

Decision No. 15665-

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
of LOS ANGELES AND SANTA BARBARA)
MOTOR EXPRESS CO., INC., a corpor-)
ation, for certificate of public)
convenience and necessity allow-)
ing applicant to extend its serv-)
ice between Los Angeles and Santa)
Barbara to and including San Luis)
Obispo and intermediate points.)

APPLICATION NO. 10748

ORIGINAL

George Clark, for Applicant.

H. E. Gogarty and G. C. Drake, for Southern
Pacific Company, Protestant.

Edward Stern and L. E. Kitts, for American
Railway Express, Protestant.

W. T. Masengill, for Pacific Coast Railway,
Protestant.

K. B. Holeman, for Santa Maria Valley Rail-
road, Protestant.

John Bardin, in Propria Persona, Protestant.

Fred A. Shaffer, for Santa Maria Merchants'
Credit Association, Santa Maria Truckers'
Association and Union Sugar Company, Protes-
tants.

Charles J. Kelly, for San Luis Obispo Chamber
of Commerce, Protestant.

W. A. Sandercock, for Sandercock Transfer Com-
pany, Protestant.

E. L. McConnell, for Valley & Coast Transit
Company, Protestant.

BY THE COMMISSION:

O P I N I O N

Los Angeles & Santa Barbara Motor Express Company,
Inc., a corporation, has made application to the Railroad Com-

mission for permission to extend its freight and express service from Santa Barbara to San Luis Obispo, serving the intermediate communities at Goleta, Capitan, Gaviota, Los Cruces, Buellton, Los Alamos, Orcutt, Santa Maria, Guadalupe, Nipoma, Arroyo Grande and Pismo Beach, and for a distance of ten miles on either side of the route to be traversed, which is the State highway, between termini.

Public hearings herein were conducted by Examiner Williams at Santa Maria and Los Angeles.

At the hearing the application as originally filed was modified by stipulation that applicant would do no business locally between San Luis Obispo and Orcutt, and upon this stipulation the protest of the Valley & Coast Transit Company was withdrawn. Applicant also stipulated that it would do no local business between Santa Barbara and Buellton, points served locally by the Edelblute Truck Line under authority from this Commission. Applicant at the hearing also amended its application to define service ten miles on either side of the State highway traversed to mean a demand service for the transportation of freight in quantities of ten tons or more, only.

W. W. McKee, secretary of applicant corporation, testified that the service proposed includes two methods of operation - one with pneumatic-tire equipment, operating on a 12-hour schedule between San Luis Obispo and Los Angeles; and the other, heavy duty equipment, using solid tires, operating on a 17½-hour schedule. The 12-hour schedule will leave Los Angeles at 5:30 p. m., terminating at San Luis Obispo at 5:30 a. m., with practically the same reverse move-

ment from San Luis Obispo to Los Angeles. No free-delivery zones at any point along the route are provided for.

Applicant proposes daily service in each direction. The equipment available for the service is eight 5-ton White trucks and an equal number of trailers, with such other equipment as may be necessary to conduct the service.

A classified schedule of rates is proposed in Exhibit "A", and by amendment at the hearing a special commodity rate on shipments of ten tons or more from points off the State highway, plus a charge of 15 cents per ton mile from point of divergence from the highway, was added. Applicant, through the testimony of George M. Duntley, President of the corporation, testified that agencies would be established at San Luis Obispo, Santa Maria and Pismo Beach, and at such other points as might justify agencies.

Many witnesses were produced in behalf of applicant, whose testimony supported the need and convenience of the service proposed. A. B. Warz of Los Alamos, and a director of the Chamber of Commerce, testified that he was authorized to appear for that organization and give its support to applicant because the proposed service would enable this community, composed of 400 or 500 persons, to receive shipments two or three days earlier than by rail. Witness testified that it takes five or six days to receive shipments by rail from Los Angeles, as such shipments must go to San Luis Obispo and there be transferred to the narrow-gauge line of protestant Pacific Coast Railway, and when delivered to Los Alamos an additional charge of \$1.00 per ton for transfer from the rail terminal is necessary. Henry T. Nelson, hotel and res-

