

Decision No. 18249

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of C.A. Johnson for a certificate of public convenience and necessity authorizing the establishment of an automotive stage line as a common carrier of passengers and baggage between Sausalito and Sebastopol and intermediate points.

ORIGINAL

Application No. 13249.

- Charles A. Beck for Applicant.
- Donald Geary and E.H. Maggard for Petaluma & Santa Rosa Railroad, Protestant.
- W.J. Cummings for Northwestern Pacific Railroad, Protestant.
- Wallace L. Ware for Sausalito, Petaluma & Santa Rosa Auto Stage Line, Protestant.
- H.J. Beidleman for Petaluma Chamber of Commerce, Protestant.
- Mark Lee, Secretary, for Santa Rosa Chamber of Commerce, Protestant.
- W.N. Couch for Robelar Farm Bureau, Protestant.

BY THE COMMISSION:

O P I N I O N.

C. A. Johnson has made application to the Railroad Commission for certificate of public convenience and necessity to establish and operate public service by automobile for the transportation of persons between Sausalito and Sebastopol, and intermediates, with certain restrictions.

A public hearing was conducted by Examiner Williams at Sebastopol.

Applicant proposes the use of two 14-passenger and two 22-passenger automobiles, and to operate three schedules and add such additional schedules as may be necessary in response to any demand.

In his exhibit, applicant proposes a schedule of rates with one-way fare between Sausalito and Sebastopol of \$1.50, and proportionate rates for intermediates. Round-trip rates are also provided, which are practically a fare and one-third.

In his time schedule, applicant proposes to traverse the distance between termini in one hour and fifty-five minutes.

Applicant restricts his operation with the condition that no local service will be given between Sausalito and Gilmore Avenue, a point about one-half mile north of Cotati, but reserves the privilege to transport passengers north of Gilmore Avenue between any points.

Applicant urges as the necessity existing inconvenient connections by present established service, which will be avoided by the other service proposed by him; unanimous demand by Chambers of Commerce and other public bodies, and the public indiscriminately, that a service such as proposed be established; and the general inadequacy of the service now available to residents of Sebastopol.

Applicant Johnson, testifying in his own behalf, stated that he had been with the Dunham Stage lines operating into Santa Rosa, for more than four years, and that he is at the present time otherwise employed; that he made a personal investigation of the demand for additional service from Sebastopol, and found that the bulk of the people prefer to drive their own cars than to patronize existing facilities; that the operation proposed by him would be conducted to the best advantage of the residents of Sebastopol even if it meant additional schedules to those proposed in the application, or

a rearrangement of his schedules as to hours. On cross-examination Johnson admitted that he had no means for establishing the service, either in capital or in equipment, but that he expected the financial support of A. L. Hayes of Los Angeles; that Mr. Hayes was to furnish the money and the equipment for the operation; that a contract existed between himself and Mr. Hayes to that effect, but that he could not remember the language or details of the contract; that he believed that it provided ultimately for a partnership between himself and Mr. Hayes after the service was established. He also testified that the vehicles he proposed to use would be operated over the distance, approximately 52 miles, for 18¢ per mile, including all cost and insurance.

Johnson testified he expected to get the business to support his line from those who now are using their own cars, and that very few, if any, passengers would be carried by his service who now use the available service.

Mr. A. L. Hayes of Los Angeles testified that he has been in the stage transportation business since 1912, when he established the first Pickwick lines between San Diego and Los Angeles; that he is still an officer of the Pickwick corporation and interested in its business; that his particular duty with this company is the management of the body-building works of the corporation at Los Angeles.

