

ORIGINALDecision 83 06 055 JUN 15 1983

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of DELTA LINES, INC., a California)
 corporation, CALIFORNIA MOTOR)
 TRANSPORT CO., a California)
 corporation, and McLEAN TRUCKING)
 COMPANY, a North Carolina)
 corporation, for authority (i) to)
 issue evidences of indebtedness)
 payable at periods of more than)
 12 months after the date thereof)
 pursuant to Section 818 of the)
 California Public Utilities Code,)
 (ii) to assume obligations or)
 liabilities as guarantor for the)
 indebtedness of other persons)
 pursuant to Section 830 of the)
 California Public Utilities Code,)
 and (iii) to mortgage or encumber)
 franchises or permits and other)
 property pursuant to Section 851)
 of the California Public Utilities)
 Code.)

Application 83-02-47
 (Filed February 22, 1983;
 Amended May 11, 1983)

O P I N I O N

In this application, in order to clearly identify the participants within each of the four groups participating in the application (the DCI Group; the McLean Group; the Merchants Group; and the Banks), a listing of each group showing its members, its direct or indirect subsidiaries, and/or affiliated companies is attached to this decision as Appendix I.

Delta Lines, Inc. (Delta) and California Motor Transport Co. (CMT) are California corporations and are members of the DCI Group. McLean Trucking Company (McLean) is a North Carolina corporation and a member of the McLean Group. Delta, CMT, and McLean (collectively referred to as Applicants) operate as highway common carriers under the jurisdiction of this Commission.

The Applicants request the Commission to make a determination regarding the following:

- 1.a. The Revolving Credit Agreement dated September 1, 1982, as amended on March 31, 1983 (DCI Agreement) (shown as Exhibits I and IX-a to the application with InterFirst Bank Dallas, N.A. (InterFirst), as Manager, and the Lender Banks (collectively referred to as the Banks) to borrow an aggregate principal amount of up to \$28,000,000, and
- b. The Reducing Line of Credit and Revolving Credit Agreement dated September 1, 1982, as amended on March 31, 1983 (the McLean Credit Agreement) (shown as Exhibits II and IX-b to the application) with the Banks to borrow an aggregate principal amount of up to \$52,500,000, are not within the scope of "other evidences of indebtedness" for the purposes of PU Code Section 818 and, therefore, no authorization is required for Delta and CMT to enter into the DCI Credit Agreement or for McLean to enter into the McLean Credit Agreement. In the alternative, the applicants request that if the Commission finds that the DCI Agreement and McLean Credit Agreement require authorization under PU Code Section 818, the Commission grant the authorization.

The Applicants also request authority, under Public Utilities (PU) Code Sections 830 and 851, to enter into the following proposed transactions:

- 1.a. For Delta, CMT, and McLean together with the other members of the DCI Group and the McLean Group:

To issue a Guaranty of Merchants Group Obligations dated September 1, 1982, as amended on March 31, 1983, (the Merchants Guaranty) (shown as Exhibits III and IX-e attached to the application) whereby each party guarantees the payment and performance of all obligations of each member of the Merchants Group under a Revolving Credit Agreement dated September 1, 1982, as amended on March 31, 1983, (the Merchants Credit Agreement) (shown as Exhibits IV and IX-c attached to the application) among the Merchants Group and the Banks under which the Merchants Group is allowed to borrow an aggregate principal amount of up to \$42,000,000;

- b. For each of Delta and CMT together with the other members of the DCI Group and the Merchants Group:

To issue a Guaranty of McLean Group obligations dated September 1, 1982, as amended on March 31, 1983, (the McLean Guaranty) (shown as Exhibits V and IX-e attached to the application) whereby each party guarantees the payment and performance of all obligations of each member of the McLean Group under the McLean Credit Agreement;

1. (Continued)

- c. For McLean together with other members of the McLean Group and with the Merchants Group:

To issue a Guaranty of DCI Group Obligations dated September 1, 1982, as amended on March 31, 1983, (the DCI Guaranty) (shown as Exhibits VI and IX-e attached to the application) whereby each party guarantees the payment and performance of all obligations of each member of the DCI Group (including Delta and CMT) under the DCI Credit Agreement;