restaurant keeper of Los Alamos and Vice-President of the Chamber of Commerce, gave testimony similar to that of Mr. Wurz. He testified further that his own shipments do not exceed one ton per month. Walter Clark, garage owner and Justice of the Peace at Los Alamos, testified that his purchases are made at Los Angeles or other points in the south, and that the saving in time on shipments, especially on shipments of automobile parts, would be advantageous to him in the service proposed by applicant. William Budd, of Budd & Bodine, general merchants at Buellton, testified that the service proposed would be of advantage to his firm in receiving merchandise quickly from Los Angeles and Santa Barbara. Buellton has no rail service, but must receive freight by transfer from Gaviota. John C. Cole of Harriston, (formerly Harris Station) on the Pacific Coast Railway, testified that applicant's service would be of value to his general store in saving time on shipments. He testified that he had shipments every day. This witness, who is postmaster at Harriston, estimated the population tributary to that hamlet to be about 150, basing his estimate upon the number of persons patronizing the postoffice. John Carr, a rancher residing seven miles north of Los Alamos, adjacent to the State highway, and who also conducts a general store and service station, testified that his purchases are made at Santa Maria, San Luis Obispo and Santa Barbara, and that the volume of his freight shipments ranges from 100 pounds weekly in winter to 1000 pounds monthly in summer. Mr. Carr testified that the proposed service would be of distinct benefit to him, particularly as it would furnish store-door delivery. J. George Sutter, of Sutter, Bogue & Goodman, grocers and general merchants at Orcutt, testified that the service would be used by

his firm in transporting perishables from Los Angeles to Orcutt and in shipping eggs to Los Angeles and Santa Barbara. Witness testified that express shipments, according to his experience, were not received much more quickly than freight, and that after several disappointments he had abandoned the use of express service. Mr. Sutter further testified that the volume of his business in both directions aggregated four or five tons per month. R. E. Tomasini, agent at Orcutt for the California National Supply Company, testified that shipments received by this agency from Los Angeles and elsewhere now come via San Luis Obispo and the Pacific Coast Railway, by rail, and that the service proposed by applicant would save approximately twelve hours in delivery. Paul V. Tavlosky, district salesman at San Luis Obispo for Swift & Company, meat packers, testified that his district is supplied from the branch storage house of his firm at Ventura, and that 200 customers between Buellton and Paso Robles are concerned in the rapid delivery of meats. He testified that the shipments from Ventura require usually three or four days by freight, and in some instances a longer time had been required. Express shipments, according to this witness, had been transported in "fair" time. Witness further testified that the volume shipped north from Ventura to points in his district was about five tons weekly, of which approximately one ton went to Paso Robles, a point not included in applicant's territory. Witness testified that if applicant's service is established, shipments by express, parcel post and freight will be eliminated and dependence placed upon the truck carrier. David J. Reese, manager of the Western Auto Supply

Company's branch at Santa Barbara, testified that this firm uses the service of applicant between Los Angeles and Santa Barbara, that the service is satisfactory, and that, if established, it would be used between Santa Barbara and San Luis Obispo, largely because of store-door delivery and the saving in time. A. M. Greensides, manager of the same company's branch house at San Luis Obispo, gave similar testimony. C. A. Wixson, a director of the Pismo Beach Chamber of Commerce, presented resolutions adopted by the Chamber favoring the service proposed, and testified that he was authorized by that organization to appear for it. Pismo Beach is 12 miles from San Luis Obispo and 18 miles from Santa Maria, and, according to this witness, has a permanent population of approximately 1200, which is increased during the summer months to from 5,000 to 7,000. Freight and express for Pismo Beach are received at Oceana, four miles from the community, and must be transported from the freight platform, where shipments are left at consignees' own risk after being unloaded from the trains. Witness testified that the area adjacent to Pismo Beach produces and ships large quantities of peas, lettuce and artichokes; that rail service via San Luis Obispo is unsatisfactory, and that efforts had been made to obtain improved service, but the Southern Pacific Company had declined to furnish it on the ground that the volume of business did not justify better service. Witness further testified that in May, 1923, the Pea Growers' Association shipped from Oceana 417,000 pounds of peas, and in June 587,000 pounds; and that the probability was that the Association would ship 1,000,000 pounds during 1925. E. J. Zohlstedt, who conducts a meat market at

Pismo Beach, testified that the service proposed by applicant was needed in his business because of the necessity of saving time in the delivery of meats. Witness testified that his meats, which he purchases in Ventura, are deposited at Oceana and he is obliged to transport them from the freight platform. He further testified that his receipts by freight have run as high as one ton a week, that the rate was not important to him, but that store-door delivery and the saving in time were of the utmost importance.

P. Harter, druggist at Pismo Beach, gave testimony similar to that of other witnesses from this community. G. W. McCabe, garage owner and automobile dealer at San Luis Obispo, testified that the service proposed would be used by him on shipments from Santa Barbara. This witness receives his supplies from San Francisco and testified that the freight and express service from that point is satisfactory.

