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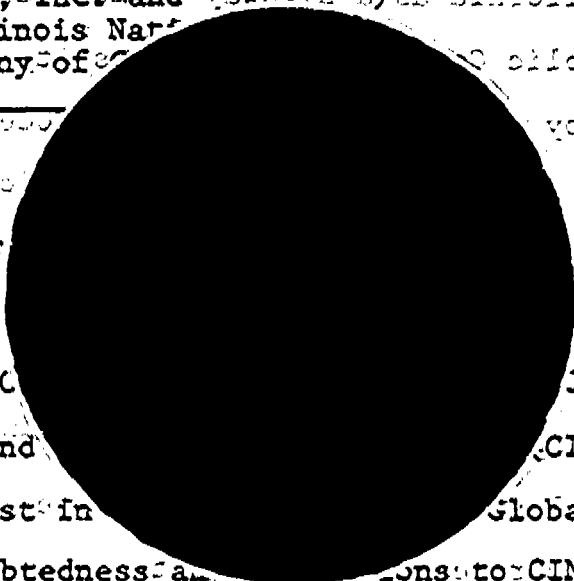
Decision 82 07 065 JUL 7 - 1982

Application 82-06-27

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of GLOBAL VAN LINES, INC. and UNITED CALIFORNIA EXPRESS AND STORAGE CO. for Authority pursuant to Section 830 of the California Public Utilities Code to assume obligations or liabilities in connection with the Credit Agreement dated as of September 24, 1981, between Global Services, Inc. and Continental Illinois National Bank and Trust Company of Chicago, Illinois, as agent for the

Application 82-06-27  
(Filed June 10, 1982)



Global Services, Inc. and United California Express and Storage Company, as Public Utilities (PU) of Continental Illinois National Bank and Trust Company (CINB), as continuing security interest in Global and United to secure the indebtedness of Global Services, Inc. (Services). Services is the record owner of all of the issued and outstanding capital stock of Global under a Credit Agreement dated September 24, 1981 between Services and CINB.

sub-sidiar-ies are licensed by the ICC, the Federal Maritime Commission, and the Civil Aeronautics Board as domestic freight forwarders, nonvessel ocean common carriers, and air freight forwarders.

United, a California corporation, operates as a moving and storage company which is a Global agent in Oakland.

United conducts C operations under a Certificate of Necessity (GC 754, File T-47,831) issued under Code Section 1063.5.

United also has a Commission authorizing it to operate as a highway contract carrier, an agricultural truck operator, and a livestock carrier.

Global is the owner of about 97% of the issued and outstanding capital stock of United.

Services, a Delaware corporation, is a privately held holding company which, under a merger effected on October 1, 1981 (the Merger) of a wholly owned subsidiary of Services with and into Global, is the record owner of all of the issued and outstanding capital stock of Global. On July 7, 1981, the Commission issued its Decision 93294 dated July 7, 1981 in Application 60611 which approved Services' acquisition of control of Global and of those Global subsidiaries holding operating authorities granted by the Commission (including United).

*CORRECTION*

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THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY

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Application No. 82-06-27

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of GLOBAL VAN LINES, INC. and UNITED CALIFORNIA EXPRESS AND STORAGE CO. for Authority pursuant to Section 830 of the California Public Utilities Code to assume obligations or liabilities in connection with the Credit Agreement dated as of September 24, 1981, between Global Services, Inc. and Continental Illinois National Bank and Trust Company of Chicago

Application 82-06-27  
(Filed June 10, 1982)

Global Van Lines, Inc. (Global) and United California Express and Storage Co. (United) request authority under Public Utilities (PU) Code Section 830, to grant to Continental Illinois National Bank and Trust Company of Chicago (CINB) a continuing security interest in certain property of Global and United to secure the indebtedness and obligations to CINB of Global Services, Inc. (Services). Services is the record owner of all of the issued and outstanding capital stock of Global under a Credit Agreement dated September 24, 1981 between Services and CINB.

