

Decision No. 13623.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Application No. 9710

Harry A. Encell, for the Applicant.
L. R. Weinmann and E. J. Silver, for Alameda Improvement Club, Women's Improvement Club; Committee of the Chamber of Commerce, East End Non-Partisan Club, Real Estate Board of the City of Alameda, and independent residents of the City of Alameda.
W. J. Locke, City Attorney, for the City of Alameda.
Leon E. Gray, City Attorney, for the City of Oakland.
Morrison, Dunne & Brobeck, by Peter F. Dunne and A. L. Whittle, for the Key System Transit Company, Protestant.
L. Richardson, for the Southern Pacific Company, Protestant.

BRUNDIGE, Commissioner.

O ' P I N I O N

This is an application in behalf of the PEERLESS STAGES, INCORPORATED, a corporation, in which it petitions the Railroad Commission for a certificate of public convenience and necessity, authorizing the operation of an automobile stage line as a common carrier of passengers over

three routes between the cities of Oakland and Alameda, Alameda County, California. The three routes proposed to be served are described in detail in the application herein and are, roughly, as follows:

All three routes originate and terminate at the present depot of applicant located at 11th. and Clay Streets in the City of Oakland. Route No. 1 is proposed to be operated from such depot over 11th. Street to Webster, over Webster Streets in Oakland and Alameda, making a loop around Pacific Avenue, Third Street and Central Avenue, back to Webster, and thence to point of origin.

Route No. 2 commences and terminates at 11th. and Clay Streets, running over 11th. Street, down Webster Streets in Oakland and Alameda to Central Avenue, thence over Central Avenue to Morton, to San Antonio, around the east end of Alameda, over the High Street bridge to East 14th. Street, Oakland, and thence in a westerly direction to point of origin.

Route No. 3 commences at the same points as the other two routes, over Webster Street to Pacific Avenue in the City of Alameda, easterly to Park, thence in a westerly, easterly and northerly direction and over the High Street bridge to East 14th. Street, following the same route as No. 2 to point of origin.

Public hearings were held in the above entitled application on February 21st. and 27th, and on March 4th. and 5th, 1924, at which time the matter was submitted on briefs. Briefs have been filed and the application is now ready for decision.

The application is protested by the Key System Transit Company, operating electric street railway service

in the cities of Oakland and Alameda, and by the Southern Pacific Company, operating both local and interurban electric service in the two cities above named. Considerable testimony was introduced through witnesses produced by both applicant and protestants. I do not believe it necessary to review in detail at this time the evidence of these many witnesses, their testimony being mainly opinionative and based upon their familiarity with transportation conditions, needs and service now being rendered which information they had gained through long residence in the City of Alameda.

The Key System Transit Company, hereinafter referred to as the Transit Company, operates electric street railway service between the cities of Oakland and Alameda over several different routes, one route operating over Santa Clara Avenue, another over San Antonio Avenue and San Jose Avenue, and a so-called stub line operating around High Street and Santa Clara Avenue, connecting with the Park Street Line at the junctions of Santa Clara Avenue and San Jose Avenue.

The Southern Pacific Company operates what is known as its horseshoe route, which carries local passengers between Oakland and Alameda. This service, however, is not satisfactory to the needs of the traveling public between the two municipalities mentioned, and I do not believe that it is necessary to further comment thereon in this opinion.

Peerless Stages, Incorporated, hereinafter referred to as the Bus Company, now operates under thirty minute headway a line of stages between Oakland and San Jose and intermediate points. It proposes to operate the three routes herein applied for under a 30-minute headway and would provide for a greater headway or for extra equipment during rush hours.

The applicant proposes to care for increase in traffic or for necessary extra equipment during rush hours by substitution of highway type of stages now used by applicant in its Oakland-San Jose service. The 30-passenger Fagoel street-car type bus costs \$8,750.00, according to the testimony of the president of the applicant corporation. In reviewing the financing of the corporation it was testified to by the president that he believes the corporation could produce \$15,000.00 in cash or possibly \$20,000.00 and that it would be able to borrow \$5,000.00 upon a short term note. The cost of the initial equipment required to operate the service herein proposed would amount to \$87,500.00. Testimony of applicant was to the effect that with an initial payment of \$20,000.00 the company could secure delivery of the ten necessary units, paying the balance upon deferred contracts covering a period of ten months. The deferred balance would amount to \$67,500.00, requiring monthly payments of \$6,750.00.

Applicant's president further testified to the effect that he believed he could operate this type of bus at a cost of 20 cents per mile. While this figure appears to be unduly low, in view of the reported operating cost of this type of bus under similar conditions in other parts of the State of California, applicant's figure may be accepted for the purposes of this opinion.

Route No. 1 is 6 miles in length. Applicant proposes to operate 36 trips per day, or a total of 216 miles on this route. Route No. 2 is 10.9 miles in length. Applicant proposes to operate 72 trips per day or approximately a total

of 784 miles. Route No. 3 is 11 miles in length, with the same number of trips as Route No. 2, making a total of 792 miles per day. This makes a total of nearly 1800 miles per day to be operated under the minimum schedule proposed. On the basis of an operating cost of 20 cents per mile, this would amount to \$360.00 per day covering cost of operation alone.