C. A. Peake, proprietor of the Santa Maria Variety Store, testified that freight service as proposed by applicant is needed and would be used by him in preference to rail service. He further testified that while the rail schedule provides for 18-hour service, his experience had been that it usually requires four or five days for delivery of shipments. As a rule, according to this witness, express shipments require a day longer than parcel post.

J. W. Paulsen, manager of production for the Zmutsen Creamery Company at Santa Maria, testified that the service proposed by applicant was needed by his company in transporting sweet cream, curds and butter to Los Angeles. He testified that the handicaps on shipments by rail at the present time,

are the two handlings which are required and which would be eliminated by fast truck service. Witness further testified that the establishment of rapid transportation would stimulate dairy development in the region about Santa Maria and would provide a much better market at Los Angeles for the producers. He further testified that at the present time he is using hired truck service in order to expedite deliveries to Los Angeles, but would prefer an established carrier. Upon cross-examination by protestant American Railway Express, Mr. Paulsen testified that the provision of a refrigerator car at the Knutsen Creamery every day, and overnight transportation to Los Angeles, would fill the requirements equally as well as truck service, but that this had not been provided.

James W. Wilkinson, a butcher of Arroyo Grande, testified that the service proposed would be a convenience in the delivery of smoked meats from Los Angeles, as it would provide store-door delivery and also result in the saving of much time as compared with existing rail service, involving, as such service does, the transfer of shipments at San Luis Obispo. Witness testified that he received from one to one and one-half tons each month. Express service he regarded as adequate, but at prohibitive rates.

Other witnesses from Santa Maria were Egbert D. Snyder, proprietor of a variety store, who testified that he regarded the service proposed as valuable on emergency shipments; Frank Tomlinson, tire dealer, who testified that the service would be a convenience over slow freight and some delay by express; F. L. Novo of Novo Bros., machinery, who ships iron from Los Angeles; and S. R. Obarr, meat market, who

testified that he receives about 500 pounds of meat a week in rush shipments from Los Angeles, now moving by express, and that he would still use freight for non-perishables, but would regard truck service as a convenience on rush shipments.

Richard Langden, secretary of Hogue-Kellogg Company, seed bean merchants of Ventura, testified that this firm handles 85 per cent of the seed beans produced in California, and that the applicant in this proceeding had transported approximately 2,500,000 pounds between Ventura and Santa Barbara and Los Angeles without the loss of a single bag. This witness further testified that the extension of applicant's service from Santa Barbara to San Luis Obispo would be a convenience to his firm because the trucks would pick up shipments at the warehouses of the company and deliver without rehandling, or would pick up beans at various points and transport them to the cleaning plant of the company at Ventura. He testified that in 1924 seed beans from the San Luis Obispo district had been delivered to Salinas for recleaning, but that this movement would be abandoned because of the expense, and shipments would be made from the San Luis Obispo district to Ventura. Witness testified that this was true to some extent of the Lompoc district, although Lompoc is 18 miles from the highway traversed by applicant's proposed service and beyond the 10-mile pick-up zone proposed.

F. C. Snodgrass, distributor of water heaters, Zoolite Permutit water systems and Kelvinators, at Oxnard, testified that shipments of his firm between Los Angeles and Santa Barbara are now well conducted by applicant, and that an extension of the service as far as San Luis Obispo would be useful.

and convenient to him. He further testified that much of his shipping originates at Los Angeles and must be transferred from vehicles at Santa Barbara for delivery to points north of Santa Barbara, and that overnight express service, which is available, is not practical because of the high rates. The ability of the truck to deliver at the ultimate destination was the larger benefit, according to this witness.

Percy Hollowell, general manager of the Duco Auto Repair & Refinishing Company at Santa Barbara, testified that the service proposed is necessary for his business, as he has shipments to and from Santa Maria. He testified that freight between these points requires three or four days for delivery, and that he prefers truck service because of his experience with applicant in furnishing rapid delivery between Los Angeles and Santa Barbara. Witness further testified that he had very few shipments to San Luis Obispo, but had probably three a week to Santa Maria, his shipments as a rule consisting of automobile fenders or other parts which had been re-enameled.