- 2.a. For Delta, CMT, and McLean together with all of the members of the DCI Group, the McLean Group, and the Merchant's Group (collectively referred to as the Companies):

To enter into a Security Agreement dated September 1, 1982, as amended on March 31, 1983, (the Security Agreement) (shown as Exhibits VII and IX-d attached to the application) under which the Companies granted a security interest in favor of InterFirst, as Manager, for the benefit of the Banks (Lenders) in, among other things, (collectively referred to as collateral) the items shown as follows:

Company Accounts	Awards and Receipts
Contract Rights	General Intangibles
Insurance Claims	Chattel Paper

Present and future authorities and all rights, title, and interest under or by virtue of certificates of public convenience and necessity and similar certificates

Franchises and permits owned or held by each of the Companies in connection with its business; and

A.83-02-47 RR/KLH/ARM/WPSC**

2.b. For Delta:

- (i) To enter into a Deed of Trust and Mortgage dated September 1, 1982 (Mortgage) (shown as Exhibit VIII attached to the application) from Delta to John Ellis, Trustee, granting a Mortgage on certain real property (Real Property) owned by Delta and located in Mineral County, Nevada, and
- (ii) To issue a Deed of Trust and Mortgage dated September 1, 1982 (shown as Exhibit IX attached to the application) from Delta and DCI to John Ellis, Trustee; granting a Mortgage on certain Real Property owned by Delta and DCI and located in Nye County, Nevada.

Summary of Decision

This decision determines that the DCI Credit Agreement and the McLean Credit Agreement are not evidences of indebtedness for the purposes of PU Code Section 818, and therefore, no authorization of the Commission is needed for Delta and CMT to enter into the DCI Credit Agreement or for McLean to enter into the McLean Credit Agreement. In addition, this decision grants Delta, CMT, and McLean the other authority requested in their application.

Notice of the filing of the application appeared on the Commission's Daily Calendars of February 24 and May 16, 1983. No protests have been received. ✓

Delta is a highway common carrier transporting general commodities over regular routes and/or irregular routes in ten western states including California. Delta operates its interstate operations under authority issued by the Interstate Commerce

Commission (ICC) in Certificate MC-56640 and various sub-numbers. Delta conducts intrastate operations in California as a highway common carrier under Certificates of Public Convenience and Necessity issued by the Commission under PU Code Sections 1063 and 1063.5. Delta holds permits to operate as a highway contract carrier, tank truck carrier, and an agricultural carrier under File T-17666. ✓

CMT operates exclusively as an intrastate highway common carrier of general commodities under Certificates of Public Convenience and Necessity issued by the Commission under PU Code Sections 1063 and 1063.5. CMT also holds permits to operate as a highway contract carrier and as an agricultural carrier under File T-71805. ✓

McLean is a highway common carrier which transports general commodities over routes in 43 states, the District of Columbia, and British Columbia under authority issued by the ICC in Certificate MC-31389 and various sub-numbers and MC-F-13974. McLean operates its intrastate operations in California under File T-134559 as a highway common carrier under a Certificate of Public Convenience and Necessity granted by Decision 90459 dated June 19, 1979 in Application 58867. ✓

Delta, CMT, and McLean are direct or indirect subsidiaries of Meridian Express Company (Meridian), a Delaware corporation, which is a privately held holding company.

Attached to the application as Exhibits XVI, XVII, and XVIII are Statements of Income for Delta, CMT, and McLean for the calendar year 1982 showing they generated revenues and net income as shown below and reflecting the amount of revenues each report to have earned in California as follows:

	<u>Delta</u>	<u>CMT</u>	<u>McLean</u>
Revenues	\$ 126,548,945	\$2,280,712	\$ 491,892,024
Net Income	(2,776,106)	322,625	(22,813,547)
Amount of California Revenues	\$ 43,026,641	\$2,280,712	\$ 27,967,307
Percent of Total Revenues	34%	100%	7%

() Indicates loss

Also included as part of Exhibits XVI, XVII, and XVIII are Balance Sheets for Delta, CMT, and McLean as of December 31, 1982 summarized as follows:

