

Decision No. 14035-

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of J. A. BOYD and R. C. SMITH, co-  
partners operating under the ficti-  
tious name of PARLOR CAR TOURS, for  
a certificate of public convenience  
and necessity to operate an automo-  
tive stage line as a common carrier  
of passengers and baggage between  
San Francisco and Los Angeles.

ORIGINAL

Application No. 9936.

Devlin & Brookman, by Douglas Brookman, for  
Applicant.  
Warren E. Libby, for Pickwick Stages, Northern  
Division, and Packard Stage Line, Protestants.  
E. W. Kidd, for Motor Transit Company, Protestant.  
John Hancock, for California Transit Company and  
Valley Transit Company, Protestants.  
F. E. Watson and F. W. Melke, for Southern  
Pacific Company, Protestant.  
J. E. McCurdy, for Auto Transit Company, Moon &  
Simons and J. S. Nickolls, Protestants.

SHORE, Commissioner:

OPINION

The instant application, as amended, is a petition filed on behalf of J. A. Boyd and R. C. Smith, co-partners operating under the fictitious name of Parlor Car Tours, in which they seek a certificate declaring that public convenience and necessity require the operation by them of an automotive stage line as a common carrier of passengers and baggage between Los Angeles and San Francisco, California. It is not proposed to serve any of the intermediate points en route.

Public hearings in the above entitled proceeding were held on June 5th, 6th, 16th, 17th, 19th, 27th and 28th, 1924, at Los Angeles and San Francisco, the matter has been duly submitted and is now ready for decision.

The service proposed to be rendered by applicants will consist of a three day trip, leaving each terminus once each week, over the following route: Cars leaving Los Angeles at 8:00 a.m., arriving at Santa Barbara for lunch, staying over night in Santa Barbara, leaving there the second day at 8:00 a.m., lunching at Paso Robles, arriving at Del Monte for dinner, staying there over night, leaving the following day at 8:00 a.m., arriving at Santa Cruz for lunch, continuing thereafter through the Big Trees on into San Francisco. The schedule southbound will also consist of a three day trip, leaving San Francisco at 8:00 a.m., proceeding through the Big Trees, arriving at Santa Cruz for lunch, continuing to Del Monte for dinner, remaining there over night and continuing the following morning at 8:00 a.m., arriving at Paso Robles for lunch and continuing thereafter to Santa Barbara, arriving there for dinner and remaining over night, continuing the following morning at 9:00 a.m. and arriving in Los Angeles at 6:00 p.m.

The northbound schedule will leave Los Angeles on Tuesday of each week; the southbound schedule will leave San Francisco on Friday of each week.

Applicants propose to operate in such service only 18 or 21-passenger Pageol six cylinder parlor cars, with individual chairs and equipped with Westinghouse air brakes. The rate to be charged will be the sum of \$47.50, of which amount \$27.50 will be charged for transportation and the balance for hotels and meals en route. Applicants stipulated during the hearing that they would not

under any circumstances transport passengers to or from any intermediate points but would only sell a single class of ticket, namely at the rate of \$47.50 and should a passenger desire to leave the car at any point en route prior to arrival at terminus, no refund would be given upon the unused portion of the ticket.

The application was protested by Pickwick Stages, Northern Division, Inc., which company operates stages between San Francisco and Los Angeles over the Coast route identical with the route proposed to be followed by applicants, with the exception that upon leaving Salinas the Pickwick Company operates through Gilroy and San Jose to San Francisco over the Peninsular Highway while applicants propose to turn off the highway, running through Del Monte and Santa Cruz, through the Big Trees, thence over the Los Gatos and Peninsular Highways into San Francisco.

The application was also protested by Southern Pacific Company, which operates trains between the same termini over the Coast and Valley Routes, and by Motor Transit Company, Valley Transit Company and California Transit Company, which three companies jointly operate stage service between the termini of Los Angeles and San Francisco but not over the Coast Route, their operations being conducted via the Valley Route, and at no time do they touch any of the intermediate points through which the cars of applicants will be operated. Other protestants were: Auto Transit Company, operating between San Francisco and Santa Cruz; Moon and Simons, operating between Santa Cruz, Del Monte and Salinas; J. S. Nickolls, operating between Watsonville and Hollister; and Packard Stage Line, operating between Los Angeles and Bakersfield by way of Mojave and Tehachapi and having on file joint through rates with valley operators north of Bakersfield to San Francisco.