Summary of Decision

82-4182

28 SW 12A

Decision

This decision grants Global and United the authority

requested in their application.

Notice of the filing of the application appeared on the

Commission's Daily Calendar of June 11, 1982. No protests have

been received.

Global, a Texas corporation, conducts intrastate

operations in California as a highway common carrier under a

Certificate of Public Convenience and Necessity (GC 290, File

T-35,230) issued by the Commission under PU Code Section T063.5.

Global also holds and operates under a household goods permit and a

highway contract carrier permit issued by this Commission.

Global is one of the nation's largest van lines and is

engaged in the movement, storage, and forwarding of household and

other goods in all 50 states. Global and its subsidiaries are

engaged almost exclusively in interstate commerce. Global operates

as a motor common carrier under authority issued by the Interstate

Commerce Commission (ICC) under Certificate MC-41098 and various

subnumbers. It also operates as a motor contract carrier under

Certificate MC-144860 and various subnumbers, and as a broker

under Certificate MC-136789 F issued by the ICC. Various Global

subsidaries are licensed by the ICC, the Federal Maritime Commission, and the Civil Aeronautics Board as domestic freight forwarders, nonvessel-ocean common carriers, and air freight forwarders. United, a California corporation, operates as a moving and storage company which serves as a Global Agent in Oakland. United conducts California intrastate operations under a Certificate of Public Convenience and Necessity (GC 754, File T-47,831) issued by the Commission under PU Code Section 1063.5. United also holds permits issued by this Commission authorizing it to operate as a household goods carrier, a highway contract carrier, an agricultural carrier, a dump truck operator, and a livestock carrier.

Global is the record owner of about 97% of the issued and outstanding capital stock of United.

Services, a Delaware corporation, is a privately held holding company which, under a merger effected on October 1, 1981 (the Merger) of a wholly owned subsidiary of Services with and into Global, is the record owner of all of the issued and outstanding capital stock of Global. On July 7, 1981, the Commission issued its Decision 93294 dated July 7, 1981 in Application 60611 which approved Services' acquisition of control of Global and of those Global subsidiaries holding operating authorities granted by the Commission (including United).

For the calendar year 1981, Global and United report in their Combined Revenue Data, Schedule II, that they generated total operating revenue of \$81,207,979 and net income of \$1,097,208. A total of 9.8% of this revenue was earned in California. The consolidated revenue of Services for eight months ended December 31, 1981 was \$58,402,000 and its net income was \$433,000.

United conducts California operations under a Certificate of Public Convenience and Necessity (CPCN) issued by the Commission under its Code Section 100.1-47.831. United also holds permits issued by the Commission authorizing it to operate as a household goods carrier, a truck operator, an agricultural carrier, a dump truck operator, and a livestock carrier.

Global is the record owner of about 8% of the shares outstanding capital stock of United. Services, a Delaware corporation, is a privately held holding company which, under a merger agreement with United (the Merger) of a wholly owned subsidiary of Services which was approved by the record owner of all of the issued and outstanding capital stock of Global. On July 7, 1981, the Commission issued its Decision 83284 dated July 7, 1981 in Application 8107 which approved Services' acquisition of control of Global and of Global's subsidiary holding operating assets. (Including United).

Balance Sheets for Global, United, and Services, as of December 31, 1981, are attached to the application as part of Exhibit IV, Exhibit V, and as part of the supplemental data provided the Commission. These are summarized as follows:

