

ORIGINAL

Decision No. 16409

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SAN FRANCISCO PARLOR CAR TOURS, INC.,
operating the GRAY LINE MOTOR TOURS
for a certificate of public convenience
and necessity to operate a passenger
service between San Francisco, California,
and Los Angeles, California.

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) Application No. 11729
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Blaine Mc Gowan, for Applicant,
Devlin & Brookman, by Douglas Brookman, for
California Parlor Car Tour Company, Protestant.
Warren E. Libby, for Pickwick Stages System, Protestant,
Earl A. Bagby, for California Transit Company, Protestant,
J. E. Mc Curdy, for Peninsular Rapid Transit Company
and Pacific Auto Stages, Inc.

BY THE COMMISSION -

O P I N I O N

San Francisco Parlor Car Tours, Inc., a corporation, has petitioned the Railroad Commission for an order declaring that public convenience and necessity require the operation by it of an automobile service for the transportation of passengers between San Francisco and Los Angeles, said service to be conducted on a schedule of one trip per week and as a three day tour between the terminals, no service being contemplated for passengers between any intermediate points.

Public hearings on this application were conducted by Examiner Handford at San Francisco, the matter was duly submitted and is now ready for decision.

Applicant proposes to operate a sightseeing trip between San Francisco and Los Angeles via the Coast Route with stops at Santa Cruz, Santa Cruz Big Trees, Mission San Carlos, Carmel, Mission Santa Cruz, Monterey, Del Monte, Paso Robles, San Luis Obispo, Santa Barbara and Ventura. It is proposed to operate initially one round trip per week on a schedule consuming three days and with over-night stops at Santa Barbara and Monterey.

rate of
The one-way/fare proposed is \$21.00 for adults and \$10.50 for children from 5 to 12 years of age. Applicant proposes to use as equipment Pierce Arrow automobiles of 21 or 27 passenger capacity, equipped with semi-upholstered wicker arm chairs for each passenger.

Applicant relies as justification for the granting of the desired certificate upon the following alleged facts; that a sufficient number of people desire transportation between San Francisco and Los Angeles of the character as proposed to warrant the establishment of the service; that the proposed service is the only one of its kind given or proposed to be given between Los Angeles and San Francisco; that the service proposed is the only all year and the cheapest service now given or proposed to be given between the proposed termini; and that the present facilities for transportation of the character sought to be installed by applicant are not adequate to meet the public demand or requirements.

Applicant is a corporation organized on February 21, 1925, under the laws of the State of California, and was authorized by the California Commissioner of Corporation on October 30, 1925, to issue three shares of its capital stock for the purpose of qualifying directors. The capital stock of the corporation is \$50,000.00, divided into 5000 shares of the par value of \$10.00 each.

Mr. Wm. J. Malpeters, President of applicant corporation, testified that he had been engaged in the sightseeing business since May, 1914; that frequent inquiries had been brought to his attention requesting service as herein proposed, particularly for a service which would include the Big Trees at Santa Cruz, Santa Cruz proper, and the Monterey peninsula; that prospective patrons making inquiry for the type of service herein proposed preferred to meet their own incidental expenses for meals and over-night accommodations enroute rather than to meet the alleged higher cost for such accessory charges now included in a three day trip at a rate inclusive of all expenses now available by a competing tour;

and that prospective patrons do not favor the existing stage service for the reason that the side trips to Santa Cruz, its Big Trees, and Monterey Peninsula are not available and the trip through by stage is made on a schedule too fast for the enjoyment of persons desiring a sightseeing tour. Witness described the connection which applicant company would have with the "Association of Gray Line Owners" operating the "Gray Line Tours". It appears that the association would have no control over the proposed operation in any form other than that it would advertise the proposed service, if authorized, and would at its various agencies - particularly Los Angeles - sell the tickets of applicant.