In view of the fact that the service proposed by applicants herein is to be primarily a service rendered in such manner as to afford patrons of the line an opportunity to view the various scenic and historic places along the Coast Route, including a number of old missions, the Seventeen Mile Drive, Santa Cruz Big Trees, etc., the protestants most directly affected by the proposed service would include only Pickwick Stages, Northern Division, Inc., Southern Pacific Company and Auto Transit Company, for it can clearly be seen, in view of the rate charged by applicants, namely \$47.50, of which \$27.50 covers transportation charge, such service would detract very little, if any, patronage from the stage lines operating over the Ridge Route and the San Joaquin Valley or the line operating between Los Angeles and Bakersfield via Mojave.

The through rate of Pickwick Company and the joint valley lines, San Francisco to Los Angeles, is \$12.85, with a round trip rate of \$20.50 with a thirty day return limit, a round trip rate of \$22.50 with a sixty day return limit and a round trip rate of \$25.00 with a ninety day return limit. These stage lines also offer two classes of schedules; one schedule being operated through in a day, the other taking two days to complete the trip. Liberal stop-over privileges are also permitted en route.

The Southern Pacific Company operating over the Coast Route quotes varying rates or fares, depending upon the class of train chosen. These trains include routing via Del Monte, daylight trains and sleepers, leaving San Francisco either in the morning and arriving at Los Angeles in the evening or leaving San Francisco in the evening and arriving at Los Angeles the following morning. This company also gives very liberal stopover privileges at various points en route.

A considerable number of witnesses were called in behalf

of both applicants and protestants, such witnesses being chiefly officials or employees of various travel bureaus or information bureaus located in San Francisco and Los Angeles. Their testimony varied in some respects as to the public demand for the service proposed by applicants, but the preponderance of testimony was to the effect that the tourist travel has sought and would avail itself of a service such as proposed if it were in operation. Such tourists are in the main of a well-to-do class and do not desire to travel on regular commercial stages such as those operated by protestant stage companies, and in view of the fact that there is no such existing service as that proposed by applicants they would be required to either hire private touring cars or go by train, stopping over at the several points of interest for sightseeing purposes.

R. C. Smith, one of the co-partners applicant herein, has been engaged for some time past in the operation of parlor-car sightseeing cars from Los Angeles to various points of interest in Southern California, such as San Diego, Riverside, Santa Barbara, Hollywood and Beach points, and his testimony was to the effect that his experience in this class of business convinces him that the service as proposed under the present application would prove of great benefit to tourist travel and that a material demand exists for its establishment. J. A. Boyd, the other applicant herein, has also had considerable experience in the operation of tourist sightseeing service in and about the city of San Francisco and his testimony as to the demand for the class of service herein proposed was in the main similar to that of Mr. Smith.

The demand for this service was further borne out through the statements of counsel for Pickwick Stages, N. D., Inc. Counsel for this protestant stated at one of the public hearings that his

company had been making an investigation as to whether or not a public demand existed for such service as is proposed herein, that such investigation had extended over a period of several years and that they have recognized such demand to the extent that they have planned within a short time to inaugurate a stage service over the Coast Route of the parlor car type proposed by applicant. Material consideration cannot be given to the protestant who appears before this Commission in opposition to the granting of a certificate for the establishment of a service, the requirement of which protestant has known to exist for a period of time but has failed to meet and only offers to render such a service after another prospective operator has offered the service.

Attention was called in this proceeding to the character and condition of some of the equipment used over the Coast route by protestant Pickwick Stages, Northern Division, Inc., a comparison being made with the more improved equipment of certain other motor transportation companies in this State. Most of the equipment used by this protestant carrier was originally produced prior to 1918, but it is claimed by its president, Mr. Wren, that the bodies were entirely reconstructed since purchase and that practically all that is left of the original equipment is the motor engines. At the same time Mr. Wren stated that they were constantly seeking to improve their equipment.

It would appear that while the service offered by applicant herein is in some respects entirely different from that of protestant Pickwick Company, the operation of the modern high class safety coaches proposed by applicants over the same route should have a tendency to improve the existing service as to character and condition of equipment. In fact the statement made on behalf of Pickwick Company that recently new equipment of the type proposed to be

used by applicant had been ordered by that carrier (apparently since the beginning of this proceeding) would seem to indicate that competition in quality of service in this respect may accrue to the public benefit.

The evidence in this proceeding did not show that the applicants' proposed operations would involve any serious degree of competition with the stage companies operating between Los Angeles and San Francisco by the Valley Route, and that any competition for through traffic would more directly apply to the operations of Pickwick Stages over the Coast Route. Even here, however, it is to be noted that the records of Pickwick Stages show that less than seven per cent of its passengers hauled over this route are through passengers from Los Angeles to San Francisco, while on the other hand perhaps thirty-three per cent of its revenues from operations on this route are derived from these through traffic passengers.