<u>Assets</u>	<u>Delta</u>	<u>CMT</u> (000 Omitted)	<u>McLean</u>
Net Property	\$ 18,577	\$ 7	\$ 98,706
Investments in and Advances to Subsidiaries	50	-0-	18,013
Intercompany Accounts Receivable	-0-	1,071	56,390
Current Assets	17,827	1	59,770
Notes Receivable	-0-	-0-	3,384
Other Assets	(21)	-0-	3,126
Total	\$ 36,433	\$ 1,079	\$239,389
<u>Liabilities and Equity</u>			
Common Equity	\$ 2,617	\$ 804	\$ 79,152
Preferred Stock	-0-	-0-	-0-
Long-Term Debt	1,404	-0-	104,782
Current Liabilities	20,443	275	59,186
Deferred Liabilities	(3,830)	-0-	(3,731)
Intercompany Accounts Payable	15,799	-0-	-0-
Total	\$36,433	\$ 1,079	\$239,389

On September 1, 1982, Meridian acquired control of McLean through the merger (the Merger) of a wholly-owned subsidiary of Meridian, Meridian Acquisition Subsidiary, Inc., a North Carolina corporation (MAS), into McLean under an Agreement of Merger dated February 3, 1982 and the related Plan of Merger (shown as Exhibit XIX and Exhibit A attached to the application). After the Merger was consummated, McLean became a wholly-owned subsidiary of Meridian. Authority for the acquisition of control of McLean was granted by the ICC by order dated July 29, 1982, (shown as Exhibit XX attached to the application) under the ICC's exclusive jurisdiction over the transaction under 49 U.S.C. Section 11341.

The DCI Credit Agreement, the McLean Credit Agreement and the Merchants Credit Agreement, (collectively referred to as the Credit Agreements) were executed on September 1, 1982 and were each amended on March 31, 1983. The DCI Credit Agreement provides for the Banks to loan funds aggregating up to \$28,000,000; the McLean Credit Agreement provides for the Banks to loan funds aggregating up to \$52,500,000; and the Merchants Credit Agreement provides for the Banks to loan funds aggregating up to \$42,000,000, for an aggregate of \$122,500,000 under the Credit Agreements. The Credit Agreements did not include the issuance of any "securities" as

defined by the ICC and therefore did not require the approval of the ICC. The Credit Agreements are interrelated as follows:

1. A default under one of the Credit Agreements will be a default under the other Credit Agreements,
2. Each Credit Agreement requires each of the Companies not a party to a Credit Agreement to guarantee the obligations of the Companies that are parties to the Credit Agreement, and
3. Each Credit Agreement requires each of the Companies, in order to secure its obligations under the Credit Agreement and as a guarantor for the obligations of the other Companies under the Credit Agreements, to grant a security interest to the Banks in the Collateral and a Mortgage or lien on any unencumbered Real Property (and any encumbered Real Property with respect to which the granting of a Mortgage or lien to the Banks would not cause a default under any superior mortgage or lien).

Each Credit Agreement provides that the Banks' commitment to loan funds shall automatically terminate on July 15, 1983, unless the Commission approves the transactions requested by this application on or before that date. If the Commission approves the application, each Credit Agreement shall revert to its original termination options.

Under PU Code Section 818, any issuance by a public utility of any evidence of indebtedness payable at periods of more than 12 months after the date of issuance must be authorized by the Commission. The applicants request the Commission to determine that the DCI Credit Agreement and the McLean Credit Agreement are not "other evidences of indebtedness" for purposes of PU Code

Section 818, and therefore, authorization by the Commission is not required.

Under the Credit Agreements, no notes or other evidences of indebtedness were issued. Instead, Section 3.1 of each Credit Agreement states that the duty to repay the loan amount is evidenced solely by the Credit Agreement and the accompanying documents, but the obligation "shall not be evidenced by notes or other similar evidences of indebtedness." When advances are needed, the company involved makes an application for advance, but no other document evidences the transfer. The Credit Agreements are also unusual because they are revolving loans designed to meet fluctuating, short-term working capital needs. Since the amount of the loan balance fluctuates from time to time, a note could not accurately reflect the loan balance at any given time.

