

Decision No. 40460.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of)
OREGON NEVADA CALIFORNIA FAST FREIGHT,)
INC., a corporation, for an order)
authorizing the issuance of an)
extension agreement, promissory note,)
chattel mortgage and deed of trust.)
-----)

Application
No. 28524

O P I N I O N

This is an application for an order of the Public Utilities Commission authorizing Oregon Nevada California Fast Freight, Inc., hereinafter sometimes referred to as O.N.C., to execute an extension agreement, a mortgage of chattels, and a deed of trust, and to issue promissory notes. The total indebtedness represented by the several instruments aggregates \$202,663.27.

O.N.C. is a corporation engaged in business as a highway common carrier. Its annual reports show that it conducts operations between San Francisco, Medford, Klamath Falls and Portland, between Portland and Coos Bay, between Medford and Klamath Falls and Coos Bay, between San Francisco and Elko and between Red Bluff and Chico. Such reports show operating revenues of \$1,783,320 in 1945, of \$2,006,008 in 1946 and of \$718,723 during the first four months of 1947, with a net loss of \$41,921 in 1945, net income of \$13,439 in 1946 and net income of \$28,949 for the first four months of 1947.

The corporation has financed its capital requirements through the issue of common stock, the use of earnings and the issue of notes and other evidences of indebtedness. As of

April 30, 1947, it reports its balance sheet as follows:

<u>Assets</u>	
Current assets -	
Cash on hand and in banks	\$ (1,434.08)
Working funds and special deposits	918.17
Accounts receivable	140,771.63
Materials and supplies	35,418.57
Total current assets	<u>175,674.29</u>
Operating property less depreciation reserves	449,240.38
Nonoperating property	1,463.53
Intangible property	82,523.25
Investments, securities and advances	16,322.43
Deferred charges	<u>22,384.37</u>
Total assets	<u>\$747,608.25</u>

<u>Liabilities</u>	
Current liabilities -	
Notes payable	\$ 1,385.41
Accounts payable	101,307.21
Accrued wages and salaries	16,064.70
C.O.D.'s unremitted	15,438.25
Withheld taxes	18,228.15
Accrued taxes	<u>47,216.51</u>
Total current liabilities	199,640.26
Equipment and long-term obligations	267,146.27
Deferred credits	17,581.02
Net worth -	
Capital stock	\$104,000.00
Unappropriated surplus	<u>159,240.70</u>
Total liabilities	<u>\$747,608.25</u>

By Decision No. 37525, dated December 5, 1944, in Application No. 26462, as amended, the Commission authorized O.N.C. to execute a loan agreement with Anglo California National Bank and a mortgage of chattels and to issue a note for \$200,000, payable in 47 monthly installments of \$4,166.67 each and one installment of \$4,166.51, with interest at the rate of 5% per annum, for the purpose of paying indebtedness, of providing working capital and of financing the cost of property and equipment. In addition the company, in 1946, executed a conditional sale contract whereby it agreed to pay to said Bank the sum of \$22,496.70

in eleven monthly installments of \$1,000 and a final installment of \$11,496.70, with interest at the rate of 5% per annum, for the purpose of financing the cost of two trucks.

The present application shows that there is an unpaid balance of \$79,166.57 on the note issued under authority granted by Decision No. 37525, as amended, and an unpaid balance of \$13,496.70 on the conditional sale contract. It is reported that O.N.C. has made arrangements with the Bank to extend the time for payment of said balances and also to borrow from the Bank the additional sum of \$110,000, said sum to be represented by two notes, one for \$100,000 and one for \$10,000. The several items of indebtedness will bear interest and be repayable as follows:

<u>Amount</u>	<u>Rate of Interest</u>	<u>Rate of repayment</u>
\$ 79,166.57	5%	47 monthly installments of \$1,649.30 and a final payment of \$1,649.47
13,496.70	5%	47 monthly installments of \$281.18 and a final payment of \$281.24
100,000.00	5%	47 monthly installments of \$2,083.33 and a final payment of \$2,083.49
10,000.00	4½%	120 monthly installments of \$103.64 including interest.

The four items of indebtedness will call for total monthly payments of \$4,117.45.

The company proposes to enter into a loan agreement with the Bank covering the extension of the time for payment of the \$79,166.57 indebtedness and the issue of the new note for \$100,000 and to execute a mortgage of chattels on thirty units of equipment to secure the payment. It proposes to execute a deed of trust covering certain real property in Emeryville to secure the payment of the \$10,000 note. It has filed the following

exhibits in this proceeding:

- Exhibit "A" - Copy of loan agreement
- Exhibit "B" - Copy of mortgage of chattels
- Exhibit "C" - Copy of note for \$100,000
- Exhibit "D" - Copy of note for \$10,000
- Exhibit "E" - Copy of decd of trust
- Exhibit "F" - Copy of conditional sale contract

It is of record that O.N.C. and the Bank have agreed, subject to the approval of the Commission, to extend as indicated the payment due under the conditional sale contract.

The monies to be received through the issue of the \$10,000 note will be used for the purpose of repairing and improving the terminal at Emeryville and through the issue of the \$100,000 note to pay for new equipment in the amount of \$22,843.92 and to provide additional working capital said to be necessary by reason of applicant's increasing volume of business.

A review of the company's financial statements indicates that it has need for additional funds to improve its cash position.

O R D E R

The Public Utilities Commission having considered the above entitled matter and being of the opinion that a public hearing is not 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 execution of the indentures referred to herein and the issue of notes is reasonably required for the purposes specified herein,

IT IS HEREBY ORDERED as follows:

1. Oregon Nevada California Fast Freight, Inc., after the effective date hereof and on or before September 30, 1947, may execute an agreement in, or substantially in, the same form as that filed in this proceeding as Exhibit "A", whereby, among other things, the time for payment of the balance of \$79,166.57 of the note authorized by Decision No. 37525, as amended, is extended as indicated in the preceding opinion, and may execute a mortgage of chattels, a note for \$100,000, a note for \$10,000 and a deed of trust in, or substantially in, the same form as those filed in this proceeding as Exhibit "B", Exhibit "C", Exhibit "D" and Exhibit "E", respectively, for the purpose of obtaining funds to pay for new equipment, to finance the cost of repairing and improving its Emeryville terminal facilities and to provide working capital. Said company in addition may enter into an agreement to extend the time for payment, as indicated in the preceding opinion, of the unpaid balance of \$13,496.70 under the conditional sale contract filed in this proceeding as Exhibit "F".

2. Oregon Nevada California Fast Freight, Inc. shall file a report, or reports, of the issue of the notes herein authorized and of the disposition of the proceeds, as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act.

Dated at San Francisco, California, this 28th day of June, 1947.

Harold P. Hulse
Justice J. G. Calver
W. H. Powell
R. J. [unclear]
Quinn T. [unclear]
 Commissioners