This protestant carrier, Pickwick Stages, and other protestants operating over the Valley Route were required to file in this proceeding certain financial statements relating to their operations between Los Angeles and San Francisco. As a further part of this proceeding the Commission, through its Accounting Department, made an inspection of the books of some of these companies. In view of the fact that the Commission regards the interests of the Valley Route companies as only remotely involved in this proceeding, no statement needs to be made herein affecting their financial condition except perhaps to point out that in the business done by the Motor Transit Company in 1923 about 72 per cent of that company's entire operating profits came from their operations between Los Angeles and Bakersfield, which is the portion of their business claimed by that carrier to be affected by the proposed operations of applicant herein.

While it is difficult for the Commission to get at an accurate valuation of the operative property of Pickwick Stages,

Northern Division, or to make an adequate check of its estimated cost of maintenance, in view of the fact that practically all of its equipment has been reconstructed and its maintenance work done by a separate affiliated company, Pickwick Stages, Incorporated, on a cost plus basis of charges; and it would involve an intricate investigation to completely check those accounts, yet assuming the reasonableness of those charges as shown in the records of Pickwick Stages, Northern Division, we find a capital investment at cost as of April, 1924, by this company of \$281,312. with accrued depreciation amounting to \$61,097. The profit of the whole business for the year 1923 was \$46,448. This shows a return on un-depreciated value of property of 16.5 per cent or a return on the depreciated value of 21.09 per cent. These facts are recorded for the purpose of showing that with only 7 per cent of its passenger traffic being through traffic from Los Angeles to San Francisco and with a profitable return on its capital investment of 16 to 21 per cent, this carrier does not appear to show reasonable grounds for resisting the comparatively slight element of competition with its business that would be involved in the proposed through operations of the applicants, in the face of the apparent public convenience and necessity that would be served by their proposed operations.

After a careful review of the evidence and exhibits submitted in this proceeding, we are of the opinion and hereby find as a fact that public convenience and necessity require the establishment of service as proposed by applicants herein and a certificate will be granted as applied for, with the understanding that before service is commenced applicants shall prepare and submit for the approval of the Commission rules and regulations in accordance with various stipulations entered into at the hearings herein,



and in accordance with statements of applicants as to the nature of the service proposed and the conditions under which such service is proposed to be given.

Among other things it will be required that such rules and regulations shall provide that service be rendered with equipment consisting solely of 18 or 21-passenger, individual seat, parlor car busses; that only one fare, namely \$47.50 shall be charged for the through trip, which fare shall permit of no stopovers whatsoever en route; that no tickets shall be sold along the route covered by such operation except at the termini; that the time of the trip shall not be less than three days, the schedule proposed by applicants herein. Such rules shall further provide for the amount of baggage which will be carried free on each single ticket and what charge shall be made for baggage in excess of the free weight limitation. Further, that no additional charge shall be made for hotels or meals occasioned by delays, whether or not due to the fault of the applicants, when such delays do not exceed twenty-four hours. Provision shall further be made for half fare rates for children and free transportation for babies in care of parents or guardians, such rates to conform to the statements of applicants made at the hearings herein. The time schedule of applicants shall also provide that cars shall leave each terminus at least once each week during the entire year and that service shall not be abandoned temporarily due to weather or other conditions unless the highway over which service is given shall become impassable for motor vehicles of the type proposed to be operated by applicants.

I submit the following form of Order.

ORDER

Public hearings having been held in the above entitled matter, evidence introduced, the matter submitted and the Commission being fully advised,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require the operation by J. A. Boyd and R. C. Smith, co-partners operating under the fictitious name of Parlor Car Tours, of an automotive stage line as a common carrier of passengers and baggage between San Francisco and Los Angeles, subject to the following conditions:

1. Service under the certificate herein granted shall be confined solely to the transportation of passengers between the termini above mentioned, no service whatsoever to be rendered to or from any intermediate point nor stopovers of any kind permitted; such service to be rendered over the route as specifically set forth in the amended application herein and at the rate and under conditions as more fully set forth in the Opinion preceding this Order. Applicants shall file their written acceptance of the certificate herein granted within a period of not to exceed ten (10) days from date hereof; shall file for the approval of the Commission, rules and regulations in accordance with the statements contained in the Opinion preceding this Order, within a period of not to exceed twenty (20) days from date hereof; tariff of rates and time schedules to be filed within a period of not to exceed twenty (20) days after approval of rules and regulations, service to be commenced within a period of not to exceed thirty (30) days from the time of approval of said rules and regulations.

2. The rights and privileges herein authorized may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

3. No vehicle may be operated by applicants herein unless such vehicle is owned by said applicants or is leased by them under a contract or

agreement on a basis satisfactory to the Railroad Commission.

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 10<sup>th</sup> day of September, 1924.

C. Deane

E. Gordon Dixon

J. M. Whitney  
Commissioners.