

ORIGINAL

Decision No. 17887.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of)
 H. T. HEMPSTEAD and N. F. RAWLINS,)
 Co-partners doing business under the :
 firm name and style of SAN FRANCISCO- : Application No. 7861
 OAKLAND-LOS ANGELES TRANSPORTATION)
 COMPANY, for a certificate of public :
 convenience and necessity. :
)

Devlin and Brookman, for Applicants.
 Clyde R. Burr for Los Angeles Steamship
 Company, Protestant.
 H. W. Kidd and F. W. Howell, for Motor Transit
 Company, Protestant.
 N. C. Folsom for Pickwick Stages, Northern
 Division, Protestant.
 Henley C. Booth, F. B. Austin and J. E. Lyons
 for Southern Pacific Company,
 Protestant.
 Platt Kent and B. Levy for Atchison, Topeka &
 Santa Fe Railway Company,
 Protestant.
 Nutter, Hamcock and Rutherford, by John Hamcock
 for California Transit Company and
 Valley Transit Company, Protestants.
 A. L. Whittle for San Francisco-Oakland Terminal
 Railways, Protestant.
 P. J. Wilson, T. J. Applegate, D. R. Payne,
 W. W. Adams and T. J. McGinty for Order of Railway
 Conductors, Protestant.

BY THE COMMISSION:

OPINION

H. T. Hempstead and N. F. Rawlings, co-partners pro-
 posing to do business under the firm name and style of San Francisco-
 Oakland-Los Angeles Transportation Company, have petitioned the
 Railroad Commission for an order declaring that public convenience
 and necessity require the operation by them of a through automobile

transportation service between San Francisco, Oakland and Los Angeles via the so-called "Valley Route", no authority being requested for local service between San Francisco and Oakland, nor any service to or between points intermediate on such route between Oakland and Los Angeles.

Public hearings on this application were conducted by Examiner Handford at San Francisco and Los Angeles, the matter was duly submitted following briefs filed by counsel for protestants and is now ready for decision.

Applicants propose to operate on a schedule of two round trips, daily, leaving the terminals of San Francisco and Los Angeles at 7:00 A.M. and 4:00 P.M. and arriving at the opposite terminal at 11:30 P.M. and 8:30 A.M. The rate proposed is \$12.00 for the one-way fare. The equipment proposed to be used consists of touring cars, each of eight-passenger capacity and of the Packard and Pierce-Arrow types. The route proposed is over the so-called "Valley Route" from San Francisco to Oakland via the Creek Route Ferry of the Southern Pacific Company; thence via the State Highway through Dublin Canyon, Altamont Pass, San Joaquin Valley, Ridge Route, through San Fernando Valley to Los Angeles.

Applicants rely as justification for the granting of the desired certificate upon the following alleged facts. That the service proposed is of an entirely new and different character than that now afforded to the public by any carrier operating through the proposed territory; that there is a public demand for the service which is not satisfied by any existing service and cannot be satisfied by any existing service for the reason that the existing service does not afford the public the character of service or the conveniences proposed by applicants. Further

allegations in support of the application and which are relied upon as justification for the granting of the desired certificate are the proposed through auto service without change; the elimination of present existing inconvenience to passengers by being required to personally handle their baggage at points of transfer; the use of a character of equipment more convenient and comfortable to the public demanding through auto service between the proposed points; and a rate less than the existing rates charged for transportation between the termini. Applicants further allege that the existing stage lines have heretofore failed to and are not now offering service adequate to the public or of the character necessary to meet the demands of the public desiring through service, and that the authorization of the proposed service will not to any consequential extent, if at all, prejudicially affect the business of existing stage lines.

Mr. N. F. Rawlings, one of the applicants, testified as to the type of equipment proposed to be operated and as to the method of the operation. This witness stated that it was proposed to operate service cars in connection with the regular passenger cars such service cars to be operated by a mechanical expert and to carry such spare parts as would be necessary for the prompt repair of break downs or equipment failures, and that such repair cars would accompany passenger cars whenever three cars or more were dispatched on any one schedule. This witness further testified that he had personally made the trip over the route to ascertain that the schedule proposed was feasible and could be adhered to in regular operation without exceeding the legal speed restrictions. This witness estimates the operating cost to be sixteen cents per car mile, such amount including taxes, depreciation and all items of expense.