Mr. J. F. Harned, a witness for applicant, testified that he was engaged in the sightseeing business in Los Angeles with offices in the Auditorium and Clark Hotels; that he sold tickets for the Gray Line Tours and thereby came in close contact with the class of patrons proposed to be handled by applicant; that during the summer season he has averaged from 15 to 20 inquiries for transportation to San Francisco which inquiries he has met by information as to service now rendered by authorized carriers, witness handling tickets of Pickwick Stages System and California Parlor Car Tours; that in his opinion approximately one per-cent of the parties making inquiry purchase tickets and that the small percentage of inquirers purchasing tickets was due to the fact that the rates by authorized stage carriers were too high. The witness further testified that three-quarters of the parties making inquiry preferred to stop at points of their own selection for meals and over-night accommodation. This witness sells tickets on a percentage basis for protestants, Pickwick Stages System and California Parlor Car Tours.

Mrs. J. F. Harned, a witness for applicant and associated with her husband in the sale of sightseeing and tourist tickets at Los Angeles, testified substantially as did the previous witness regarding inquiries received for a service as herein

proposed .

Mr. Chas. Kronan, a witness for applicant and in the sight-seeing business in San Francisco for 15 years, testified as to his business contact with the traveling public and that during the summer season from 5 to 7 inquiries are received daily for Los Angeles service; that his recommendation of the service of California Parlor Car Tours does not appeal to inquirers who complain that such carriers' rates are too high. This witness handles the tickets of Pickwick Stages System.

Mr. Heck Church, a witness for applicant and the Manager of Keystone and Federal Hotels at San Francisco, testified as to his contact with the traveling and tourist public; that 3 or 4 inquiries per month are made to him for Los Angeles trips; and that parties inquiring do not want to pay the rate charged by the California Parlor Car Tours.

Mr. L. Silverstein, a witness for applicant and operating a sightseeing and information bureau in the Continental Hotel at San Francisco, testified that he received an average of ten inquiries per day for Los Angeles trips; that he informs the public of all available methods of transportation; that more than half of his inquiries are from persons who are interested only in the transportation charge. This witness sells tickets for applicant's local sightseeing trips in and about San Francisco on a commission basis and 75 percent of his business is secured from such ticket sales. He also handles Pickwick Stages System tickets and knows of California Parlor Car Tours service.

Applicant amended its application agreeing to handle through service only between San Francisco and Los Angeles; to pick up and deliver passengers in Los Angeles in an area bounded on the west by Alverado Street, on the south by Washington Boulevard, on the east by Central Avenue, and on the north a distance of $1\frac{1}{2}$ miles from the Clark Hotel; to pick up and deliver passengers from any point within the City of San Francisco; to defray all admission charges to missions visited enroute; to route cars to include the 17 mile

drive at Monterey; and to furnish taxi service without charge at Santa Cruz, Monterey and Santa Barbara to and from any hotel desired by patrons.

The granting of this application was protested by California Parlor Car Tour Company, Pickwick Stages System, California Transit Company, Peninsular Rapid Transit Company and Pacific Auto Stages, Inc.

No testimony was offered on behalf of protestant California Transit Company and the protest of Peninsular Rapid Transit Company and Pacific Auto Stages, Inc., was withdrawn upon the stipulation by applicant that no local business to or from points intermediate between San Francisco and Los Angeles would be accepted.

Mr. R. C. Smith, President of protestant, California Parlor Car Tour Company, testified that his company was operating a three day tour, all expenses included, between San Francisco and Los Angeles under the authority conferred by certificate issued by this Commission in its Decision No. 14436, on Application No. 10561, as decided January 8, 1925.

Operation of this authorized service was commenced with one car on November 18, 1924, since which time 131 trips had been made, handling a total of 929 passengers. Out of 2318 seats available on the foregoing trips 1389 were vacant. This witness described the efforts made to develop the business and the extensive advertising campaign that had been inaugurated. This protestant's service covers all expense of patrons for meals and overnight hotel stops during the three days tour, special rates being accorded the company at the Hotel Del Monte and by the hotels at Santa Barbara. No pick-up and delivery of patrons is made at San Francisco or Los Angeles. Many of its patrons are eastern and other tourists who already hold rail transportation between Los Angeles and San Francisco as a portion of their through tickets but who prefer to use the tours of protestant to more fully see the scenic beauties of the Coast Route trip. The witness claimed

