

Decision No. 15379

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of California Transit Company, a corporation, for authority to establish Interdivision Passenger Fares and to Consolidate and Unify its Operative Rights with the Operative Rights held under a lease from S.F.B.Morse.

APPLICATION NO. 11300.

**ORIGINAL**

Earl A. Bagby, for Applicant.

Warren E. Libby, for Pickwick Stages System, Protestant.

BY THE COMMISSION:

O P I N I O N

This is an application of the California Transit Company, a corporation, for authority to establish interdivision passenger fares lower than the full combination of local fares, between Pacific Grove, Monterey and Del Monte on the one hand, points located on the Monterey-Peninsula-Yosemite Auto Service (S.F.B.Morse, owner), hereinafter referred to as the Morse Line, and on the other hand points located on the auto stage lines of the applicant, California Transit Company, hereinafter referred to as the Transit Company, in the territory north and south of Los Banos and Merced, the principal points north of Los Banos on the west side being Newman and Tracy and on the east side, north of Merced, Turlock, Modesto, Stockton, Lodi and Sacramento; to the south the principal points are Firebaugh, Mendota, Chowchilla, Madera and Fresno.

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The applicant also seeks authority for the consolidation and unification of the operative rights of its lines and those of the Morse Line, which latter rights are now controlled by applicant under a lease arrangement.

Public hearings were conducted at San Francisco July 29 and August 7, 1925 before Examiner Geary, and the matters and things having been duly submitted and briefed are now ready for an opinion and order.

The Transit Company operates automobile stages over a large territory in Northern California and, in certain territory, is in competition with the Pickwick Stages, intervener in opposition to this application. The operative rights of the Morse Line cover the territory between Pacific Grove and Merced via the so-called Pacheco Pass road, through Los Banos, a distance of 126 miles. The service via this line is rendered only during the period of the year from April 15 to October 15. This operative right was granted by the Commission in Application No. 9313, Decision No. 14619, June 9, 1924 to satisfy the demands of the traveling public for direct transportation between points on the Monterey Peninsula and the Yosemite Valley, the Morse Line connecting at Merced with the transportation companies operating between points in the Valley.

In connection with Application No. 11004 the Commission issued a preliminary order, Decision No. 14917, May 12, 1925, authorizing the Transit Company to lease from the Morse Line the operative rights between Pacific Grove and Merced, and applicant is now operating this line under its own tariffs, applying the fares formerly in effect via the Morse Line. A daily schedule is maintained between Pacific Grove, Monterey, Del Monte and Los Banos. At Los Banos passengers are transferred to connecting stages operated by the Transit Company.

To the original application there was attached an exhibit setting forth the proposed one way and round trip fares. These fares, however, as developed at the preliminary hearing, were entirely out of line, containing fares higher for a shorter than for a longer distance and, therefore, were in violation of the State Constitution. At the morning session of the adjourned hearing amended fares were proposed but these, on cross examination by the Attorney for the competing lines, proved unsatisfactory and a third proposed schedule was introduced at the afternoon session, which was also protested by the competing carriers. The application and the amendments thereto clearly illustrate the fact that no careful study was given to a proper and equitable adjustment of the fares involved.

The proposed fares of applicant apply in the territory served through San Jose and Livermore via one route and through Salinas and Los Banos via another route in conjunction with the Pickwick Stages. The one way fare now in effect via the San Jose route, between Monterey and Stockton, is \$5.70; from Stockton north to Sacramento and from Stockton south to Fresno the fares via the competing line are on a graded basis, normally increasing as the distance increases. There is also in effect between Monterey and Fresno, via Salinas and Los Banos a combination fare of \$7. In the operation of the latter route the Pickwick Stages traverse Pacheco Pass through Los Banos, practically paralleling the Morse Line.

The fares proposed by applicant are primarily for the purpose of meeting the competition of the joint fares in connection with the Pickwick Stages.

To avoid violations of the long and short haul clause of the Constitution and to meet the competitive rate of \$5.70 to

Stockton, applicant proposes to blanket its Monterey to Stockton rate of \$5.85 over the territory from Newman to Stockton. As illustrative of the inequalities which would be created attention is directed to the one way fares from Monterey to Los Banos of \$5.00 for a distance of 91 miles; to Volta of \$5.25 for five miles; to Gustine of \$5.65 for 17 miles, and to Newman of \$5.85 for an additional 4 miles. This \$5.85 fare then blankets Newman to Stockton, a distance of 64 miles. Stated another way, a passenger would pay \$5.00 for the first 91 miles, Monterey to Los Banos, and 35 cents for the next 90 miles, from Los Banos to Stockton. The local fare from Newman to Stockton is \$2.35. It would appear this would open the way for the breaking down of the local fares at points between Los Banos and Stockton.

A similar adjustment occurs at points on the east side of the San Joaquin Valley. The proposed one way fare between Monterey and Merced of \$6.30 has been blanketed north to Turlock, a distance of 26 miles, Turlock being the point where the fares of the competing line are met over the short mileage, through San Jose and Livermore. This same one way fare is also extended south to Berenda, approximately 25 miles, making the blanket 50 miles. Other illustrations might be cited, but they would serve no useful purpose.

This application presents an inconsistent adjustment of fares to meet a doubtful competitive situation and violates all of the principles of rate making. The public may be entitled to through fares and a more unified operating time schedule, but the adjustments here proposed cannot be authorized upon this record, and since the Morse Line operates only until October 15th

the application will be denied without prejudice to the filing of a new application in proper form and at the proper time.

O R D E R

This application having been duly heard and submitted by the parties, full investigation of the matters and things involved having been had and basing this order on the findings of fact and the conclusions contained in the opinion which precedes this order.

IT IS HEREBY ORDERED that this application be, and the same is, hereby denied without prejudice.

Dated at San Francisco, California, this 11<sup>th</sup> day of September, 1925.

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*C. Stanley*  
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*Frank Deady*  
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*Leon Whitell*  
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Commissioners.