Applicants presented 42 witnesses who testified as to inquiries that had been made of them for stage service of the type proposed between San Francisco and Los Angeles. These witnesses, located in San Francisco and Los Angeles, were hotel clerks and employees, dispatchers and drivers of rent cars and taxicab companies. An analysis of the testimony of this large number of witnesses shows that inquiries have been made, and in greatest volume at Los Angeles, for through touring car service between the points proposed to be served. No definite testimony appears covering the reason for the frequent inquiries which aggregate approximately forty per day. There was no evidence offered by applicants from witnesses who personally desired the character of service herein proposed, or having complaints as to the comfort, convenience, rates or service as rendered by the rail, steamer, or motor stage lines now operating.

The granting of the desired certificate is protested by the Los Angeles Steamship Company, the Southern Pacific Company, Motor Transit Company, Pickwick Stages, Northern Division, Valley Transit Company, California Transit Company, San Francisco-Oakland Terminal Railways, The Atchison, Topeka & Santa Fe Railway Company and the Order of Railway Conductors.

Protestants presented 32 witnesses who testified regarding the alleged demand of the public for through touring car service between San Francisco and Los Angeles as proposed by the applicants. These witnesses were connected with hotels, information bureaus, automobile livery and taxicab companies in both Los Angeles and San Francisco. But one witness, a hotel clerk in Oakland, had ever heard any request for such kind of service and testified that he had two such inquiries in a period of three months.

Witnesses for protestants testified as to the service, equipment and schedules now operated between Los Angeles and San Francisco. The present schedules of existing carriers offer the following service to the public:

	<u>Rail</u> <u>Round Trips</u>	<u>Motor</u> <u>Round Trips</u>
Southern Pacific Co. via Coast Line San Joaquin Valley	4 daily, 1 Fri.&Sat. 4 daily.	
Pickwick Stages-No. Div. via Coast Line		5 daily
Motor Transit Co- Valley Transit Co.-California Transit Co. via Valley Line		5 daily

Note: Two round trips of Pickwick Stages, No.Div. are through trips. One northbound and two southbound trips of Motor Transit-Valley Transit-California Transit are through schedules.

A comparison of the rates as proposed by applicants with the rates of protesting carriers is as follows:

<u>Applicant</u>	<u>One Way</u>	<u>Round Trip</u> <u>No stop-</u> <u>over 30</u> <u>day limit.</u>	<u>Round Trip</u> <u>Stop-over</u> <u>en route</u> <u>60 day limit.</u>
Pickwick Stages, No. Div.	\$12.00		
Southern Pacific Co.	12.85	\$20.50	\$22.50
	17.04	* 22.50	
		# 25.00	
Motor Transit-Valley Transit-California Transit	14.60	20.00	

* 30 day limit- Oct. 1 to Nov. 30, 1922
30 day limit- Dec. 1, 1922 to Mar. 31, 1923.
Southern Pacific Company also have 15 day round trip rate- good on going trip on Friday and Saturday only, between Apr. 28 and Sept. 22, of \$19.00. Also a 4 months limit round trip rate of \$30.00, on sale from Oct. 1, 1922 to March 31, 1923.

The time proposed by applicants consumes 16½ hours between terminals, that of the Southern Pacific Company varies from 13 to 24 hours; that of the Pickwick Stages, No. Div. on through

schedules is 16 hours 20 minutes, and Motor Transit Co-Valley Transit Co-California Transit Co. on through schedules is 16½ hours northbound and 16 hours 55 minutes southbound.