He testified that he entered into a contract with the applicant; that the contract had not been drawn to his entire satisfaction, and that changes would be made in it. It was stipulated that a copy of this contract would be filed in this proceeding, and an unexecuted copy was filed by applicant

March 2, 1927. This agreement recites that the party of the first part, Hayes, has agreed to advance all necessary expense in the filing of the application herein and the prosecution of the application before the Commission; to advance, should the certificate be granted, "all the moneys and/or equipment required in the operation of the said automotive stage line", the equipment to be leased between the parties in accordance with the regulations of the Railroad Commission; further, that applicant would, upon demand of Hayes and the payment of \$1.00, transfer and assign an undivided one-half interest in the certificate, subject to the approval of the Railroad Commission. The instrument further provided that the legal title to all the physical assets and property used in the service to be established, should remain the property of Hayes.

Applicant produced as witnesses in support of his proposed operation: L.A.O'Neal of San Francisco; John G.McDonald, farmer; Owen O'Leary, undertaker; E.P.Cleek, newspaper publisher; John Bridgeford, planing mill foreman; Edward H. Madge, real estate; F.S.Dooley, grocer; J.J.Bridgeford; Frank Fellers; J.F.Triggs; Maude Abbott; W.L.Goldberg, jeweler; D.I.Walker, farmer; George Lawrence, contractor; G.W.Covert, fruit grower; Ed. Bisordi, merchant; and Mrs. J.G.McDonald, housewife; all of Sebastopol.

All of these witnesses expressed their own dissatisfaction with the rail and auto stage services now available between Sausalito and Sebastopol, due to waits in making connections at both Santa Rosa and Petaluma. They also objected to being required to leave Sebastopol at 6:00 o'clock in the

morning if they desired to be in San Francisco at the beginning of the business day, the earliest available schedule to San Francisco reaching that city, including time spent on the ferry, at 9:05 A.M. Objection was made also to the distance between the electric depot and the stage depot at Petaluma, that distance being approximately one-half mile. The distance between the stage depot and the Northwestern Railway depot is about 50 yards.

Many of the witnesses stated that they would probably make use of the service to be installed, but would more probably use their own vehicles, particularly if they had companions. Many of the witnesses also expressed their belief that the maintenance of passenger service of protestant, Petaluma & Santa Rosa Railroad, could be discontinued so far as they were concerned. Others took the view that direct and independent service between Sebastopol and Sausalito would tend to help the development of Sebastopol and enhance an independence of patronage to Santa Rosa business houses. Very few of the witnesses testified to any frequency of travel between the terminal points, and none testified to any daily or weekly use of any service, their testimony being based more upon the desire to have the service available than any real need for its use by reason of constant business or other affairs.

Sebastopol is situated $9\frac{1}{2}$ miles northwest of Petaluma and 6 miles west of Santa Rosa. The population within the corporate limits, as estimated by the postmaster, is approximately 2250, and the population in the rural free delivery area which is regarded as tributary to Sebastopol, is approximated at 6000 or 8000, including population in Sebastopol. Rural free

delivery area extends between the Russian River and Robelar, a station on the Petaluma & Santa Rosa Railroad a few miles north of Petaluma, and is principally south and west of the line.

Those living in Sebastopol wishing to travel to Sausalito or San Francisco, have the following services available:

Between Sebastopol and Santa Rosa there are 13 electric car services each way daily, and from Santa Rosa and Sausalito there are 5 train schedules on the Northwestern Pacific, and to Santa Rosa a 13 auto stage schedule.

Between Sebastopol and Petaluma, there are 9 services by electric line each way daily (8 on Sunday) and connection is made at Petaluma with 8 auto stage services to Sausalito, and 6 in return from Sausalito, and 6 Northwestern Pacific services daily, and 7 on Sunday, in each direction between Petaluma and Sausalito.

Applicant proposed to establish 3 services, leaving Sebastopol at 7:30 A.M., 11:00 A.M., and 5:00 P.M. daily, and reaching Sausalito at 9:25 A.M., 12:55 P.M., and 6:55 P.M. It is obvious from this schedule that applicant's earliest direct service would reach Sausalito 20 minutes after the service now maintained would deposit a passenger at the ferry building in San Francisco.

