

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of HARRY DRAKE, conducting, as sole owner, certain automobile passenger stage lines under the name of Terminal Island Transit Company, and MOTOR COACH COMPANY, a corporation, for an order authorizing the sale of property necessary and useful in the performance of duties to the public, together with a certain permit and all rights thereunder.

Application No. 15421

W. N. Deatherage, for Applicant,
Harry Drake.

Bruce Mason, for Applicant, Motor
Coach Company.

F. F. Ball, for Board of Public
Utilities & Transportation,
City of Los Angeles,
Interested Party.

BY THE COMMISSION:

O P I N I O N

Harry Drake seeks the approval of the Commission to the transfer of certain automobile passenger lines, operated under the name of Terminal Island Transit Company, to Motor Coach Company, a corporation, operating a large transportation system, both utilities operating under certificates granted by this Commission.

Public hearings herein were held before Examiner Williams at Long Beach and San Francisco.

The rights sought to be transferred were granted to applicant Drake by authority of Decision No. 18935, dated October 19, 1927, on Application No. 14005. The Drake service consists of an operation between Terminal Island, a portion of the City of Los Angeles, through a portion of the City of Long Beach and thence to Wilmington, a district of the City of Los Angeles, over and along

the following route:

From Seaside Avenue to Genoa Place; northwesterly along Harris Place to Ocean; thence northeasterly along Ocean a distance of one block to Mormon Street; thence Northwesterly along Mormon Street to Dock Street; thence Northeasterly along Dock Street to Badger Street; thence northerly along Badger Street to Anaheim Street; thence westerly along Anaheim Street to a terminus at Anaheim and Hyatt Streets, Wilmington, returning over exactly the same route;

and subject to a restriction that no passengers may be transported between Anaheim Boulevard and Hyatt Street and a point six hundred (600) feet east of End Avenue, except such as originate at or are destined to points east of such restricted distance. Prior to the grant of this certificate, Drake maintained a local line upon Terminal Island, but this certificate absorbs all the service performed by him heretofore and subsequently, as one operation.

Motor Coach Company agrees to purchase the certificate and equipment of Drake (excepting lease of garage building on Terminal Island) for the sum of \$8,000, of which \$4,000 is to be paid in cash within ten days after the approval of the transfer, and the remaining portion to be paid at the rate of \$100 or more per month, with interest at 6% after the first year. Upon these terms, applicant Motor Coach Company seeks authority to execute its note for the period of forty months to cover the deferred payment.

By stipulation (Exhibit No.1) filed by both parties, the value of the vehicles and operating equipment is valued at \$2044.00 and the value of the operating right at \$5956.00. In view of the excessive proportion to be paid for the operating right, its cost shall be charged by Motor Coach Company to Account No. 315, Miscellaneous Charges to Income. Only \$2044.00 may be charged to plant and equipment accounts.

Applicant Motor Coach Company asks, in the acquisition of this service, that it be merged and consolidated with its other operations. By Decision No. 20780 on Application No. 14990, this Commission denied Motor Coach Company, applicant herein, a certificate to operate a through service between Long Beach and Terminal

Island via Anaheim Boulevard and Badger Avenue, for the reason that such service, if necessary, would duplicate and impair the service heretofore maintained by Drake, and for the further reason that public necessity and convenience for a second certificate had not been shown. The purpose of applicant Motor Coach Company, according to D. D. Bush, secretary and general manager, in acquiring the Drake service and merging it with the other service, is to provide through schedules morning and evening between Long Beach and Terminal Island, avoiding transfer at Anaheim Boulevard and Badger Avenue. Applicant Motor Coach Company agrees to maintain all the service now given by Drake, and to augment this service whenever necessary. The necessity for the augmentation is imminent, in view of the probability of the Los Angeles & Salt Lake Railroad abandoning its train service between Long Beach and Terminal Island via the seashore route, and also by the establishment of a Ford automobile factory in the city of Long Beach along the route of this operation. Applicant Motor Coach Company stipulated that the transfer would carry with it all the restrictions heretofore imposed upon this applicant forbidding the transportation of passengers between Long Beach and Wilmington from points east of Avalon Avenue.