Webb Moore of Arroyo Grande, president of the San Luis Obispo County Farm Bureau and grower of artichokes, walnuts, apricots and other ranch products, testified that the service proposed by applicant would be of great benefit to him and to others, particularly on artichokes and apricots, the rates being lower than express rates, which witness said are prohibitive on these commodities; and in addition, the trucks would perform pick-up service and delivery at destination without rehandling. He also testified that the iced car service of protestant Southern Pacific Company takes 48 hours in transit, which is a disadvantage in meeting market conditions. Witness

said that normally he has 400 to 500 tons of produce per season to ship, but cannot ship less than carload quantities on apricots; in fact, that shipping conditions are such as to make it necessary for him to dry his apricots rather than ship them. He testified further that the business could pay more than the rail rate, "but not too much more." On cross-examination, witness testified that artichokes shipped by him via express had reached Los Angeles satisfactorily, but that in his opinion better service should be provided. He testified that he had used truck service to Santa Barbara and found it satisfactory. This witness testified quite generally as to agricultural and horticultural production in the San Luis Obispo region and gave it as his opinion that the establishment of truck service as proposed would be a positive benefit to growers and shippers because of the prompt delivery at market. Of a planting of 600 acres to artichokes, producing 100 to 150 crates to the acre, witness testified that the major portion was shipped to Los Angeles. He testified that he had not been authorized to testify in behalf of the Farm Bureau organization, of which he is president.

Similar testimony was given by Howard Sevier of Arroyo Grande, who testified that he made shipments over the standard-gauge line of the Southern Pacific at Oceana, rather than at Arroyo Grande, because of failure of some of the trains of protestant Pacific Coast Railway to make connection at San Luis Obispo.

Walter J. Sheehan, manufacturer of oil-well tools at Santa Paula, testified that he would use the service proposed by applicant and would ship from 300 pounds to two tons once a month or oftener. This witness testified that the

rail connection between Santa Paula and Ventura is poor, delaying shipments, and that frequently he transports shipments to Oxnard to insure better rail delivery.

H. C. Bolton, Pismo Beach, producing peas and beans principally, testified that in season he ships from 800 to 1000 sacks of peas daily, which he is obliged to transport to Oceana, a distance of four miles, thence by express to Los Angeles. This witness testified that he regarded the establishment of the service proposed as a convenience, but that he had had no complaints from consignees as to shipments.

M. Carlotti, Pismo Beach, grower of artichokes and Brussels sprouts, testified that the important thing to him was not the time in transportation, but the ability of the service proposed to pick up his products at the ranch. He testified that he ships in season from 2500 to 3000 boxes of artichokes and sprouts.

Thomas W. Allen, Santa Barbara, sales manager of the Western Machine & Foundry Company, testified that shipments of this firm by rail had been satisfactory, but that he believed there was a distinct advantage in having both rail and truck service, as deliveries could not be made by rail and consignees were required to go to Santa Barbara and receive their shipments. He testified that he uses the service of the Edelblute Truck Line to points in the Santa Ynez Valley.

Charles P. Skinner, assistant manager of the Schwab Tool Company, Ventura, testified that he ships oil-well tools to Orcutt and the Santa Maria oil field, and that customers in this region will not place orders with his firm, on the

ground that they cannot obtain efficient rail service. He testified that Orcutt shippers had declined to ship by rail to Venture, but had informed witness they would ship to that point if a dependable truck service was available.

In support of the asserted need of the proposed service from this terminal, applicant produced a number of witnesses representing large distributors in the city of Los Angeles.

Fritz Brachman, shipping clerk for M. A. Newmark Company, wholesale grocers, testified that applicant had given good service to this firm for five years or more in transporting shipments for them to San Luis Obispo, Santa Maria, Arroyo Grande, Guadalupe and other points. He testified that his firm preferred truck service because of its convenience to the shipper and store-door delivery to the customer.

Ellie Nelson, traffic manager of the Pacific Pipe & Supply Company, gave testimony similar to that of Mr. Brachman. He testified that his firm had from 10 to 15 shipments daily for delivery in the area served by the proposed extension, these shipments ranging from 15 pounds to 10 tons in weight; that consignees are, as a rule, plumbers who carry small stocks which require quick replenishment; and that truck service, making delivery within 16 hours, would be more satisfactory to these customers. This witness further testified that freight service between Los Angeles and Guadalupe was not satisfactory because of the lack of store-door delivery to the customer. He testified that transportation by truck would be used if the rates did not exceed rail rates.

plus local drayage. He stated that express rates made the use of this method of transportation prohibitive.

Later this witness was recalled in behalf of protestants and testified that the management of the Pacific Pipe & Supply Company had instructed him to reappear and explain that his testimony had been given without the authority of the company, and that the company did not want truck service. Witness said he had made no untrue statements in his former testimony, but that it represented his personal views and not those of his firm.