On the return trip, applicant proposed service leaving Sausalito at 8:00 A.M., 12:00 meridian, and 5:15 P.M., and reaching Sebastopol at 9:55 A.M., 1:55 P.M., and 7:10 P.M.

Applicant bases his operation upon a cost of 18¢ per mile and testified that he would require 6 passengers each one-way trip to make the service maintain itself. Computation shows that 6 passengers at the one-way rate of \$1.50 would

produce \$9.00, while the cost of service, according to applicant's own estimate (18¢ per mile for 52 miles) would be \$9.36. We are confident that the testimony produced by applicant does not justify any such expectation of patronage if the patronage is to be of the type expressed by witnesses at the hearing. On his 6 one-way schedules, applicant would require 54 passengers, and there is nothing in the record that justified the expectation of any such number as a matter of new business to be created by the operation, or apparently from any source.

Applicant, in urging necessity for his service, alleged that Chambers of Commerce and other public bodies were "unanimous" in demand for establishment of the service. The Chambers of Commerce represented at the hearing were those of Petaluma, Santa Rosa, and Sebastopol. The two former, by resolutions filed as exhibits, opposed the establishment of the service proposed by applicant. According to the testimony of George Burlingame, Secretary of the Sebastopol Chamber of Commerce, a referendum of the membership of that body was taken seeking endorsement of the proposal of applicant, and endorsement was rejected by a vote of 48 negatives to 17 affirmatives.

There was also submitted in opposition resolutions adopted by the City Council of Santa Rosa and the Supervisors of Sonoma County, protesting against establishment of service. All these protests were based upon the asserted adequacy and efficiency of the present facilities, and the fear that any further division of the business would injure rather than benefit the communities affected.

In addition, protestant Petaluma & Santa Rosa

Railroad presented 7 petitions containing 440 signatures, all adult patrons of the electric line, based upon the following assertion:

"That the lost passenger business by the Petaluma and Santa Rosa Railroad in the past several years has been such that the company is now experiencing considerable difficulty in continuing to serve this territory as a passenger carrier, and feel that any further loss will add to its burden, and will most likely occasion the breaking down of the entire passenger system, which would result in a very disastrous way to this community."

Further showings and protest to the application herein was made by the Petaluma & Santa Rosa Railroad through the testimony of its president, E. H. Maggard. According to Exhibit No.4, filed by this protestant, the cost per mile of operation is approximately \$.1314 and the earnings \$.1459, which, after deduction of state tax, results in a net earning of \$.0068. This computation does not include an allocation of any of the overhead of the railroad to passenger service, and by another exhibit, No.8, protestant shows that if this allocation had been made as provided in the rules of the Interstate Commerce Commission, the net loss on passenger operation would have been \$36,401.94. In other words, the company is barely making on its passenger operations the out-of-pocket cost of giving service, without provision for overhead, depreciation or return on investment.

Mr. Maggard testified that the company would not consider discontinuing passenger service so long as it was able to recover this out-of-pocket cost, but that should the operation cease to produce that amount of revenue, the directors would apply to this Commission for authority to abandon the passenger service. Mr. Maggard also testified that the company at that time was arranging to have its equipment converted into

one-man cars, if permitted by this Commission, in the hope of exercising payroll economy, and preventing an actual loss of money upon the operation.

James P. Ferguson, former Auditor of the Sausalito, Petaluma & Santa Rosa Auto Stage Company, presented an exhibit showing that this company is not making profit upon the business it is conducting, and that it has been required to reduce one schedule daily because of declining patronage. The exhibit introduced by this protestant shows that the traffic handled by it in 1924 brought a revenue during a period of three months (October, November, and December), of \$38,931.00, while the revenue during similar months of 1926 amounted to only \$31,120.00. A comparison of the entire traffic revenue of this auto carrier shows that the gross receipts in 1924 were \$151,617.00, while in 1926 they were \$131,837.00. During this time, service has been maintained completely with the exception of the one schedule recently abandoned by this carrier.

