

Decision No. 80669

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of UNION TERMINAL WAREHOUSE, a
corporation, to sell the whole of
its property, to sell its ware-
houseman certificate of public
convenience and necessity, and
to sell its operating permits to
SANTA MONICA LEASE, INC., a
corporation.

Application No. 53486
(Filed August 2, 1972)

O P I N I O N

Both applicant and purchaser are California corporations headquartered in Los Angeles. Union Terminal Warehouse holds a certificate as a public utility warehouseman under authority of Decision No. 74579, in Application No. 50339, and operates 377,295 square feet of warehouse space in Los Angeles and 119,880 square feet in the City of Vernon. It also provides warehouse cartage operations in the Los Angeles Basin Territory as a highway contract carrier, Permit No. 19-579, issued June 11, 1963, and as a radial highway common carrier, Permit No. 19-42229, issued June 11, 1963.

Santa Monica Lease, Inc. is presently not engaged in any business activity. It is a wholly owned subsidiary of Leaseway Transportation Corporation (hereinafter referred to as Leaseway), which has been in the warehouse business for eight years, with its principal office in Cleveland, Ohio, where it operates over 2-1/2 million square feet of public warehouse space.

The agreement of sale dated July 10, 1972 is attached to the application. Under its terms Union Terminal will sell all equipment, furniture, furnishings, materials and supplies for \$212,000; the certificate of public convenience and necessity to operate as a public utility warehouseman for \$29,500; the two highway carrier permits for \$500; and the use of the name

"Union Terminal Warehouse," along with goodwill, for \$145,000. Santa Monica Lease, Inc. is to pay the entire purchase price on the date its newly issued tariffs become effective.

It is alleged that the funds to purchase and operate the business will be provided by Leaseway. The latter will also provide financial assistance and experienced management. The purchaser will continue to provide service to all of the seller's customers and no public inconvenience will result from the sale.

A copy of the Leaseway 1971 Annual Report is attached to the application as Exhibit No. 7. It indicates revenues of 330 million dollars for 1971, with a net of 13 million dollars. The report reveals that Leaseway operates over extensive areas in the United States and Puerto Rico. Santa Monica Lease, Inc. was formed in 1961 as a service leasing company and its operation was discontinued in 1963. It has not been in business since and does not have a balance sheet or profit and loss statement.

The application was served in accordance with the Commission's procedural rules and was published in the Commission's Daily Calendar. No protests have been received.

After consideration the Commission finds that the proposed transfer would not be adverse to the public interest and concludes that it should be authorized. A public hearing is not necessary. The order which follows will provide for, in the event the transfer is consummated, the revocation of the certificate presently held by Union Terminal Warehouse and the issuance of a certificate in appendix form to Santa Monica Lease, Inc.

Santa Monica Lease, Inc. is hereby placed on 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, such rights extend to the holder a full or partial monopoly of a particular class of business. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

The authorization herein granted shall not be construed as a finding of the value of the rights or property herein authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. On or before January 1, 1973, Union Terminal Warehouse may sell and transfer, and Santa Monica Lease, Inc. may purchase and acquire, the operative rights and property referred to in the application.
2. Within thirty days after the consummation of the transfer herein authorized, purchaser shall notify the Commission, in writing, of that fact and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect said transfer.
3. Purchaser shall amend or reissue the tariffs on file with the Commission, naming rates and rules governing the warehouse operations herein to show that it has adopted or established, as its own, said rates and rules. The tariff filings shall be made effective not earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and the public, and the effective date of the tariff filings shall be concurrent with the consummation of the transfer herein authorized. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 61-A. Failure to comply with and observe the provisions of General Order No. 61-A may result in a cancellation of the operating authority granted by this decision.

4. On or before the end of the third month after the consummation of the transfer as herein authorized, purchaser shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report, or reports, related to the operations of the seller for the period commencing with the first day of the current fiscal year to and including the effective date of the transfer.

5. In the event the transfer authorized in paragraph 1 hereof is consummated, a certificate of public convenience and necessity is granted to Santa Monica Lease, Inc., a corporation, as a public utility warehouseman, as defined in Section 239(b) of the Public Utilities Code, for the operation of storage or warehouse floor space as set forth in Appendix A attached hereto and made a part hereof.

6. The certificate of public convenience and necessity granted in paragraph 5 of this order shall supersede the certificate of public convenience and necessity granted by Decision No. 74579 which certificate is revoked effective concurrently with the effective date of the tariff filings required by paragraph 3 hereof.

7. Within thirty days after the transfer herein authorized is consummated, purchaser shall file a written acceptance of the certificate herein granted. Purchaser is placed on notice that,

if it accepts the certificate of public convenience and necessity herein granted, it will be required, among other things, to file annual reports of its operations.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 23rd day of OCTOBER, 1972.

Vernon L. Sturgeon
President
Leg. Dir. Sturgeon
John W. Sturgeon
Commissioners

Santa Monica Lease, Inc., is authorized to operate as a public utility warehouseman for the operation of storage or warehouse floor space as follows:

<u>Location</u>	<u>Number of Square Feet of Floor Space</u>
Los Angeles	377,295
Vernon	119,880

(The floor space shown above is exclusive of the expansion permissible under Section 1051 of the Public Utilities Code.)

(END OF APPENDIX A)

Issued by California Public Utilities Commission.

Decision No. 80669, Application No. 53486.