

Decision No. 21300

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of MOTOR TRANSIT COMPANY for an order (1) placing all of its automobile stage line operations under one division and eliminating the requirement that said operations be conducted by separate divisions; (2) removing all existing restrictions and prohibitions against serving any points on its lines, and permitting applicant to render an automobile stage service for the transportation of both through and local passengers, their baggage and express, from every point on applicant's lines to every other point thereon; (3) permitting applicant to make pick-ups and discharges of passengers, their baggage and express, at all points on applicant's lines; (4) authorizing applicant to quote both through and intermediate passenger fares and express rates from every point on applicant's lines to every other point thereon; (5) authorizing applicant to merge all of its automobile stage line service into one unified system, and (6) for an order that public convenience and necessity require all of same.

ORIGINAL

Application  
No. 13690

- E. W. Kidd, for Applicant.
- R. L. McNitt, for Pasadena-Pomona Stage Line, Protestant.
- Edward Stern, for American Railway Express Co., Protestant.
- Harry W. Blair, for Keystone Express, Protestant.
- Frank Karr, O. A. Smith, H. O. Marler and R. E. Wedekind, for Pacific Electric Railway Co., Protestant.
- Gibson, Dunn & Crutcher, by Paul R. Watkins, for Los Angeles Railway Corporation, Protestant.
- L. D. Hayes, for United Parcel Service of Los Angeles, Protestant.
- Norman E. Robotham, for Pacific Coast Motor Coach Company, Protestant.
- Charles A. Bland, for Industrial Bureau of Long Beach Chamber of Commerce, Interested Party.

BY THE COMMISSION:

O P I N I O N

Applicant corporation herein in the above numbered application seeks a certificate of public convenience and necessity merging and uniting all its services in the State of California into one operation and removing all restrictions heretofore imposed upon any portion or part of the operations, to the end that applicant may establish, at its option, any service between any two points on its system. Applicant also seeks readjustment of the fare structure for the lines it acquired by purchase from Crown Stages, Inc.

Public hearings herein were conducted by Examiner Williams at Los Angeles, at which time the matter was duly submitted on briefs, and the briefs having been filed as provided, it is now ready for decision.

The status of applicant corporation is fixed by Decisions No's 13454, 16725, 15834, 13371 and 18330, and in this proceeding that status is not questioned by any protestant. It is therefore proper to assume that the main questions involved in this proceeding are the questions of unification and liberation from restrictions of applicant's services. In relation to this general proposition, there is considerable minutiae regarding individual restrictions sought to be removed, but the main purpose of the application is to place applicant in juxtaposition to the Pacific Electric Railway throughout Southern California, as applicant serves practically all of the territory served by the Pacific Electric Railway and additional territory in the mountains and along the seashore. Because of this proposed liberty of competition, the Pacific Electric Railway Com-

pany is a serious protestant in this proceeding.

Applicant corporation urges the granting of such certificate of public convenience and necessity on the ground that it is comparable in public service in every way with protestant, Pacific Electric Railway except in liberty of operation. Applicant operates over some 1400 miles of road, using approximately 350 pieces of equipment, and, according to its own statement, has an investment of approximately \$3,500,000 in land, buildings, transportation equipment and other property. The Pacific Electric Railway Company operates over 1100 miles of track system, and in addition operates some 600 miles of bus lines over highways, using approximately 250 automotive vehicles and having an investment for public utility purposes, according to its testimony, of approximately \$85,000,000. The operations of both applicant and protestant, Pacific Electric represent consolidations of short lines into one entire system under one ownership, the history of the development of the two corporations being largely the same in the matter of absorption of local lines, with the exception that protestant Pacific Electric Railway was functioning in its unified capacity at the time applicant corporation took its first step toward the acquisition of a single system in Southern California.

By Decision No. 16725, commonly known as the "tri-stage merger," under which Pickwick Stages System, California Transit Co. and applicant herein, exchanged, for a consideration, certain rights, applicant became restricted to the short distance local traffic in Southern California in a territory roughly bounded on the west by the Pacific Ocean between Long Beach and Laguna Beach, on the south by Santa Ana

(except for the line to Laguna Beach via Irvine), on the east by Bear Valley, Arrowhead and Victorville, and on the north by a leased operation to Sunland, a point about 14 miles north of Los Angeles. In this area applicant operates competitively with the Pacific Electric Railway to nearly all points it serves, but is restricted in many places from actual competitive local service. The important authority of which applicant asserts its lack is the ability to establish, at its option, any through service, as expressed by its principal witness, Mr. F. D. Howell, between any one point on its system to any other point, and which privilege applicant asserts is in the sole possession of protestant Pacific Electric Railway Company.