The record as presented, we believe, justifies the authorization of the transfer and the approval of the undertaking for deferred payments for a longer period than twelve months, and also justifies the merger of the operation with the other operations of Motor Coach Company, in order that applicant Motor Coach Company, which already has an extensive system in and about the harbor districts of Los Angeles and Long Beach, may establish through service between Long Beach and Terminal Island. The record shows that

Approximately fifty persons travel daily via the steam rail line from Long Beach to Terminal Island and return each day, and the development of the Ford plant and other industries is expected to furnish an additional movement of considerable volume, as the Ford plant will employ 2,000 to 3,000 persons. An order granting the certificate and merger will accordingly be entered.

Motor Coach Company is hereby placed upon notice that "operative rights" do not constitute a class of property which should be capitalized or used as an element of value in determining reasonable rates. Aside from their purely permissive aspect, they extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be changed or destroyed at any time by the state which is not in any respect limited to the number of rights which may be given.

ORDER

Harry Drake having made application to sell, and Motor Coach Company having made application to purchase, certain automobile passenger lines of applicant Drake which were authorized by Decision 13935 on Application 14005, a public hearing having been held, the matter having been duly submitted and now being ready for decision,

IT IS HEREBY ORDERED that the sale and transfer of the certificate rights and property of Harry Drake to Motor Coach Company, a corporation, be, and the same hereby are approved, subject to the following conditions:

- 1- The consideration to be paid for the property herein authorized to be transferred shall never be urged before this Commission or any other rate fixing body as a measure of value of said property for rate fixing, or any purpose other than the transfer herein authorized.
- 2- Applicant Harry Drake shall, within twenty days from the date hereof, withdraw tariff of rates and time schedules on file with the Commission covering service, certificate for which is herein authorized to be transferred; such withdrawal to be in accordance with the provisions of General Order No. 51.
- 3- Applicant Motor Coach Company shall, within twenty days from the date hereof, file, in duplicate, in its own name, tariff of rates and time schedules covering service heretofore given by applicant Harry Drake, which rates and time schedules shall be identical with the rates and time schedules now on file

with the Railroad Commission in the name of applicant Harry Drake, or rates and schedules satisfactory in form and substance to the Railroad Commission.

4- 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.

5- No vehicle may be operated by applicant Motor Coach Company unless such vehicle is owned by said applicant, or is leased under a contract or agreement on a basis satisfactory to the Railroad Commission.

6- Motor Coach Company may not charge to its plant and equipment accounts more than \$2044.00. Any sum paid in excess of \$2044.00 for the aforementioned properties must be charged to Account No. 315, "Miscellaneous Charges to Income."

7- This order shall not become effective until there has been paid to the Railroad Commission the fee required by the Public Utilities Act and the Auto Stage and Truck Transportation Act to be paid on all evidences of indebtedness extending over a period of one year, in this instance the minimum fee of \$25.00.

IT IS FURTHER ORDERED that applicant, Motor Coach Company, be granted authority to issue notes as an evidence of indebtedness in the purchase of said property and certificate rights of said Drake, in the sum of \$4000 payable in monthly installments of \$100 and with interest after the first year at six per cent per annum.

IT IS HEREBY FURTHER ORDERED that the said certificate issued by Decision No. 18935, dated October 19, 1927, on Application No. 14005, wherein certain automotive passenger transportation operations were authorized to be conducted by Harry Drake, be and the same hereby is consolidated and merged with the operating rights heretofore granted to Motor Coach Company and heretofore consolidated by virtue of Decision No. 14097 on Application No. 10007, Decision No. 14798, on Application No. 10620, Decision No. 17589 on Application No. 13205, and Decision No. 19290 on Application No. 14220.

IT IS FURTHER ORDERED that the authority to consolidate and merge the certificate herein transferred with the rights now possessed by Motor Coach Company, as described in the order herein,

shall be construed only as authority to publish rates and charges between all points served under authority of the certificates of public convenience and necessity already granted, and to operate through automobile stages between any of said points, no authority being conveyed for the operation of any lesser service than that authorized by the certificates herein granted, or heretofore granted; provided further, that the rights herein granted in no way modify or alter in any respect restrictions heretofore imposed on the operations of applicant or its predecessors, and that said restrictions remain in full force and effect.

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 May, 1929.

Thos. S. Loutch

Chas. Sweeney

Edmund Scott

Leon Whitehall

W. J. Carr
Commissioners.