Ralph E. Rogers, secretary of the W. P. Payton Fruit Company, testified that deliveries are required by grocery stores at points between Santa Barbara and San Luis Obispo, and that orders received from customers specified truck shipment and store-door delivery. This firm has between 10 and 15 shipments per week, the majority of them being to Santa Maria. Witness testified that his firm is now using the Southern Pacific Company's daily merchandise train between Los Angeles and Guadalupe, which he said had been established about a week prior to the hearing in this proceeding. He further testified that his company uses express service also and had no complaint to make as to its efficiency.

Alvin T. Knopp, traffic manager of the Western Auto Supply Company, testified that the service of applicant is now used by his firm in making deliveries to Santa Barbara and would be used for deliveries to San Luis Obispo, which is the only point at which deliveries would be made. This shipper uses rail freight service almost exclusively.

Fred A. Wedemeyer, claim agent of the Western Wholesale Drug Company, gave testimony similar to that of Mr. Knopp. He testified that his firm has shipments averaging about one ton per month to points proposed by applicant and is now receiving about a three-day rail service. This service does not always permit of successful competition with the San Francisco region, and witness testified that in his opinion the establishment of truck service would result in a large increase in the volume of business. He further testified that the new special merchandise service of protestant Southern Pacific Company had been tried by his firm, but was not what had been expected by the shipper, complaints having been received from one or two customers. He testified that practically all of this firm's shipments are regarded as emergency shipments, and that delivery to drug stores and garage men without rehandling is desired by consignees. He further testified that salesmen representing his firm complained that shipments from the north obtained better delivery than shipments from Los Angeles, and that because of this his firm had lost practically all of its business in San Luis Obispo.

Frank J. Schweitzer, manager of tire sales for B. F. Goodrich Company, testified that applicant's service to Santa Barbara is satisfactory and that the extension of the service as proposed would be useful and convenient on shipments of tires. He explained that customers of his firm do not carry large stocks, that 90 per cent of the demand for truck shipment is of an emergency nature, and that store-door delivery is required. Asked upon cross-examination if this firm believed it could get along without any railroad service,

Mr. Schweitzer replied: "I think you have the wrong idea. Our firm is for railroad transportation preferably to all other. All our shipments via the Panama Canal are transported from San Pedro harbor to Los Angeles by the Pacific Electric Railway, to our entire satisfaction. We are not looking for truck transportation, but we are met constantly with the demand on the part of customers for store-door delivery, and we must have facilities to meet this demand or lose the business." The witness estimated that an average of one carload a month would be shipped by his firm to the points sought by applicant.

M. Appello, traffic manager of the Standard Sanitary Manufacturing Company, plumbing goods and fixtures, testified that the establishment of the extension proposed would permit shipments direct from Santa Barbara to points north thereof, and that his firm had customers at Arroyo Grande, Pismo Beach, Los Alamos, Santa Maria and San Luis Obispo who would be benefited by the proposed extension of applicant's service. Witness further testified that the inspection delays incident to freight shipment, which sometimes detain shipments two days, were not incident to applicant's service as now established and doubtless would not be if the service were extended as proposed. He further testified that while the branch house at Santa Barbara is prepared to make shipments north of that city, shipments have been made by rail from Los Angeles direct because of the poor rail service between Santa Barbara and San Luis Obispo.

George P. Rohe, assistant traffic manager of the Los Angeles Soap Company, testified that at least 50 per cent

of their customers demand truck shipment and store-door delivery. Witness testified that from 5 to 15 tons per month would be available for shipment by his firm over the proposed extension. He also pointed out that the field now has the advantage of free delivery from San Francisco jobbers, who absorb transportation charges, and that this operates to the disadvantage of Los Angeles shippers.

Chester A. Nelson, president and manager of the California Highway Express, engaged in the transportation of furniture between Los Angeles and San Francisco and other points via the Coast route, testified that calls are received by telephone at his office five or six times daily, requesting his company to transport merchandise to points between Santa Barbara and San Luis Obispo. He further testified that the largest demand is for the transportation of oil pipe, dry goods and groceries, and that frequently shippers have billed goods as household effects and transported them at furniture tariff rates in order to obtain store-door delivery.

F. M. Hodge, of the Hodge Transportation System, testified to a similar demand upon this utility, although it does not serve any territory north of Santa Barbara.