With its unified operation free from restriction, as applicant proposes, applicant would be in a position to establish through local service between Los Angeles and Pasadena, Los Angeles and Long Beach, Los Angeles and Laguna Beach via Santa Ana, between Redlands, Riverside and San Bernardino and Long Beach by way of Pomona, between the same points and Santa Ana and Laguna Beach and Newport, also between the same points and Long Beach via Santa Ana, and many other combinations of through service, which it would be its privilege to begin at its option, but which it would be under no specific obligation to render. All of the services mentioned are now performed either over the same or slightly different routes by the Pacific Electric, except the through service between the San Bernardino region and the beach towns south of Long Beach, there being no Pacific Electric service link between Corona and Santa Ana. The granting of such plenary rights must therefore be based upon a showing by applicant of an existing necessity for such service, and must include a showing of the inadequacy and in-

efficiency of existing systems of transportation.

Applicant urges that its present status has been so altered by its acquisition of other lines and elimination of its long distance service that its property and system are devoted to exactly the same purposes as those of the Pacific Electric; that it parallels protestant's system, serving the same territory, and that it offers the choice of service over a whole area to which the public is entitled; and the Commission is asked to exercise its discretion and place applicant upon a parity of operation with the Pacific Electric Railway in all respects.

By Decision No. 16725 on Application No. 12812, authorizing the so-called "tri-stage merger," the Commission defines the status of Motor Transit Company to be:

"Motor Transit Company as a specialized local operator of motor transportation in the territory in and around Los Angeles, Santa Ana and the San Gabriel Valley from the ocean to and including the San Bernardino and San Jacinto Mountains."

Obviously, this status was intended to be exactly what it means, and as the operations of this carrier were separated into divisions, there was no contemplation of universal through service, as sought herein by applicant. Applicant's testimony is intended to show that there is a demand for such through service from the ocean to the mountains. In this connection applicant filed its Exhibit No. 31, which is a rather complete set-up of the entire organization, business and physical features, as well as financial statement. According to this exhibit, 2,344,254 passengers were transported in the calendar year 1925. The car mileage during the same period was 6,192,724, or 2.021 miles for each passenger carried. This period included the long distance operations of the carrier. On May 13, 1926, the long dist-

ance operations were transferred, for a substantial consideration, to the Pickwick Stages System, Inc. and California Transit Company, and the exhibit contains a set-up of adjusted business for 1926 showing that during this year applicant carried 2,773,584 passengers with a car mileage of 5,646,394, or 2.35-plus, miles per passenger. These results, we believe, show the short distance character of this operation. The annual reports of applicant disclose that in 1925 applicant's revenue was \$1,627,050, and its expenses \$1,485,495, with a profit of \$141,554. In 1926 the revenue (including accruals from Crown Stages System) was \$1,422,838 and expenditures \$1,553,926, showing a loss of \$131,088, or a difference in revenue for the two years of \$204,212 (not including freight and express). Exhibit No. 31, by a similar comparison, shows the difference in gross revenue to have been \$303,082, including all sources of revenue.

It is obvious from this showing that it is expected the elimination of divisions and the authorization of through service at will will augment the business to such an extent that losses will be avoided.

That the establishment of through service would have a direct injurious effect on the revenues of protestant Pacific Electric Railway Company, was the testimony of Oscar A. Smith, Traffic Manager of protestant, who estimated that if the applications were granted as asked for, the losses of protestant, because of division of business, "would easily reach \$75,000 to \$100,000 per month"; or, in other words, approximately a million dollars a year of revenue of the protestant would be lost. Mr. Smith further testified that this protestant had never actually lost money on its operations, but that it had never made any return upon its investment except

a very small amount, usually one or two per cent per annum. Mr. Smith's testimony, of course, had in view the competitive bus operations by applicant in and out of Los Angeles to inter-urban points, which service applicant is now restricted against doing, and which, by this application, it seeks authority to do.