In addition to the reasons urged by protestants in the preceding paragraphs, the testimony of a number of witnesses was presented in their behalf. These witnesses included S.F.Graham, farmer, of Ross Station; George A. Brown, orchardist, Sebastopol; D.D.Sinclair, farmer, Sebastopol; W.N.Couch, orchardist, Robelar; L.C.Canopus, postmaster, Sebastopol; George C.Burlingame, Sebastopol; Walter Monroe, banker, Sebastopol; J.M.Garcia, packer, and M. Garcia, packer, Sebastopol; J.P.McDonnell, Sebastopol; J.M.Brush, farmer, Graton; J.P.Kelley, Sebastopol; W.L.Benepe, drayage; Melrose Martin, principal, Amaly High School, Sebastopol; A.B.Swayn, banker, L.A.Frei, merchant, Sebastopol; and A.S.Howell, orchardist, Garbro.

These witnesses, in general, testified that they were satisfied with the transportation facilities; that additional facilities were not necessary; that if additional

facilities were provided it would divide the patronage in such manner as to curtail both stage and rail service, and, in all probability, cause entire cessation of passenger traffic on the electric lines; that the present facilities were adequate and efficient, and that their maintenance and prosperity are important to Sebastopol and the neighboring country, and that the service proposed by applicant would provide for only a portion of the area now served by the electric line. Of particular importance was the testimony of Mr. Martin, principal of the Analy High School. Mr. Martin has been in this position for seven years, and is familiar with the service available to the high school district, which is quite large, and on which one hundred and twenty students are dependent. He testified that the service of the electric line is efficient; that the conductors give special care to the students between boarding points and the high school and return, and that the service now given is to some extent indispensable. He testified that the school district has school busses for regions not served by any transportation system, and that the service now given by the electric line is the equivalent of four busses maintained out of the funds of the school district, and which cost from 25¢ to 28¢ per bus mile to operate.

The service proposed by applicant, while nominally between terminals, is in practical effect a service between Sebastopol and Petaluma and points intermediate to Sausalito. If established it would, in our judgment, seriously impair the ability of the electric line to continue passenger service efficiently. Discontinuance of such passenger service should not be contemplated without a better substitute than proposed herein, as it would deprive that portion of Sonoma County north

and west of Sebastopol and Russian River resorts of all service. In Decision No. 16395 on Applications Nos. 11184 and 11534, dated June 11, 1926, similar service to that proposed by applicant, but covering the entire area to Russian River, was denied. In that proceeding Santa Rosa, Petaluma & Sausalito Stage Company was authorized to establish service between Santa Rosa and Monte Rio, via Sousa's Corner (north of Sebastopol). The testimony shows that this service was discontinued during the winter season because of lack of patronage.

We have given the record herein close analysis, and hereby find as a fact upon this record:

(1) That applicant herein has not affirmatively shown public necessity or convenience for the service proposed.

(2) That the service now maintained by the Petaluma and Santa Rosa electric lines is adequate and efficient; that its connections with the Northwestern Pacific Railroad and the Sausalito, Petaluma and Santa Rosa stage line are adequate and convenient to such an extent that even in the face of a showing by applicant that a portion of the public required the service proposed by him, the general effect on transportation for all the communities involved would be to seriously impair the ability of existing carriers to continue the service now given.

For these reasons, we believe the application should be denied.

O R D E R.

C. A. Johnson, having made application herein for a certificate of public convenience and necessity to establish and operate passenger transportation service between Sausalito

and Sebastopol and intermediates, a public hearing 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 do not require the operation of a passenger automobile service as proposed by applicant, and it is ordered that the application herein be and the same is hereby denied.

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

Dated at San Francisco, California, this 11th day of April, 1927.

E. M. ...
C. Seavey
Lionel ...
Thos. ...

Commissioners.