A. Reynaud, assistant traffic manager of the Woodward-Bennett Company of Los Angeles, dealers in smoked meats and fresh mutton and lamb, testified that the service proposed by applicant is needed by his firm, which has customers in Santa Maria. Mr. Reynaud gave as his reason that at the present time applicant receives shipments from the firm for customers between Los Angeles and Santa Barbara; that these customers provide the drivers with keys to their places of business, and

that drivers use these keys to make delivery upon the meat blocks in the shops during the night, and in this way a shipment delivered to applicant at approximately six o'clock in the afternoon of one day is on the meat block in the shops of customers at an early hour on the following morning. Mr. Reynaud further testified that this sort of delivery is demanded by customers in order to avoid the trouble and expense of transferring shipments from rail lines.

Protestants herein based their opposition to the granting of this application not only on the ground that existing facilities are adequate, but upon their belief that the establishment of service as proposed by applicant would seriously injure and derange the business affairs of both Santa Maria and San Luis Obispo.

Charles J. Kelly, president of the San Luis Obispo Chamber of Commerce, testified that eighteen of the twenty-two directors of this Chamber were present at a meeting where the proposed service of applicant was discussed, and that the directors unanimously instructed him to appear at the hearing, and, on behalf of the Chamber, express the opinion that existing facilities are adequate. These facilities are supplemented by local delivery service, which witness testified would be impoverished and perhaps abandoned if store-door delivery by applicant were begun.

N. W. Sandercock of San Luis Obispo testified that he conducts a transfer service from rail to store doors in San Luis Obispo, and that if shipments were diverted to trucks he would be unable to maintain local trucking service.

O. A. Nillson, hardware merchant of San Luis Obispo,

testified that he regards existing transportation facilities as adequate and that he would have no use for applicant's service if established. This witness receives shipments from Los Angeles chiefly.

The Santa Maria Merchants' Credit Association, through R. F. Holser, a member of the Board of Directors, testified that this Association had adopted a resolution, which was reduced to writing (protestant Santa Maria Merchants' Credit Association Exhibit No. 1), opposing the proposed service of applicant for reasons similar to those given by the San Luis Obispo Chamber of Commerce, and for the further reason that the establishment of an 18-hour service by rail between Los Angeles and Santa Maria over the Southern Pacific and Santa Maria Valley railroads will provide adequate transportation facilities.

Testimony that the existing service is adequate and that truck service as proposed is unnecessary was given by J. W. Herron, grocer; J. F. Smith, hardware; O. M. Cannon, newspaper publisher; Fred Haslen, general merchant; R. V. Jones, furniture, and L. M. Schwabacher, general merchant, all of Santa Maria, and I. B. Guyer, general merchant, and C. E. Pearson, general merchant, of Los Alamos. Charles Webb of the Orcutt Mercantile Association testified that the service of applicant would be of no benefit and that he regarded the existing freight and express service as adequate.

The granting of the application was protested by the American Railway Express, the Southern Pacific Company, the Santa Maria Valley Railroad and the Pacific Coast Railway, upon the general ground that the rail transportation facilities between Los Angeles and the points sought are adequate and efficient.

The Southern Pacific Company delivers, by way of its Coast Route, shipments to the Santa Maria Valley Railroad at Guadalupe, whence they are transported to Santa Maria by way of Betteravia, a distance of 8.9 miles. Also, the Southern Pacific delivers shipments at San Luis Obispo to the Pacific Coast Railway, which maintains a narrow-gauge system between Port San Luis, through San Luis Obispo and Santa Maria, terminating at Los Olivos in the Santa Ynez Valley. The business of protestant American Railway Express is carried by the train service maintained by these three rail carriers.

Protestant American Railway Express at the time of the hearing herein had just concluded a contract for express service between Guadalupe and Santa Maria over the lines of protestant Santa Maria Valley Railroad. The testimony shows that this service had been demanded at least a year prior to the time of the hearing herein, but that no actual negotiations to establish it had been begun earlier than two months prior to the hearing. This service is intended to meet the demands of shippers in Santa Maria, particularly of the Knutsen Creamery Company, which has been employing trucks to transport the creamery products between Santa Maria and Los Angeles. By the express service established, it is proposed to connect the express car leaving Santa Maria with the Southern Pacific train No. 110,

scheduled to reach Los Angeles at 8:10 a. m.

The same protestant maintains service over the Southern Pacific to San Luis Obispo and there transfers express matter to the Pacific Coast Railway, which maintains one service daily between San Luis Obispo and Orcutt, and one through train daily from San Luis Obispo to Los Olivos. It is important to note that this protestant had maintained no express service into Santa Maria, except via San Luis Obispo, where a transfer of shipments to the Pacific Coast Railway was necessary, until applicant herein had proposed to establish its service, and that, at the time of the hearing, protestant was just prepared to meet what appears to have been reasonable demands on the part of the shipping public of Santa Maria.

