

Decision No. 37707

BEFORE THE RIALROAD 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. 23893

BY THE COMMISSION:

O P I N I O N

This is an application by Oregon-Nevada-California Fast Freight, Inc. for an order authorizing it to execute a mortgage of chattels and to issue a note for \$135,000.

Oregon-Nevada-California Fast Freight, Inc. is engaged in business as a highway common carrier of property. It appears that it holds certificates of public convenience and necessity, or other permits, from this Commission and from the Interstate Commerce Commission, the Public Service Commission of Nevada and the Public Utilities Commissioner of Oregon, authorizing the operation of both intrastate and interstate transportation lines. In general, its operations extend between San Francisco and Medford and Klamath Falls, Oregon; between San Francisco and Reno, Nevada; between Reno and Elko, Nevada; between Sacramento and Medford and Klamath Falls, Oregon, and

between Medford and Klamath Falls, Oregon. The certificates of public convenience and necessity granted by the Railroad Commission define applicant's operative rights in California.

It appears that the company commenced its operations on July 1, 1939 by the acquisition of the rights and properties of J. A. Gritsch, doing business as Oregon-California Fast Freight, et al., and that its revenues and expenses since that date have been as follows:

	<u>1939</u> July 1-Dec. 31	<u>1940</u> Jan. 1-Oct. 31
Freight revenue	<u>\$247,362.47</u>	<u>\$595,207.59</u>
Expenses-		
Operation & maintenance	272,120.27	445,888.14
Depreciation	17,625.38	32,922.79
Taxes and licenses	34,911.49	52,092.41
Operating rents	7,118.92	8,239.64
Total expenses	<u>331,776.06</u>	<u>539,142.98</u>
Net operating income	15,586.41	56,064.61
Other income	-	336.82
Gross income	<u>15,586.41</u>	<u>56,401.43</u>
Interest and other deductions	8,088.59	6,141.82
Net income for period	<u>\$ 7,497.82</u>	<u>\$ 50,259.60</u>

In summary form, the company's assets and liabilities are shown below:

<u>ASSETS</u>	
Tangible property	\$387,267.00
Less-reserve for depreciation	<u>222,353.03</u>
Intangible property	\$164,913.97
Other investments	71,371.39
Cash and deposits	10,100.00
Notes and accounts receivable	38,263.75
Materials and supplies	75,287.33
Prepayments and other debits	1,303.19
Total	<u>25,902.08</u>
<u>LIABILITIES</u>	
Common stock	\$104,000.00
Long-term debt	133,739.54
Accounts payable	48,463.34
Taxes accrued	6,400.85
Surplus	94,537.98
Total	<u>\$387,141.71</u>

By Decision No. 32287, dated August 30, 1939, the Commission authorized the company to execute a mortgage of chattels and to issue a note in the principal amount of \$95,000 for the purpose of paying indebtedness, of financing the cost of equipment, and of providing working capital. The decision shows that the note carries interest at the rate of 5% per annum on fifty per cent of the principal amount of the indebtedness outstanding and at the rate of 6% on the remainder of the indebtedness, and is repayable in monthly installments of \$1,742, and by further annual payments to be made within two months after the close of each fiscal year in an amount, each year, equivalent to fifty per cent of the company's net earnings for the preceding year, with final payment to be made within five years after the date of the note.

The note since its issue has been reduced to \$75,000. In addition the company reports that it has incurred other indebtedness in the purchase of equipment and for other purposes, the balance sheet showing, among other things, equipment and other long-term obligations of \$133,739.54, including the balance due on the note authorized by Decision No. 32287, and accounts payable of \$48,463.34.

The company now desires to fund a portion of its indebtedness, and to that end has made arrangements with The Anglo California National Bank of San Francisco to borrow from it the sum of \$135,000 to be evidenced by a note, dated as of January 2, 1941, with interest from its date at the rate of 6% per annum on deferred payments, repayable in equal monthly installments of \$2,812.50, commencing February 2, 1941, and continuing for a period of four years from date of the note, at

which time the remaining balance of the principal sum, together with all accrued interest thereon, shall be due and payable.

The payment of the note will be secured by a mortgage of chattels covering applicant's personal property. The terms of the mortgage provide, among other things, that it will secure payment of not only the \$135,000 note now proposed to be issued, but also future advances and other sums up to a total of \$200,000. However, no request has been made to issue notes or incur indebtedness in excess of \$135,000 and the authorization herein granted will be limited to that amount. If applicant desires to issue long-term notes in addition to the note herein authorized, it will be necessary for it to file a new application for permission to do so.

The company has filed in this proceeding, as Exhibit "A," a copy of the proposed mortgage of chattels which contains a copy of the proposed note for \$135,000. The instrument is in satisfactory form.

An order accordingly will be entered.

#### O R D E R

Oregon-Nevada-California Fast Freight, Inc. having applied to the Railroad Commission for authority to execute a mortgage of chattels and to issue a note for \$135,000, and the Commission having considered the matter and being of the opinion that this is not a matter on which a public hearing is necessary, that the application 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 for the purposes specified herein, therefore,

IT IS HEREBY ORDERED that Oregon-Nevada-California Fast Freight, Inc. be, and it hereby is, authorized to execute a mortgage of chattels and a note in the principal amount of \$135,000, in, or substantially in, the same form as the mortgage of chattels and note filed in this proceeding as Exhibit "A," and to use the proceeds to be obtained through the issue of said note to pay indebtedness of like amount now outstanding, including the unpaid balance of \$75,000 of the note authorized by Decision No. 32287, dated August 30, 1939, provided,

1. 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 mortgage of chattels as to such other legal requirements to which it may be subject;

2. That Oregon-Nevada-California Fast Freight, Inc. shall file with the Commission, within thirty (30) days after execution and delivery, a copy of the note and mortgage of chattels executed under the authority herein granted, and a statement showing the purposes for which it used the proceeds received through the issue of the \$135,000 note herein authorized to be issued; and

3. That the authority herein granted will become effective when Oregon-Nevada-California Fast Freight, Inc. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Sixty (\$60.00) dollars.

Dated at San Francisco, California, this 10<sup>th</sup>  
day of January, 1941.

[Signature]  
[Signature]  
[Signature]  
James J. Caenen  
J. R. Havens  
Commissioners.

\$6.00  
RAILROAD COMMISSION  
STATE OF CALIFORNIA  
**PAID**  
JAN 14 1941  
By [Signature]  
SECRETARY