

**ORIGINAL**

Decision No. 42212

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
OREGON NEVADA CALIFORNIA FAST FREIGHT,	:	Application
INC., a corporation, for authority to	)	No. 29768
execute chattel mortgages.	:	
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O P I N I O N

In this application, Oregon Nevada California Fast Freight, Inc. asks permission to issue two installment notes to Bank of America National Trust and Savings Association in the aggregate amount of \$260,000, and to execute two mortgages of chattels on certain of its equipment. One note will be in the principal amount of \$200,000, payable in thirty-six monthly installments with interest at the rate of 5% per annum, and the other in the principal amount of \$60,000, also payable in thirty-six monthly installments with interest at the rate of 5% per annum. The company proposes to use the \$260,000 for the following purposes:

To pay obligations to Anglo California National Bank	\$154,745.34
To pay for new and additional equipment	98,647.44
To provide working capital	<u>6,607.22</u>
Total	<u>\$260,000.00</u>

Applicant, according to its annual reports to the Commission, is a highway common carrier operating between San Francisco, Medford, Klamath Falls, North Bend, Coos Bay 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. In this application, it reports its operating revenues for the eight months' period ending August 31, 1948, at \$1,812,864.01 and its net income at \$144,626.05. It reports, as of August 31, 1948, its investment in operating property at \$1,053,621.27 with a reserve for depreciation of \$507,120.15, leaving net book value of \$546,501.12, and its investment in current assets at \$360,723.15. It reports outstanding capital stock of \$104,000, long-term indebtedness of \$288,935.49 and current liabilities of \$193,468.91.

By Decision No. 37525, dated December 5, 1944, the Commission authorized the company to execute a promissory note for \$200,000, payable over a period of four years, for the purpose of paying indebtedness, of financing the cost of equipment and of providing working capital. Thereafter, in Application No. 28524, filed on June 20, 1947, the company reported that there was an unpaid balance on said indebtedness in the amount of \$79,166.57. It asked for and, in the decision on said application, (Decision No. 40460, dated June 28, 1947) received permission to extend the time for payment of said balance over a period of four years. It also asked for and received permission to extend over a period of four years a balance of \$13,496.70 under a one-year conditional sales contract, and to issue an additional note for \$100,000, also payable over a period of four years, to finance the cost of terminal facilities, to pay for new equipment and to provide working capital.

In the present application, applicant reports that the unpaid balances on these three items have been reduced to

\$154,745.34. It desires at this time to issue its new notes to pay off said balances and also to obtain additional cash funds for its business and operations. It reports the necessity of using \$98,647.44 to pay for 18 units of equipment which are said to be necessary to enable it to respond to the public demands for service, and of using the remaining \$6,607.22 to increase its working capital. The additional working capital is said to be necessary in view of the increase in size of its business, and the requirements of that business on its cash balances to meet the increasing amounts of purchases necessary for tires, materials, supplies and other items, and to enable it to obtain cash discounts on such purchases.

A copy of the installment note for \$200,000 and the mortgage of chattels securing its payment has been filed in this proceeding as Exhibit "A", and a copy of the installment note for \$60,000 and the mortgage of chattels securing its payment as Exhibit "B". The documents appear to be in satisfactory form.

O R D E R

The Public Utilities Commission having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of notes in the aggregate amount of \$260,000 is reasonably required by Oregon Nevada California Fast Freight, Inc. for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

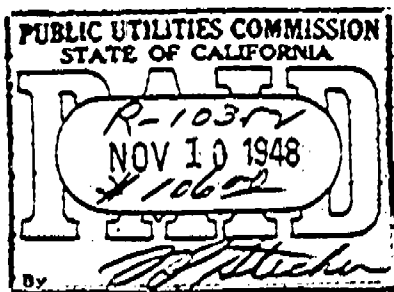
1. Oregon Nevada California Fast Freight, Inc., after the effective date hereof and on or before December 31, 1948, may issue two installment notes in the aggregate amount of \$260,000, payable as indicated in the foregoing opinion, and also execute two mortgages of chattels to secure the payment of said notes, said notes and said mortgages of chattels to be in, or substantially in, the same form as those filed in this proceeding.

2. Oregon Nevada California Fast Freight, Inc. shall use not more than \$154,745.34 of the proceeds to be realized through the issue of said notes to pay the indebtedness in favor of Anglo California National Bank, referred to in the foregoing opinion, \$98,647.44 to finance the cost of new and additional equipment and the remainder of said proceeds to improve and maintain its service.

3. Oregon Nevada California Fast Freight, Inc. shall file with the Commission reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

4. 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.

Dated at San Francisco, California, this 9<sup>th</sup> day of November, 1948.



*R. J. [unclear]*  
*Justin F. [unclear]*  
*[unclear]*  
*[unclear]*  
Commissioners