On February 17, 1925, and subsequent to the date of the first hearing herein, protestant Southern Pacific Company established a daily through merchandise car between Los Angeles and Santa Maria, which car is sent over the line of protestant Santa Maria Valley Railroad between Guadalupe and Santa Maria. This service is specially designed to give rapid dispatch of merchandise, the car reaching Santa Maria about noon daily and immediately breaking bulk. Similar service is maintained to San Luis Obispo, with delivery on the morning of the second day.

Protestant American Railway Express has established daily service over the lines of the same protestant carrier to Santa Maria on a schedule intended to meet the requirements of creameries at Santa Maria. This service, which was established about March 1 of the present year, does not include delivery from protestant's depot at Los Angeles to creameries in that city. By this service, milk and creamery products shipped from Santa Maria to Los Angeles can leave as late as midnight, the

car being attached to the southbound express train at Guadalupe at 1:20 a. m., reaching Los Angeles at 8:10 a. m.

Protestant Pacific Coast Railway maintains daily service between Port San Luis and San Luis Obispo through Santa Maria, Orcutt, Los Alamos and Los Olivos, and intermediate points. One mixed train in each direction is operated between termini, and two regular trains are operated between San Luis Obispo and Orcutt. It was the testimony of W. T. Masengill, superintendent of this protestant carrier, that he could not recall complaint from any shipper as to the service rendered. This carrier operates a narrow-gauge system, and consequently all property hauled by it must be transferred to and from its cars when destined to or received from points off its own line. Mr. Masengill testified that the revenues of this railroad do not defray operating expenses, and exhibits were filed showing that its operations for 1924 showed a loss, including depreciation, of \$41,343, and for 1923 a loss, including depreciation, of \$39,842. Mr. Masengill also testified that if the service proposed by applicant were established, it would further reduce the revenues of this carrier.

Protestant Santa Maria Valley Railway operates a standard-gauge railroad between Guadalupe and Santa Maria via Betteravia, a distance of 8.9 miles. Exhibits filed by this carrier showed a net profit of \$1666.64 for 1924. It was the testimony of Mr. K. B. Holeman that from 12 to 17 per cent of the traffic destined to Santa Maria in various months of the year is business from Los Angeles. Mr. Holeman further testified that this carrier makes special trips to Guadalupe to receive the daily merchandise car and delivers it in Santa

Maria within 30 to 40 minutes after receipt, and that the merchandise is available for delivery within an hour after its arrival at Guadalupe. By this service, in connection with that of protestant Southern Pacific Company, 18-hour delivery of Los Angeles shipments to Santa Maria has been established. Special service is also given for the express car, which arrives at Guadalupe at 12:06 p. m. and is immediately taken to the creamery at Santa Maria and returned, loaded, the same night. Mr. Holeman also testified that the merchandise car has not been late, except once, since it was established on February 17, 1925.

Rates proposed by applicant herein are from 5 to 30 per cent higher than rail freight rates. They are also considerably less than the rates of protestant American Railway Express. Applicant proposes a minimum charge of 75 cents, while protestant Southern Pacific Company's minimum on commodities between Los Angeles and Santa Maria and San Luis Obispo is as low as 51 cents. Protestant returns all milk containers free, while applicant makes free return only when the quantity shipped is one ton or more. This protestant maintains freight pick-up and delivery at all points sought by applicant, except Oceana, Nipomo, Caviota, Orcutt, Los Alamos and Los Olivos, and at all of these points agencies are maintained.

The granting of the application was also protested by the Santa Maria Merchants' Credit Association, the Santa Maria Truckers' Association and the San Luis Obispo Chamber of Commerce, the protests being based upon the belief, as expressed by witnesses from these organizations, that the establishment of

through truck service would prove an injury to the railroads and the communities, and also would injure the local delivery systems now serving as auxiliaries to the rail service.

John Bardin, operating a truck service between Oceana and Arroyo Grande, which service transports freight to and from protestant Southern Pacific Company's line, protested the granting of the application herein on the ground that the establishment of applicant's service would make his business unprofitable by diverting a large portion of it to the through carrier.

Applicant received the support of witnesses testifying for the Arroyo Grande Farm Center and the San Luis Obispo County Farm Bureau, on the ground that the service proposed would bring the collection of agricultural products closer to the point of production, permit shipment of such products without crates or boxes, and generally reduce the cost of the movement as a whole. At the time the hearings herein were being conducted, movement of farm products was free from regulation under the Amendment of 1923 to Section 5 of the Auto Transportation Act, commonly known as the Crittenden Amendment, which was declared invalid by the Supreme Court in April, 1925.