that this class of tourists are not seeking cheap meals or accommodations and that they prefer to have all details of meals and overnight accommodations arranged for them similar to the practice originally established by the Raymond & Whitcomb and similar high class touring organizations. This protestant has heretofore conducted its operation at a loss but is beginning to increase its revenue by reason of response to its intensive advertising campaign. Witness claims that his company is financially able to enlarge its business to care for any increased volume of traffic and that it has had no complaint as to the character of service rendered nor any inquiry or demand for the class of service as proposed by applicant. An exhibit was presented consisting of questionnaire cards filled out by patrons of protestant's tours which express the patron's impression of the trip, the courtesy of employees and drivers, the character of meals and accommodations. An analysis of this exhibit shows a general commendation of the trip furnished and the incidental features related thereto.

Mr. John E. Boyd, Secretary of California Parlor Car Tours, protestant, testified that he was located at San Francisco and cared for the business of his company at such terminal; that he had heard no demand for the character of service as proposed by applicant; and that his company was not yet on a profitable basis, having accumulated an operating deficit of approximately \$12,000; in general his testimony was the same as that of the President of his company.

Mr. Warren E. Libby, Secretary-Treasurer of protestant Pickwick Stages System, testified that his company on September 15, 1925, had inaugurated a parlor car service between Los Angeles and San Francisco leaving each terminal at 7:30 A.M. and arriving at the other terminal at 9:40 P.M., 20-passenger cars being used in the service, the cars carrying a porter and being equipped with kitchen, toilets and lavatory. An excess fare of \$3.00 over the regular tariff rate is assessed for the parlor car accommodation. Stopovers are permitted at San Jose, Salinas, San Luis Obispo and Santa Barbara.

The total one-way fare for the parlor car service is \$15.85, with round trip of \$26.50. An exhibit filed shows this service to have been patronized since its inauguration as follows:

<u>Month</u>	<u>Southbound Passengers</u>	<u>Passengers per trip</u>	<u>Northbound Passengers</u>	<u>Passengers per trip</u>
Sept. 15th to 30th, inc.	207	12 15/16	185	11 9/16
October	316	10 6/31	307	9 28/31

The parlor car service is to be increased by the addition of new schedules when equipment now under construction is ready for service.

After full and careful consideration of all the evidence and exhibits in this proceeding we are of the opinion that applicant has not justified the granting of the desired certificate. There is no showing, other than by witnesses either directly connected with applicant company or, if the application is granted, to be employed on a commission basis in the sale of tickets, which is of the character necessary to establish public convenience and necessity. There is evidence, however, that at present all reasonable public demand is cared for by existing authorized operators who are financially able to continue the pioneering necessary to supply a regular and dependable high grade parlor car service. One of these protestants has, in good faith, incurred an operating loss of some \$12,000 in development costs incidental to the building up of a reliable service. Another protestant has also recently established a reliable and high grade parlor car service. Against these services no complaint exists and applicant has produced no evidence indicating that there is at present any lack of service, or as to rates which are unreasonable for the public. A choice of accommodations is now available and the public may select the class of accommodation best suited to its desire. The testimony shows no new business to be developed by the establishment of the proposed service and a division of the present available traffic will serve only to benefit the applicant's proposed service regarding

which the showing as to necessity is vague and uncertain. The principal witness for applicant, its President, has no concrete plan or definite proposition to advance for the Commission's approval, the application having been amended by stipulation as often as an explanation as to the detailed service was at issue. The instant proceeding is typical of many similar applications which have been the subject of the Commission's attention and in which the desire of the applicant to engage in the transportation of passengers is the real basis upon which the Commission is asked to issue a certificate. We have repeatedly heretofore stated, and in this proceeding must reiterate, that a bona fide and affirmative showing of public convenience and necessity must be made of record before the Commission is authorized to issue its certificate. In this proceeding such showing has not been made, and therefore, the application must be denied.

O R D E R

A public hearing having been held in the above entitled proceeding, the matter having been duly submitted and the Commission being now fully advised,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity do not require the operation by San Francisco Parlor Car Tours, Inc., a corporation, of an automobile passenger service between San Francisco and Los Angeles, and

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

Dated at San Francisco, California, this 5th day of April, 1926.

W. B. Rowland
C. L. Lewis
Edward
Leon Whitell

COMMISSIONERS.