The phrase "other evidence of indebtedness," standing alone, maybe broad enough to encompass the DCI Credit Agreement and the McLean Credit Agreement. However, as we stated in In Re Application of Willig Freight Lines (Decision 82-06-080 dated June 15, 1982 in Application 82-04-18), the Legislature intended a narrower meaning to this phrase, so that it would encompass only things "of the same general nature as notes or bonds." In this case, the DCI Credit Agreement and the McLean Credit Agreement are not of the same general nature as notes or bonds, and therefore, these documents do not require our authorization under PU Code Section 818. ✓

Furthermore, there is no useful purpose in construing the phrase broadly in this case. We are dealing with the internal financing arrangements for a group of interrelated highway carriers and no harm to the public is engendered by this financing arrangement. In addition, it would be impractical to require the applicants to file an application each time it proposes to receive advances from the Banks.

Under PU Code Section 830, Delta, CMT, and McLean request the following authority:

1. Delta, CMT, and McLean to guarantee the payment and performance of the obligations of the Merchants Group under the Merchants Credit Agreement;
2. Delta and CMT to guarantee the payment and performance of the obligations of the McLean Group under the McLean Credit Agreement; and
3. McLean to guarantee the payment and performance of the obligations of the DCI Group under the DCI Credit Agreement.

Section 6.1 of each Credit Agreement requires each borrower under that particular Credit Agreement to cause each other Company which is not a party to that particular Credit Agreement to guarantee unconditionally the payment and performance of the parties to the Credit Agreement by executing a Guaranty. In order to fulfill this requirement, Delta, CMT, and McLean executed the

Merchants Guaranty; Delta and CMT executed the McLean Guaranty; and McLean executed the DCI Guaranty.

Under PU Code Section 830, no public utility may assume any obligation or liability as guarantor for the securities of any other person, when those securities are payable at periods of more than 12 months from the date of issuance, without the authorization of the Commission. The execution of the Merchants Guaranty, the McLean Guaranty, and the DCI Guaranty (collectively referred to as the Guaranties) constitutes the assumption of obligations or liabilities as guarantor for the securities of another person for purposes of PU Code Section 830. Since each Credit Agreement provides for an early termination on July 15, 1983 if the applicants are unable to secure the approval of the Commission to this application, the Applicants were able to execute the respective Guaranties to which each was a party without violating PU Code Section 830. If the Commission grants its approval, each Credit Agreement would revert to its original termination options. Accordingly, the Applicants request authority to execute their respective Guaranties in order to guarantee the obligations of the other Companies under their respective Credit Agreements, so that each Credit Agreement will revert to its original termination options rather than terminate on July 15, 1983.

The Applicants request authority, under PU Code Section 851, to enter into Agreements to secure their obligations as follows:

1. Delta and CMT will grant a security interest in their Collateral to secure their obligations under the DCI Credit Agreement, the Merchants Guaranty, and the McLean Guaranty;
2. McLean will grant a security interest in its Collateral to secure its obligations under the McLean Credit Agreements, the Merchants Guaranty, and the DCI Guaranty; and
3. Delta will grant a Mortgage on its Real Property to secure its obligations under the DCI Credit Agreement, the Merchants Guaranty, and the McLean Guaranty.

The grants of the security interests referred to above are required by Section 6.2 of each Credit Agreement.

PU Code Section 851 provides that no public utility shall sell, lease, assign, mortgage or otherwise dispose of, or encumber any franchise or permit or any part of its property "necessary or useful in the performance of its duties to the public" without first obtaining Commission approval. In order to avoid violating PU Code Section 851, Section 6.2(c) of each Credit Agreement recognizes that the Applicants are "public utilities" within the meaning of the Code and states that the Applicants shall not be required to grant a security interest in any Collateral which is operating rights, real property, or other property "necessary or useful in the performance of its duties to the public" within the

meaning of PU Code Section 851, unless and until the Commission grants its approval in this proceeding. Similarly, Section 3 of the Security Agreement repeats this same admonition regarding the Collateral owned by Delta and CMT (although McLean was inadvertently not included). These provisions were included in the Credit Agreements and the Security Agreement to enable them to become effective immediately on September 1, 1982. The Credit Agreements provide that unless the Commission authorizes the Applicant to grant these security interests, each Credit Agreement will terminate on July 15, 1983. If the Commission grants its approval in this proceeding, the term of each Credit Agreement will revert to its original termination options. Accordingly, the Applicants request authority under PU Code Section 851 to grant a security interest in their respective Collateral and, with respect to Delta, a Mortgage on its Real Property.

