

Decision No. 32287

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
OREGON-NEVADA-CALIFORNIA FAST FREIGHT,
INC., a corporation, for an order
authorizing the issuance of notes and
mortgage of property.

ORIGINAL

Application No. 22826

BY THE COMMISSION:

OPINION AND ORDER

In this application Oregon-Nevada-California Fast Freight, Inc. asks permission to execute a mortgage of chattels and to issue a note in the principal amount of \$95,000.

Oregon-Nevada-California Fast Freight, Inc. recently, pursuant to authority granted by Decision No. 32015, dated May 23, 1939, acquired the properties formerly owned and operated by J. A. Gritsch, et al. in their business as common carriers of property by trucks. In doing so it assumed the liabilities of the transferers, amounting to \$94,796.91 as of December 31, 1938, and issued \$104,000 par value of its common capital stock.

The corporation now reports that it has made application to the Reconstruction Finance Corporation to borrow the sum of \$95,000 and that the Executive Committee of such corporation, on March 20, 1939, adopted a resolution setting forth the terms and conditions of said loan, from which it appears that the note to be issued will carry interest at the rate of five per cent. per annum on fifty per cent. of the principal amount of the indebtedness at any time outstanding and at the rate of six per cent. per annum on the remaining fifty per cent., and will be payable in monthly installments, commencing in two months from August 23, 1939, of \$1,742, to be applied first, in payment of interest accrued to the date of each payment; and second, in reduction of principal, and in addition, by further annual payments to be made within two months after the close of each fiscal year in an

amount equivalent to fifty per cent. of the company's net earnings for the preceding year, with final payment, however, to be made within five years after the date of the note.

The payment of the note will be secured by a mortgage of chattels, a copy of which was filed with the Commission in this proceeding on August 17, 1939, covering all its furniture, fixtures, machinery, equipment, franchises, permits, certificates, operating rights, etc., and by accounts receivable aggregating \$25,000 and by a life insurance on the life of J. A. Critsch in an amount of not less than \$50,000.

It is specified that the proceeds from the loan shall be used by applicant in the amount of not more than \$59,000 to pay indebtedness evidenced by equipment purchase obligations, in the amount of not more than \$15,000 to purchase new equipment, and the balance for operating expenses.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary, that the request of applicant should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the note is reasonably required by applicant, therefore,

IT IS HEREBY ORDERED that Oregon-Nevada-California Fast Freight, Inc. be, and it hereby is authorized to execute a mortgage of chattels in or substantially in the same form as that filed with the Commission in this proceeding on August 17, 1939, and to issue its promissory note in the principal amount of \$95,000 in the same form as the note filed as Exhibit A attached to said mortgage of chattels, provided that the authority herein granted to execute a mortgage of chattels is for the purpose of this proceeding only, and is given only insofar as this Commission has jurisdiction under the terms of the Public Utilities

Act and is not intended as an approval of said instrument as to such other legal requirements to which it may be subject.

The authority herein granted is subject to the following conditions:-

1. Applicant shall use the proceeds to be received through the issue of the note to pay equipment purchase contracts of not exceeding \$59,000, to pay for new equipment amounting to not more than \$15,000 and to provide working capital with the remainder thereof.

2. Applicant shall file with the Commission monthly reports showing the purposes for which it has used the proceeds realized by it through the issue of the note herein authorized.

3. The authority herein granted shall become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Ninety-five (\$95.00) Dollars.

DATED at San Francisco, California, this 30th day of August, 1939.

Robert Waldman
Frank C. Miller

Justus J. Cooney
COMMISSIONERS

