Mr. WILLIS. No, sir.

The CHAIRMAN. Either in the Senate or here?

Mr. WILLIS. No, sir.

Mr. KEITH. I would like to know the present method of financing.

Mr. WILLIS. The present method of financing in the water industry is by what they call preferred first mortgage.

In a case of bankruptcy under chapter 10, the lending institutions or the lendor finds himself in a position even though the carrier is not making payments on the equipment, he cannot physically repossess this equipment, the lending institution; whereas with the remaining trust certificates, remaining institution can repossess the equipment.

Mr. KEITH. How does it happen such legislation was not requested earlier?

They have had these certificates with the railroads for years.

Mr. WILLIS. I guess the railroads went to it because their financing was so vast and their requirements so great and, of course, the water industry at this point has just become large enough to seek this type of financing.

They were pretty well satisfied with the first preferred mortgage-type financing until recently where institutions have said, "Well, your rate would be possibly better and also the volume of financing would be under equipment trust."

Mr. KEITH. This would in effect free a lot of your capital for other purposes?

Mr. WILLIS. It would possibly amount to the same amount of capital because you are still obligated to the bonds as you are obligated to the mortgage.

Mr. WATSON. Actually, in essence does this not provide a central agency; namely, the Commission, for recordation of the indebtedness on any of your equipment?

Mr. WILLIS. That is correct.

Mr. WATSON. I assume the industry is going to prepare a standardized or do you have presently a standardized document or documents dealing with this particular matter?

What I am thinking of is this: The Commission will have to come up with various documents and so forth?

Mr. WILLIS. No.

Mr. WATSON. You will have the standardized version to impose a minimum burden upon the Commission and serving as a central recordation agency?

Mr. WILLIS. That is correct. There should be no additional cost to the ICC.

Mr. WATSON. Thank you very much.

The CHAIRMAN. Are there any further questions?

If not, thank you very much for coming before the committee and giving us your testimony.

Our next witness is Mr. Oscar Bakke, Acting Deputy Administrator, Federal Aviation Administration.

You are testifying on S. 2499.