A review of the record herein, giving due consideration to all the elements of conflict as disclosed therein, points to the conclusion that applicant has shown affirmatively, by the testimony of a substantial portion of the shipping public, that the service proposed is needed and will be useful. In reaching this conclusion the Commission is not disregarding the character of service now being given by the protestant rail lines and the American Railway Express. The record clearly

indicates, however, that improvements intended to meet the needs of the shipping public in the Santa Maria and San Luis Obispo districts were not made or undertaken by protestants until after applicant had proposed the service applied for herein, and until after hearings had begun upon the application. Yet in spite of the improvements offered by the rail carriers, there still appears to be a large portion of the public that requires a service which the rail lines cannot give; that is, the pick-up from the consignor and direct delivery without transfer to the consignee at his place of business. It is this feature of the service proposed by applicant that justifies the granting of a certificate to applicant, even though the other transportation companies are giving their best in the way of equipment and service, because this is one element of service which the rail carriers do not provide. True, protestant American Railway Express has a large pick-up zone in Los Angeles and its rates include free delivery at many of the points sought to be served by applicant; but the record indicates that most of the witnesses desiring truck service find the rates of the Express Company prohibitive. The testimony of large consignors in Los Angeles, to the effect that store-door delivery is a modern business necessity, and that their business must be conducted upon that basis to meet competition, is an important reason, also, for granting the certificate sought by applicant, and illustrates the fact that development of truck service and enlargement of its use are matters of business progress and adaptation and should be provided, both for consignor and consignee, when there is a reasonable showing, as there is in this case.

Protestant rail lines, particularly the two short lines, urge denial of the application herein on the ground that the service proposed to be established will divert traffic from them and will further impair their already insufficient revenues. These protestants urge denial of the application because applicant proposes, in part, to furnish distance transportation to points served by them, and offers the public improved service. It appears that the competition thus provided is the natural trend of progress in the business and transportation field, and that applicant is proposing a service which protestants cannot give.

We therefore find as a fact, upon the record herein, that public convenience and necessity require the service proposed by applicant, and that a certificate therefor should be granted. An order will be so entered.

O R D E R

Los Angeles & Santa Barbara Motor Express Company, Inc., a corporation, having made application to the Railroad Commission for a certificate of public convenience and necessity to extend its service between Los Angeles and Santa Barbara to and including San Luis Obispo and intermediate points, public hearings having been held, the matter having been duly submitted and now being ready for decision,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA
HEREBY DECLARES that public convenience and necessity require the extension of applicant's service between Santa Barbara and

San Luis Obispo, serving as intermediate points the communities of Goleta, Capitan, Gaviota, Los Cruces, Buellton, Los Alamos, Orcutt, Santa Maria, Guadalupe, Nipomo, Arroyo Grande and Pismo Beach, for the transportation of freight originating at Santa Barbara or points south thereof on applicant's present service between Los Angeles and Santa Barbara and destined to points north of Santa Barbara, and for freight originating at points to be served by applicant between San Luis Obispo and Santa Barbara and destined to Santa Barbara and points south thereof, and of no other service; provided, however, that applicant may transport, in quantities of 10 tons or more, freight picked up within a radius of 10 miles on either side of the route traversed by applicant, and provided further, that applicant may not transport freight locally between Santa Barbara and San Luis Obispo, except between Buellton and Orcutt, over and along the following route:

Via State highway between Santa Barbara and San Luis Obispo; and

IT IS HEREBY ORDERED that a certificate therefor be and the same hereby is granted, subject to the following conditions:

- I. Applicant shall file with this Commission, within twenty (20) days from date hereof, its written acceptance of the certificate herein granted as an extension and enlargement of its present operative rights, and not as a new or separate right.
- II. Applicant shall file, in duplicate, time schedules and tariff of rates identical with those as set forth in Exhibit attached to the application herein within a period of not to exceed twenty (20) days from date hereof, and shall commence operation of the service herein authorized within a period of not to exceed thirty (30) days from date hereof.

- III. The rights and privileges herein authorized may not be sold, leased, transferred nor assigned, nor service thereunder discontinued, unless the written consent of the Railroad Commission to such sale, lease, transfer, assignment or discontinuance has first been secured.
- IV. No vehicle may be operated by applicant under the authority hereby granted unless such vehicle is owned or is leased by applicant under a contract or agreement on a basis satisfactory to the Railroad Commission.

For all other purposes the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 21st
day of November 1925.

H. B. Brundage
C. S. ...
Leon ...
Commissioners.