	<u>Global</u>	<u>United</u> <sup>1/</sup>	<u>Services</u> <sup>1/</sup>
<u>Assets</u>	(Consolidated)	(Consolidated)	(Consolidated)
Net Property, Plant, and Equipment	\$2,164,587	\$0	\$10,616,000
Investments in and Advances to Subsidiaries	\$679,779	0	0
Current Assets	13,994,965	1,682,409	15,159,000
Notes Receivable	8,359,496	0	4,206,000
Other Assets	74,355	143,417	146,000
<b>Total</b>	<b>\$26,273,326</b>	<b>\$2,369,276</b>	<b>\$30,427,000</b>
<u>Liabilities and Equity</u>			
Common Equity	\$9,572,610	\$1,901,198	\$14,211,000
Preferred Stock			3,000,000
Long-Term Debt	1,828,067	408,948	16,094,000
Current Liabilities	14,113,868	1,059,134	10,912,000
Deferred Liabilities	758,781	0	0
<b>Total</b>	<b>\$26,273,326</b>	<b>\$2,369,276</b>	<b>\$30,427,000</b>

<sup>1/</sup> Significant intercompany balances and transactions have been eliminated in consolidation.



On September 24, 1981, Services entered into the Credit Agreement with CINB, which provided for CINB to make (on behalf of Services) Revolving Loans, Eurodollar Advances, and to issue Letters of Credit (collectively referred to as CINB Credit Facility). The aggregate principal amount of the CINB Credit Facility is the lesser of (a) \$10,500,000 or (b) an amount equal to 75% of the balance due on certain accounts receivable of Global and United. As evidence of its indebtedness to CINB under the Credit Agreement, Services executed a promissory note (Note) dated October 1, 1981 payable to the order of CINB in the original principal amount of \$10,500,000.

Under the Credit Agreement, Global and United were each required to grant to CINB as Loan Collateral a security interest in all of their respective accounts receivable, contract rights, chattel paper, instruments evidencing an obligation to Global or United for goods sold or leased or services rendered and all current or future proceeds.

Under PU Code Section 830, Global and United may not assume any obligation or liability as guarantors of securities payable more than 12 months after the date of the transaction without the approval of the Commission. The grant by Global and United to CINB of a security interest in the Loan Collateral under the Credit Agreement is an assumption of an obligation or liability

of another person for purposes of PU Code Section 830. Since principal on the Note will be due on September 30, 1984, these securities would be payable 12 months after the date of the original transaction. The grant of the security interest requires the approval of the Commission.

In order to enable Services to obtain on October 1, 1981 an initial advance in the amount of \$7,200,000 and to obtain certain Letters of Credit, Services executed a Letter Agreement dated October 1, 1981 to CINB. Under this agreement, Services agreed that all obligations of Services under the Credit Agreement, the Note, or any other of the loan documents (including all due principal and accrued interest on the Note) would mature and become due and payable on July 31, 1982. Since the Letter Agreement changed the maturity date on the Note to make it payable at a time less than 12 months from the date of the transaction, Global and United were able to grant to CINB a security interest in the Loan Collateral under the Security Agreement dated October 1, 1981 among Global, United, and CINB without violating PU Code Section 830.

The application indicates that unless this Commission approves the grant of the security interest by July 31, 1982, the Credit Agreement will terminate on that date, and all sums lent under the CINB Credit Facility, including the Note, shall be immediately due and payable on July 31, 1982. Accordingly, in order to extend the term of the loans under the CINB Credit

Facility beyond the 10-month period ending July 31, 1982, the approval of this Commission is necessary for the granting of the security interest.

The application contains a summary of the terms of the CINB Credit Facility, which is attached to the application as Exhibit VII. In addition to the requirements that Global and United grant to CINB a security interest in the Loan Collateral, the CINB Credit Facility, the Note, and the Letters of Credit are secured by (a) the pledge by Services of all of the outstanding shares of Global and of GVL Equipment Company, a wholly-owned subsidiary of Services which is not a public utility under the PU Code and (b) a guaranty of indebtedness by a stockholder of Services, which pledge and guaranty were effected on October 1, 1982.

The application states that the funds provided by CINB under the CINB Credit Facility are used for three principal purposes as follows:

- 1. Services used the advance obtained on October 1, 1981 in the amount of \$7,200,000 (a) to refinance existing indebtedness of Global to Bank of America National Trust and Savings Association and (b) to provide working capital for Global and its subsidiaries (including United).