The application contains a summary of the terms of the Credit Agreements which are attached to the application as Exhibits I, II, and IV. The three Credit Agreements are substantially similar to one another.

The funds advanced by the Banks under the Credit Agreements are for four principal purposes as follows:

1. Under the terms of the Merger Agreement and the Related Plan of Merger, upon consummation of the Merger on September 1, 1982, each share of the common stock of McLean converted into the right to receive \$18 per share without interest. Since 5,637,992 shares of McLean common stock were outstanding on September 1, 1982, about \$101,500,000 was required to consummate the Merger. Of the amounts being advanced to each group under the Credit Agreements, a portion was loaned to Meridian to enable it to consummate the Merger. Meridian borrowed the following:
 - a. \$21,000,000 from the DCI Group, with indebtedness being evidenced by a promissory note of Meridian payable to the DCI Group in the aggregate principal amount of \$21,000,000;
 - b. \$47,000,000 from the McLean Group, with the indebtedness being evidenced by a promissory note of Meridian payable to the McLean Group in the aggregate principal amount of \$47,000,000; and
 - c. \$37,000,000 from the Merchants Group, with the indebtedness being evidenced by a promissory note of Meridian payable to the Merchants Group in the aggregate principal amount of \$37,000,000,

The aggregate principle amount borrowed by Meridian totals \$105,000,000;

2. The funds were used to retire certain indebtedness of Meridian, which had been borrowed for use by the DCI Group. Meridian entered into a \$37,000,000 Revolving Credit Agreement and a \$13,000,000 Line of Credit Agreement (the Prior Credit Agreements) both dated June 25, 1981 among InterFirst (formerly the First National Bank in Dallas), Texas Commercial Bank National Association (TCB), and Union Bank (Union).

2. (Continued)

Delta and CMT guaranteed the indebtedness of Meridian under these Prior Credit Agreements under Decision 93823 dated December 1, 1981 in Application 60974. A portion of the funds advanced under the DCI Credit Agreement, along with other funds of Meridian, were used to retire these Prior Credit Agreements. This rearrangement of indebtedness allows the debt to be shifted from Meridian, the parent company, to the Company actually using the funds and supplying the Collateral to secure the loan;

3. The funds were used to retire certain indebtedness of McLean in order to obtain the better financing under the McLean Credit Agreement. Prior to the Merger, McLean had entered into a Credit Agreement dated December 15, 1980 the Prior McLean Loan between McLean and Chase Manhattan Bank (Chase) whereby Chase loaned \$40,000,000 to McLean. A portion of the funds advanced under the McLean Credit Agreement, along with other funds of Meridian, were used to retire the Prior McLean Loan. This retirement allowed McLean to obtain the larger credit facility offered by the McLean Credit Agreement; and
4. The funds were used to provide additional working capital for all of the Companies; including Delta, CMT, and McLean. This capital is necessary to acquire operating equipment to upgrade the fleets in each group.

The application asserts that the Commission's grant of the authority sought in this application will be consistent with and will serve to further the public interest.

As stated above, a portion of the amounts advanced under the Credit Agreements will be used to finance the Merger. The DCI Group, the McLean Group, and the Merchants Group are operated by Meridian as three separate regional systems of highway common carriers but under common overall management. The three systems do not compete with one another and actually provide complementary

services. McLean is primarily a transcontinental, long-haul carrier, whereas both DCI and Merchants are short-haul regional carriers. The application states that with the unified control of the three systems, there are greater opportunities to provide improved single-system services between their respective territories on a national basis, which with the advent of deregulation of the trucking industry by the ICC, is a necessity in order for a carrier to remain profitable. The application states that the trucking industry in recent years has been affected substantially by deregulation and a poor economic climate, resulting in greatly decreased profitability for the trucking industry overall. This trend has been demonstrated by the reduced profits and increasingly large losses (in certain instances resulting in bankruptcy) of a significant number of carriers. The addition of McLean to the Meridian system and the resulting integration of the three carrier groups will allow Meridian to provide nationwide carrier service, which can be expected to increase the profitability of the three systems and allow increased service to the public.

