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ORIGINAL

Decision No. 36101

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER of the Application of
SOUTHERN CALIFORNIA FREIGHT LINES
for an order authorizing execution
of a note secured by mortgage on
motor equipment.

Application No. 25447

BY THE COMMISSION:

O P I N I O N

In this application, Southern California Freight Lines asks permission to issue to the Bank of America National Trust & Savings Association its 5% installment note for \$125,000 and to secure the payment of such note by the execution of a mortgage of chattels on all of its motor truck equipment. A copy of the proposed note is filed in this proceeding as Exhibit "B" and a copy of the proposed mortgage of chattels as Exhibit "C."

Southern California Freight Lines is a corporation engaged in the transportation of property as a highway common carrier between various points in southern California. For the eleven months ending November 30, 1942, it reports operating revenues of \$980,888.68 and a net profit of

\$52,227.02. Because of an increase in business, it has been necessary for applicant to acquire, in 1941, additional motor truck equipment at a cost of about \$100,000. As of November 30, 1942, there was due on this equipment a balance of \$64,194.31. In addition, applicant reports, as of that date, accounts payable and accrued pay roll of \$172,059.27. Applicant proposes to use the \$125,000, which it will borrow from Bank of America National Trust & Savings Association, to pay the balance due, now estimated at about \$60,000, on its equipment contracts and to use the remainder to make payments on its accounts payable.

The note, which applicant desires to issue, carries an interest rate of 5% per annum on deferred balances. The principal of the note is payable as follows: \$1,300 on January 10, 1943, and \$1,300 on the 10th day of each and every month thereafter for ten months; \$2,700 on the 12th month and the sum of \$6,000 on each and every month thereafter until the 10th day of June, 1945, on which date the entire balance of the principal and interest then unpaid becomes due and payable.

O R D E R

The Commission having considered the request of Southern California Freight Lines for permission to issue a note for \$125,000 and to execute a mortgage of chattels to secure the payment of such note and it being of the opinion that this is not a matter on which a hearing is necessary;

that the money, property or labor to be procured or paid for by the issue of said note is reasonably required by applicant for the purposes herein stated, and that this application should be granted subject to the provisions of this Order, therefore

IT IS HEREBY ORDERED that Southern California Freight Lines be, and it is hereby, authorized to issue, after the effective date hereof and on or before March 1, 1943, to the Bank of America National Trust & Savings Association its 5% installment note for the sum of \$125,000, said note to be in substantially the same form as the note filed in this proceeding as Exhibit "B."

IT IS HEREBY FURTHER ORDERED that Southern California Freight Lines be, and it is hereby, authorized to execute, for the purpose of securing the payment of said note, a mortgage of chattels substantially in the same form as the mortgage of chattels on file in this proceeding as Exhibit "C," provided, that the authority herein granted to execute a mortgage of chattels is for the purpose of this proceeding only, and is granted 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 said mortgage of chattels may be subject.

IT IS HEREBY FURTHER ORDERED that Southern California Freight Lines shall use the \$125,000 obtained through the issue of said note to pay the balance due on the equipment contracts, referred to in Exhibit "A" on file in this proceed-

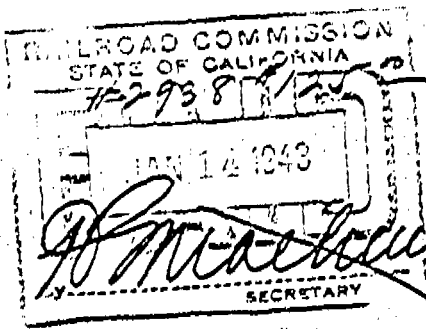
ing, and to pay accounts payable.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when Southern California Freight Lines has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Hundred and Twenty-five (\$125.00) Dollars.

IT IS HEREBY FURTHER ORDERED that within thirty (30) days after the issue of said note, Southern California Freight Lines shall file with the Railroad Commission a true and correct copy of the installment note issued and a true and correct copy of the mortgage of chattels executed under the authority herein granted, and shall also file with the Railroad Commission a statement showing in detail the purposes for which it expended said \$125,000.

Dated at San Francisco, California, this 12th day of January, 1943.

Frank R. Havenner



Richard Locke

Ernest Deane
Commissioners