2. The CINB Credit Facility enabled Services to obtain, on October 1, 1981 certain Letters of Credit required to secure certain indebtedness and obligations of Services incurred in connection with the Merger.

3. The CINB Credit Facility will provide additional working capital for Global and its subsidiaries (including United).

On March 31, 1982, Services had advanced to Global for working capital and other general corporate purposes, \$6,400,000 from borrowings under the CINB Credit Facility, and of this amount, Global had advanced \$340,000 to United for working capital and other general purposes.

The application asserts that the Commission's grant of the authority sought in the application will be consistent with and will serve to further the public interest because the CINB Credit Facility provides Services with an additional \$3,500,000 of credit, and with certain other advantages over the credit facility that had been previously available to Global. Under the CINB Credit Facility, Services can elect, with certain restrictions, to borrow under a fluctuating rate or a fixed rate and CINB will provide certain cash management services. Since Global will not be the direct borrower under the CINB Credit Facility, as it had been under the prior credit facility, all of its assets will not be subject to the indebtedness. Services is primarily liable for the indebtedness. Only those assets of Global and United

comprising the Loan Collateral are subject to the CINB Credit Facility. In addition, the CINB Credit Facility is for a three-year term, and Services would not be required to obtain a new credit facility on an annual basis, thus protecting Services from the uncertainties of the credit market. The CINB Credit Facility will provide Services with greater financial flexibility with respect to Global and its subsidiaries in terms of expansion of business, future purchases of capital equipment, and other proposed major corporate expenditures.

The Commission's Revenue Requirements and Transportation Divisions have analyzed the effect of the financing provided under the Credit Agreement upon Global and United and have concluded that the funds to be provided and the security interests to be granted are required for the purposes stated in the application. These security interests will have no adverse affect upon the continued operations of Global and United or their service to the public.

All parties to this application request that the Commission's Order be made effective at the earliest possible date.

Findings of Fact

1. Global, a Texas corporation, and United, a California corporation, operate as highway common carriers under the jurisdiction of this Commission.

2. The guaranty by Global and United of the indebtedness of Services to CINB by the granting of a security interest to CINB in the Loan Collateral is not adverse to the public interest.

3. There is no known opposition to the application and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.

2. The assumption by Global and United of the indebtedness of Services to CINB by the granting of a security interest to CINB in the Loan Collateral should be granted.

The following order should be effective on the date of signature to enable Global and United to proceed expeditiously with their granting of a security interest to CINB in the Loan Collateral.

O R D E R

IT IS ORDERED that Global Van Lines, Inc. (Global) and United California Express and Storage Co. (United) are authorized to assume the indebtedness of Global Services, Inc. to Continental Illinois National Bank and Trust Company of Chicago (CINB) by the granting of a security interest to CINB in certain property of Global and United in the manner described in the application.

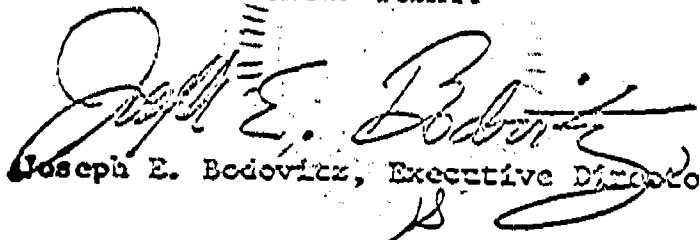
This order is effective today.

Dated JUL 7 1982, at San Francisco, California.

RICHARD D. GRAVELLE  
LEONARD M. GRIMES, JR.  
VICTOR CALVO  
PRISCILLA C. CREW  
Commissioners

Commissioner John E. Bryson,  
being necessarily absent, did  
not participate.

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

  
Joseph E. Bodovitz, Executive Director