

Decision No. 20785

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

Application of WILLIAM L. CARPENTER, )  
doing business under the fictitious )  
names and styles of ARGONNE VAN )  
LINES and ARGONNE VAN AND STORAGE )  
COMPANY, to sell, and THE NEAL )  
STORAGE COMPANY, a corporation, to )  
purchase, the highway common carrier )  
operations of the Seller. )  
----- )

Application  
No. 27444

O P I N I O N

In this application, the Commission is asked to make its order authorizing William L. Carpenter, doing business under the fictitious names and styles of Argonne Van Lines and Argonne Van and Storage Company, to sell his common carrier operative rights and truck equipment to The Neal Storage Company. The latter asks permission to issue two 4% installment notes, one for \$25,000 and the other for \$30,000, and execute a deed of trust to secure the payment of the latter note.

Applicant William L. Carpenter is engaged in transporting household goods and related items under the authority granted by Decision No. 26992, dated April 30, 1934, as amended by Decision No. 31061, dated June 28, 1938, in Application No. 18633. He also holds a permit granted by the Interstate Commerce Commission on December 2, 1943, in Docket No. MC 68567. The Interstate Commerce Commission permit authorizes him to transport in interstate or foreign commerce between points and places in California, household goods as defined in Practices of Motor Carriers of Household Goods, 17 MCC 467.

He has entered into an agreement to sell his common carrier operative rights, trucking equipment, warehouse properties, and certain other properties and business to The Neal Storage Company for \$150,000. The value of the properties is reported by applicants as follows:

Land	\$ 9,333.00
Warehouse buildings	74,460.73
Warehouse equipment	2,880.18
Truck equipment	15,900.00
Residence	6,081.64
Intrastate operative right	20,672.00
Interstate operative right	20,672.00
Total	<u>\$149,999.55</u>

For 1945, W. L. Carpenter reports operating revenues of \$84,989.34 and operating expenses of \$73,329.60, leaving a net operating revenue of \$11,659.74. His revenues from other operations are reported at \$18,202.66 and his non-operating expenses at \$3,426.63. His profit for the year is reported at \$26,253.77.

The Neal Storage Company is a corporation organized under the laws of Ohio. On June 13, 1942, the Interstate Commerce Commission granted it a permit to transport in interstate and foreign commerce, household goods as defined in Practices of Motor Carriers of Household Goods, 17 MCC 467, over irregular routes between points and places in Cuyahoga County, Ohio, on the one hand, and on the other hand, points and places in Ohio, Pennsylvania and New York, traversing West Virginia for operating conveniences. The Neal Storage Company submits the following profit and loss statement for the year 1945:

<u>Income</u>		
Storage Department		\$189,162.07
Hauling Department		154,324.87
Packing Department		126,511.13
Home Service Department		<u>88,071.79</u>
Gross Income		\$558,069.86
<u>Direct Expense</u>		
Storage Department	\$114,301.18	
Hauling Department	97,401.18	
Packing Department	68,449.16	
Home Service Department	<u>75,688.54</u>	
Total Direct Expense		355,840.06
Gross Profit		202,229.80
Selling Expense	\$ 35,350.55	
Administrative Expense	<u>116,306.26</u>	
	\$151,656.81	
Less: Discounts & Miscellaneous Income	<u>1,312.54</u>	<u>150,344.27</u>
Net Profit Before Taxes		\$ 51,885.53
Provision for Federal Income Taxes		<u>37,402.58</u>
Net Profit for the Period		<u>\$ 14,482.95</u>

Under the terms of the agreement of sale which is filed in this application as Exhibit "C", The Neal Storage Company agrees to pay W. L. Carpenter \$40,000 in cash and deliver to him two notes, one for \$25,000 and the other for \$80,000. Both notes are payable in installments aggregating not less than \$15,000 the first year, and not less than \$10,000 per annum thereafter, the said payments to be applied equally upon the notes so long as any unpaid balance shall remain upon both, and upon payment in full of one of the notes the payments are to be applied to the remaining note outstanding. The notes bear interest at the rate of 4% per annum on the unpaid balances. The payment of the \$80,000 note will be secured by a deed of trust which will be a lien on the real property being acquired by The Neal Storage Company. A copy of the deed of trust and notes are on file in

this application as Exhibit "E-1".

It is buyer's intention to remodel, renovate and supplement the existing facilities of W. L. Carpenter to the extent necessary to carry on an efficient transportation business.

The Neal Storage Company shall keep an office in California and maintain at such office accounting records showing its investment in properties in California and its California operating revenues and operating expenses. It shall keep its accounts in the manner prescribed by the Railroad Commission and be prepared to attach schedules to its annual reports showing the results of its operations in California. The values which have been assigned to operative rights should be charged to Account 1550--Other Intangible Capital (Account 155--Other Intangible Capital--in system of accounts for class II carriers), and amortized over a period of not exceeding five years.

The Neal Storage Company is hereby placed upon notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, they extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be changed or destroyed at any time by the State, which is not in any respect limited to the number of rights which may be given.

The action taken herein shall not be construed to be a finding of value of the properties herein authorized to be transferred.

O R D E R

The Commission has considered applicants' request and is of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for through the issue of the notes herein authorized is reasonably required for the purposes herein stated, and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. William L. Carpenter, doing business under the fictitious names and styles of Argonne Van Lines and Argonne Van and Storage Company, may, after the effective date hereof and on or before September 30, 1946, sell and transfer to The Neal Storage Company the operative rights, property, equipment and business to which reference is made in this application, subject to the terms and conditions of the agreement of sale filed in this application as Exhibit "C".

2. The Neal Storage Company may, after the effective date hereof and on or before September 30, 1946, acquire and operate said properties, issue to William L. Carpenter its promissory notes, one for \$25,000, the other for \$80,000, and execute a deed of trust to secure the payment of the \$80,000 note, said notes and said deed of trust to be in, or substantially in, the same form as those on file in this application as Exhibit "E-1", said notes to be issued in accordance with the terms of the agreement of sale on file in this application as Exhibit "C".

3. Applicants shall comply with the provisions of General Order No. 80 and Part IV of General Order No. 93-A by

filing, in triplicate, and concurrently making effective, appropriate tariffs and time tables within sixty (60) days from the date hereof and on not less than one (1) day's notice to the Commission and to the public.

4. The authority herein granted will become effective when The Neal Storage Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Hundred Five (\$105.00) Dollars.

5. Within thirty (30) days after the issue of the notes herein authorized, The Neal Storage Company shall file with the Railroad Commission a true and correct copy of said notes and a copy of the deed of trust, executed to secure the payment of said notes.

6. Before recording the acquisition of said properties on its books, The Neal Storage Company shall submit the related journal entries in duplicate for approval.

Dated at Los Angeles, California, this 25<sup>th</sup> day of June, 1946.

David Rubin  
Justus F. Calver  
Francis J. ...  
...  
Harold P. Hull  
Commissioners