In addition, the application states that the structure of the Credit Agreements allows each carrier group to have its own financing package rather than having to rely on Meridian for funds. The interlocking features of the Credit Agreements allows the companies to obtain more credit overall than each group would have

been able to obtain individually. This feature was especially important in light of the tight credit market in effect at the time the Credit Agreements were being negotiated.

The application states that the Credit Agreements were the subject of intense negotiation on all sides, as can be seen from the complexity of each Credit Agreement and the interlocking relationships among them. If this application is not approved by the Commission, the commitment of the Banks to lend money under each Credit Agreement will terminate on July 15, 1983. Upon this event, Meridian, the DCI Group, the McLean Group, and the Merchants Group would be forced to obtain other financing upon short notice and, in view of the size and complexity of the Credit Agreements, would have substantial difficulty in obtaining a credit facility competitive to the ones presently in place.

Under the terms of each Credit Agreement, the commitments of the Banks will expire on July 15, 1983, unless prior to this time the Commission grants the authorization requested in this application. In the event that the authorization is denied or delayed beyond July 15, 1983, a credit facility, similar to that provided by the Credit Agreements, would have to be obtained. In view of the complexity and size of the Credit Agreements, the applicants believe that it would take considerable time for the companies to obtain a financial institution willing to lend funds on the same or substantially similar terms as that set forth in the

Credit Agreements and to have this new credit facility in place so as to allow the present Credit Agreements to be refinanced on the termination date.

The application states that in view of the existing credit climate in the United States, it is doubtful whether, in a short period of time, the companies could adequately negotiate a credit facility substantially similar to the Credit Agreements from another financial institution. Therefore, if the companies were required to refinance the Credit Agreements with another credit facility, this refinancing might subject Delta, CMT, and McLean, as well as the other companies, to increased costs for this credit.

The Commission's Revenue Requirements and Transportation Divisions have analyzed the effect of the financing provided under the Credit Agreements upon Delta, CMT, and McLean 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. The applicants assert that granting these security interests will have no adverse effect upon the continued operations of Delta, CMT, and McLean or their service to the public.

The Commission's Legal Division also reviewed the application and determined that the DCI Credit Agreement and the McLean Credit Agreement are not evidences of indebtedness for purposes of PU Code Section 818, and therefore, no authorization

of the Commission is needed for Delta and CMT to enter into these agreements.

Because of time constraints, all parties to this application request that the Commission's order be made effective at the earliest possible date.

Findings of Fact

1. Delta and CMT, both California corporations, and McLean, a North Carolina corporation, operate as highway common carriers under the jurisdiction of this Commission.

2. Delta, CMT, and McLean have need for external funds for the purposes set forth in the application.

3. The money, property, or labor to be procured or paid for by the proposed evidences of indebtedness is reasonably required for the purposes specified in the application.

4. Delta, CMT, and McLean's guaranties of the indebtedness of other Companies is not adverse to the public interest.

5. The granting of a security interest in Collateral to the Banks by Delta, CMT, and McLean is not adverse to the public interest.

6. 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 DCI Credit Agreement and the McLean Credit Agreement are not notes, bonds, or other evidences of indebtedness as these terms are used in PU Code Section 818.
3. The execution by Delta and CMT of the DCI Credit Agreement, and the execution by McLean of the McLean Credit Agreement, does not require authorization from the Commission.
4. The assumption by Delta, CMT, and McLean of the indebtedness of the other Companies by the granting of a security interest to the Banks in their Collateral should be granted.
5. The assumption by Delta of the indebtedness of the other Companies by the granting of a Mortgage on the Real Property should be granted.
6. The application should be granted to the extent set forth in the order which follows.

