and in this application, for the payment of the balances, aggregating not exceeding \$358,567.24, to become due under the conditional sales contracts referred to in said opinion.
2. The authority herein granted will become effective when Pacific Freight Lines has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$359.00.
3. Pacific Freight Lines shall file with the Commission a copy of each extension agreement executed under the authority herein granted within thirty (30) days after the date of each agreement.

Dated at San Francisco, California, this 14<sup>th</sup>  
day of August 1951.

E. J. Dwyer  
Justin F. Gallivan  
Harold Kula  
Bernette Potter

Commissioners