Applicant's president estimated that on Route No. 1 the busses would carry approximately from 40 to 45 passengers per round trip; that on Routes Nos. 2 and 3 approximately 60 passengers per round trip each. This estimate was based upon a thirty minute headway. It must be pointed out in this connection that the Traction Company operates on lower Washington Street and Broadway, in the City of Oakland, practically a continuous headway of street cars and accordingly, considering the thirty minute headway, all of applicant's business from Oakland would be through traffic from Oakland to the furthest reach of its line in Alameda - that is, on Route No. 1. It therefore cannot be assumed that applicant will be able to carry a multiplicity of passengers in one direction, such as is done on occasions where street car companies operate through a city, discharging and picking up passengers en route and thereby securing not only one fare which would cover the entire journey, but two or more fares, with traffic identical to the seating capacity of the equipment. Similarly, the same condition would apply to routes Nos. 2 and 3, particularly in view of the fact that street cars are operated with considerable frequency over East 14th. Street, covering the route paralleled by applicant herein, from High Street into the business district of the City of Oakland. Further, it must be pointed out that the Traction Company issues transfers

to connecting lines over its entire system operated as far as the Contra Costa County limits on the north and the San Leandro City limits on the east, a facility not offered or available by applicant herein.

Considering a daily cost of \$360.00 to operate minimum schedules proposed by applicant, we must further consider that for the first ten months of operation this applicant will be obligated to meet monthly payments on its ten units of equipment, amounting to \$6,750.00 per month, or, considering a 30 day month, a total of \$225.00 per day. This would necessitate applicant's securing 11,700 full fares per day, or an average per trip amounting to 64-plus full fare passengers per bus. Applicant's own liberal estimates of passenger traffic do not meet this average. In fact, the average is in excess of the total seating capacity of the busses proposed to be operated, and on taking into consideration that applicant proposes to commence this schedule at 6:00 A.M., discontinuing service at 12 M. midnight, it is beyond reason to assume that such an average would at any time, under the most optimistic estimates, be maintained.

A number of exhibits were introduced by the Traction Company showing the flow of traffic between Alameda and Oakland. Analyzing several of these exhibits, they show the traffic moving towards Alameda on an average working day runs from an average of 23, between 5 and 6 in the morning, to a peak of 465 between 7 and 8 a. m. A lower average prevails throughout the day until from 4 to 6 in the evening, when the peak from Oakland to Alameda reaches a total of 900 passengers between the hours of 5 and 6, dropping some 550 between 6 and 7 to a low average of less than 20 at discontinuance of service. Considering the total of 900 passengers between the hours of 5 and 6, it is clear that applicant's proposed service of 30 passenger busses on

a 30-minute headway would in no way tend to solve the transportation problem of the City of Alameda, nor would it even materially aid or alleviate the necessity for additional transportation service. The movement toward Oakland for the same day showed a peak between the hours of 7 and 8 of 600 passengers. The same condition would apply with reference to the operation of 30-minute headway busses from Alameda to Oakland as proposed by applicant.

I do not think it necessary to further review in detail exhibits admitted in evidence with reference to traffic conditions between the two cities affected, other than to comment upon the stress laid by witnesses called by applicant for the need of additional transportation service to adequately care for various industries located along the north shore of Alameda. This testimony must be materially discounted, principally due to the fact that while there are a number of large industries employing a considerable number of people, the evidence clearly shows that these industries commence operation at a specified hour in the morning and discontinue at a specified hour at night, practically all employees either arriving or leaving en mass. Certainly the service as proposed by applicant herein would not tend in any manner to adequately serve transportation requirements of these industrial employees.

In addition to its protest to the application herein, the Traction Company submitted a proposal which provided for the operation of a bus line on a 15-minute schedule, commencing at Santa Clara Avenue, on Webster Street to Central Avenue, over Central Avenue, to 4th. to Haight, to Webster, and thence to point of commencement, this bus to connect with its street car service on Webster Street, issuing transfers and providing a

service to what is known as the west end district of Alameda and which is now without means of public transportation.

To serve the east end of Alameda they propose to also operate, under a 15-minute headway, a bus service, issuing transfers to its High Street line; also to improve its traffic in the City of Alameda and to increase headway, as more fully set forth in detail in accordance with proposals submitted to the City Council of the City of Alameda and in exhibits introduced in the application hereunder consideration.

After full consideration of the evidence introduced in this proceeding, together with exhibits and briefs filed by interested parties, I am of the opinion and hereby find as a fact that public convenience and necessity do not require the operation as proposed by applicant herein, but that public convenience and necessity do require the establishment of bus service as proposed by the Traction Company in the east and west ends of the City of Alameda and improvements to its electric railway system as proposed by the Traction Company to the City Council of the City of Alameda, also as introduced as evidence in the instant proceeding, and in accordance therewith the application of the Peerless Stages, Incorporated, should be denied, with the express proviso that the Commission reserves the right to set aside such denial and reopen this application for further consideration if within a period of 60 days the Key System Transit Company, protestant, shall have failed to install improvements as proposed or has failed to secure an extension of time by showing that due diligence is being pursued in the installation of the improvements as contemplated.

I recommend the following form of order:

O R D E R

A public hearing having been held in the above entitled proceeding, evidence submitted, the Commission being fully advised and basing its order on the findings of fact as set forth in the opinion preceding this order,

IT IS HEREBY ORDERED that the above entitled application be, and the same hereby is, denied, subject to the following conditions:

That the Railroad Commission reserves the right to set aside the denial herein and reopen this proceeding if within a period of 60 days from date of this order Key System Transit Company has failed to install 15 minute bus service in the east and west ends of the City of Alameda, as outlined in its proposal to the City Council of Alameda and in exhibits introduced by said Key System Transit Company in this proceeding, and has failed to install improvements in its electric street railway system as proposed.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 28th day of May, 1924.

CL Seaver
W. H. Brundage
Egerton Shore

Commissioners.