Applicants requested an order to be effective immediately to permit them to complete their financial transaction on July 15, 1983. The following order should be effective on the date of signature to enable Delta, CMT, and McLean to proceed with their financings expeditiously.

O R D E R

IT IS ORDERED that:

1. Delta Lines, Inc. (Delta); California Motor Transport, Co. (CMT), and McLean Trucking Company (McLean) are authorized to assume the obligations or liabilities as guarantors for the indebtedness of other companies among the DCI Group, McLean Group, and Merchants Group to the extent of up to the aggregate principal amount of \$122,500,000.

2. Delta, CMT, and McLean may encumber their franchises, permits, and other assets as specified in the application as Collateral and may Mortgage certain Real Property to the Banks for security interest.

This order is effective today.

Dated JUN 15 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO

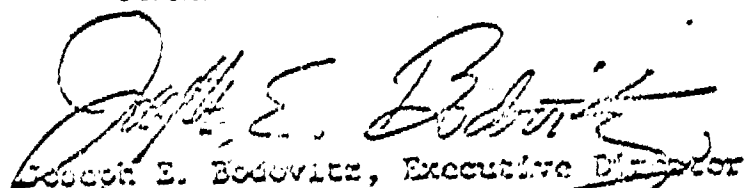
PRISCILLA C. GREW

DONALD VIAL

WILLIAM T. BAGLEY

Commissioners

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


Joseph E. Bodovitz, Executive Director

APPENDIX I

LISTING OF PARTICIPANTS

DCI GROUP

Delta California Industries, Inc. (DCI), a Delaware corporation.
*Delta Lines, Inc. (Delta), a California corporation
*California Motor Transport Co. (CMT), a California corporation
Thunderbird Southwest Corporation (TSW), an Arizona corporation
Distribution Concepts, Inc. (Distribution), a California corporation
Delta Mountain Express, Inc. (DMS), a Delaware corporation
Delta Mountain Properties, Inc. (DMP), a Delaware corporation
Thunderbird Freight Lines, Inc. (Thunderbird Freight), an Arizona corporation
Wycoff Properties, Inc. (WPI), a Utah corporation
Wycoff Company, Incorporated (WCI), a Utah corporation

THE MERCHANTS GROUP

Merchants, Inc. (Merchants), a Delaware corporation
Meridian Lines, Incorporated (MLI), a Delaware corporation
Menard, Inc. (Menard), a Delaware corporation
Merchants Fast Motor Lines, Inc. (MFML), a Delaware corporation
Gypsum Transport, Inc. (Gypsum), a Delaware corporation
Oil Transport Company (OTC), a Nevada corporation
Meridian Valley Express Company (MVE), a Delaware corporation
McLean Forwarding, Inc. (Forwarding), a North Carolina corporation
Nevada-California corporation, Inc. (NCE), a Nevada corporation
Redstone Corporation (Redstone), a Texas corporation
Alamo Express Co. (Express), a Texas corporation
Alamo Cartage Co. (Cartage), a Texas corporation
Travis Transportation, Inc., (Travis), a Pennsylvania corporation
Cromwell Leasing Corporation (Cromwell), a Texas corporation
W&H Investment Co. (W&H), a Texas corporation

* Denotes Applicants

APPENDIX I
(Continued)

LISTING OF PARTICIPANTS

MCLEAN GROUP

THE BANKS

*McLean Trucking Company (McLean), Manager:

a North Carolina corporation
Salem Contract Carrier, Inc.
(Salem), a North Carolina
corporation

InterFirst Bank Dallas, N.A.
(InterFirst)

Pride Cargo Carriers, Inc.
(Pride), a North Carolina
corporation

Lenders:

Houston Trailer & Truck Body,
Inc. (HTTB), a Texas corpora-
tion

InterFirst (above)
Texas Commerce Bank National
Association (TCB)

Malja Corporation (Malja), a
North Carolina corporation
116528 Canada Ltd. (116528), a
Canadian corporation

Union Bank (Union)
Exchange National Bank of
Chicago (Exchange)

* Denotes Applicants.