All the protestants claim adequate capacity and ability to satisfactorily handle all through passengers desiring transportation between Los Angeles and San Francisco. There appeared no contest as to the ability of the Southern Pacific Company and Los Angeles Steamship Company to so meet the public demand. Protestants, Pickwick Stages, No. Div; California Transit Company, Motor Transit Company, and Valley Transit Company filed exhibits showing passengers carried and seats available on cars leaving terminals as follows:

		<u>Seats Available</u>	<u>Pass. to or from</u>		<u>Vacant Seats</u>
			<u>SF & O</u>	<u>Other Points</u>	
PICKWICK STAGES, No. Div.					
North bound	July 1921-	3563	324	2602	637
	Oct. "	3447	151	1958	1338
	Jan. 1922-	2431	366	900	1165
	July "	4184	811	2328	1045
South bound	July 1921-	1917	418	646	853
	Oct. "	2141	274	494	1373
	Jan. 1922-	1762	386	353	1023
	July "	2423	910	682	831

CALIFORNIA TRANSIT COMPANY.

Northbound (Between Merced and Oakland)

	<u>Seats Available</u>	<u>Vacant into Oakland</u>
Jan. 1922	6034	1233
Feb. "	5303	1705
Mar. "	6343	2425
Apr. "	6156	1443
May "	5720	1861
June "	5740	1588
July "	6164	2285
August "	6022	1626

Southbound (Between Oakland and Merced)

		<u>Vacant into Merced</u>
Jan. 1922	4099	1066
Feb. "	3662	990
Mar. "	4171	2059
Apr. "	4140	867
May "	4195	1008
June "	4230	1071
July "	4905	3548
August "	4556	1593

VALLEY TRANSIT COMPANY

<u>Between Bakersfield & Fresno</u>			<u>Fresno and Merced</u>	
<u>Seats Available</u>			<u>Seats Available</u>	<u>Vacant</u>
<u>Vacant</u>				
Northbound				
Jan. 1922	3120	1514	4059	1295
Apr. "	3373	1078	4878	1093
May "	3446	1427	5880	1531
June "	3345	1320	5333	1415
July "	3690	1242	5610	1246
August "	3821	1131	5362	1270
<u>Between Fresno & Bakersfield</u>			<u>Merced and Fresno</u>	
<u>Seats Available</u>			<u>Seats Available</u>	<u>Vacant</u>
<u>Vacant</u>				
Southbound				
Jan. 1922	3145	1584	3749	1792
Apr. "	3315	1398	4143	1701
May "	3388	1574	4899	2591
June "	3296	1637	4489	2276
July "	3560	1637	4950	2261
August "	3810	1703	5064	1865

MOTOR TRANSIT COMPANY

<u>Northbound Los Angeles to Bakersfield</u>					
<u>Seats Avail-</u>		<u>To Bakersfield</u>		<u>San Francisco</u>	
<u>able</u>				<u>Oakland</u>	
				<u>Other</u>	
				<u>Points</u>	
				<u>Vacant</u>	
July 1921	3406	2045	120	712	539
Oct. "	2701	1418	74	1320	739
Jan. 1922	2807	1312	376	471	648
April "	3511	1753	371	792	595
Aug. "	4148	2169	226	1101	652
<u>Southbound Bakersfield to Los Angeles.</u>					
<u>Seats Avail-</u>		<u>From Bakers-</u>		<u>From S. F.</u>	
<u>able</u>		<u>field</u>		<u>Oakland</u>	
				<u>From other</u>	
				<u>Points</u>	
				<u>Vacant</u>	
July 1921	3819	1936	54	754	675
Oct. "	2705	1318	50	719	618
Jan. 1922	2307	1052	127	325	753
Apr. "	3151	1530	194	562	865
Aug. "	3613	1730	129	962	792

From the exhibits filed by the protesting stage lines it appears that ample accommodations have been available for the public desiring such class of service between San Francisco and Los

Angeles on the present schedules as operated.

There was no evidence presented substantiating the allegation of applicants that the transfer of passengers at intermediate points was objectionable to the traveling public or that any complaint existed as to the transfer or method of handling baggage. It appears that the transfer of passengers at intermediate points on the Valley Route is accomplished at Merced or Fresno and Bakersfield, where stops are made for meals and that passengers merely transfer to another car of equivalent capacity and type without inconvenience. Through cars are operated on certain schedules of the Pickwick Stages, No. Div. and no complaint was made as to inconvenience suffered by the public using such route. A system of baggage checking is now operative via the lines of the three companies comprising the Valley Route and through baggage is also cared for by the drivers and employees of the Coast Route therefore no inconvenience to passengers appears to be present as arising from any necessity for personally caring for their baggage en route.

Witnesses for protestants testified as to the comfort and convenience afforded by the service now rendered by the present operative lines. Evidence was also received as to the development of the type of equipment on motor stage lines and the transition from cars of the touring type to the 11, 14, 18 and 21 passenger capacity stages as now operated and the satisfaction expressed by their patrons in the operation of the larger type of vehicle. Exhibits and testimony clearly show that more room is provided for passengers in the larger type of stages, particularly as to the spacing between seats and the greater distance between seats on the stages affords more comfort for the passengers particularly on long distance operation.

The principal point remaining to be considered in this proceeding is the alleged desire of the traveling public, or any substantial portion of same, for service by cars of a standard touring type as against the stage type which has been developed by the operating companies as a result of their several years experience in the handling of long distance traffic. The evidence is conflicting on this alleged demand. Witnesses employed by the same interests present sworn testimony which is conflicting, and those connected with information and travel bureaus- where it would appear that the traveling public would be most likely to make inquiry for a particular class of service- have never been asked for the class of service as herein proposed by applicants.

The operation of the class of equipment proposed by applicants, and considering the proposed operation of service cars, will require a much greater number of units to transport an equivalent number of passengers and would therefore add to road congestion. It is not clear that the service proposed is one that could be continued at the rates proposed and under the scheme of operation outlined by the applicants. It is proposed to operate through service only, no intermediate points between San Francisco, Oakland and Los Angeles being served. Figuring on a basis of a full capacity load of eight persons, the single trip revenue would be \$96.00 per trip with an operating expense of 16 cents per car mile. Assuming the distance between Los Angeles and San Francisco to be 435 miles the expense of operation per trip would be \$69.60 or a profit per single trip of \$26.40. It must be remembered that applicants propose to dispatch a service car to accompany each movement of three cars, or more, and on such basis the revenue for three cars, if fully loaded, would be \$288.00 per single trip and

the operating expense for 4 cars would be \$278.40 or a profit of \$9.60. We are not convinced that an expense of 16 cents per car mile is sufficient to care for all items of expense, including maintenance, taxes, overhead, station expense and a proper depreciation and the testimony in this proceeding is not conclusive or supported by data which would justify the Commission in approving such estimated figure. Applicants proposed to finance a portion of the cost of equipment from the net earnings. This is not a sound or proper basis for the purchase of equipment, certainly not when the anticipated net earnings, on the most favorable basis to the applicant, are to be considered.

After careful consideration of all the evidence and exhibits filed herein we do not find that the public convenience and necessity require the granting of the desired certificate. The public desiring through stage service between San Francisco and Los Angeles are offered ample facilities by the existing operative lines and there has been no showing that such lines are not able and willing to furnish all necessary schedules and equipment to fully care for all traffic offering. There is no complaint from the public nor any direct evidence from any witness that service by a standard type of automobile is preferable to the use of the equipment offered by the regularly authorized stage lines, such equipment representing the development from the smaller units and, from the testimony herein, being satisfactory to the traveling public.

ORDER

Public hearings having been held in the above entitled proceeding, the matter having been duly submitted after the filing of briefs by protestants, and the Commission being now fully advised;

THE RAILROAD COMMISSION HEREBY DECLARES that public convenience and necessity do not require the operation by H. T. Hempstead and N. F. Rawlins, co-partners doing business under the firm name and style of San Francisco-Oakland-Los Angeles Transportation Company, of an automobile stage line as a common carrier of through passengers between San Francisco, Oakland and Los Angeles, and

IT IS HEREBY ORDERED that this application be and the same hereby is denied.

Dated at San Francisco, California, this 28th day of November, 1923.

C. H. Haver
H. B. Indigo
Waring Martin
Bayton Shore
J. F. Whittier
Commissioners