Another requisite of applicant's showing is the proof of inadequacy of the service of protestant, Pacific Electric Railway Company. We are unable to agree with applicant that the testimony of its officers and agents and of two particular witnesses and other witnesses in general, is sufficient to establish that the through service applicant seeks may not, in the main, be given by protestant as adequately and efficiently except in several instances, to be discussed later. In the absence of affirmative proof of the necessity of through service and the inadequacy of the existing service, applicant must depend upon the sole showing that the public is entitled to a choice of service. It has been shown by the testimony of Mr. Smith, in behalf of protestant, Pacific Electric Railway Company, that under the latitude of operations proposed by applicant this carrier would lose at least several hundred thousand dollars of revenue now necessary to maintain its equilibrium between revenue and expenses. To authorize such a sacrifice in the interest of giving a small portion of the public a choice of service would, in our judgment, require higher rates, and probably result in detriment to that portion of the public served by the utilities here involved.

Applicant requests that its stage line operations be consolidated into one division instead of the former divisions provided for in Decision No. 13454 on Application No. 8454. At the time this decision was promulgated in April, 1924, applicant was conducting operations as far north as Bakersfield and Taft and as far south as San Diego, and its operations were divided into Northern, Eastern, Southern and Mountain Divisions. Under authority of Decision No. 16725 on Application 12812, applicant was permitted to transfer its long distance operations to Bakersfield, Taft and San Diego, and there remains but the Eastern, Southern and Mountain Divisions. By retiring from the long distance service field, which was taken over by Pickwick Stages System and California Transit Co., applicant has restricted its operations to an area in which applicant urges it is no longer necessary to conduct the operation by divisions. The separation of this applicant's operations into distinct divisions was a restriction imposed for the purpose of preventing through operations between divisions. The request to eliminate division lines coordinates with the second request of applicant to remove all restrictions and prohibitions and to permit a unified service over its entire system with the right to establish through service from any one point to any other point upon any portion of a division of the entire system. To be effective, both requests must be granted.

The testimony in support of both of these requests in the application came largely from the officers and employees of applicant corporation. Mr. Franklin D. Howell, Vice President and General Manager; Max H. Green, Passenger Traffic Manager; W. E. Kruckman, Long Beach agent; Claude M. Allen, San Bernardino agent, and Ole D. May and Herbert Collins, passenger traffic employees at the Los Angeles terminal, were all



witnesses in behalf of these phases of the application. In the main, their testimony was that many complaints were received by the company because of necessity of transferring from one stage to another during journeys over different divisions of applicant's system, and also as to the demand made variously for through transportation between Long Beach and Los Angeles and San Bernardino mountain points; between the Riverside-San Bernardino-Redlands district and Laguna Beach; between Los Angeles and Long Beach via Downey, etc.

In addition to these witnesses, testimony was given by Juanita D. Carr, of Los Angeles, and R. A. Bird, of Laguna Beach. Miss Carr is the manager of a mountain resort agency, and testified that travelers to the San Bernardino mountains objected to a transfer either from rail or bus at San Bernardino, and preferred through service, and that the demand was made in season and the complaint general as to this necessity of transfer in reaching mountain destinations. Mr. Bird was introduced solely to show that, as a restaurant keeper at San Juan Capistrano for many years, his contact with the stage traveling public led him to believe that through service was desired by all stage travelers. In addition, many of the witnesses introduced by applicant were asked whether they regarded through service as necessary and more convenient to the public than a broken service, and gave affirmative answers. A close examination as to this feature of the application indicates, first, a desire on the part of the applicant to conduct, at will, through service from any point to any other point over its entire system, and, second, that the testimony in support of this is almost wholly from applicant's officers and employees and reflects only indirectly any positive demand of the public for a change of conditions.

The restrictions imposed upon applicant and its predecessors in the original granting of certificates were based at the time upon particular conditions which required the protection of other carriers and the public. The reasons for such restrictions that were then sufficient must still be regarded as sufficient, unless applicant, by affirmative showing, specifically in each instance, shows that the restriction at this time is either obsolete or against public interest. We cannot assume, upon the basis of the record herein, that the showing made by applicant in specific cases or in general is sufficient to justify this Commission in arbitrarily removing all restrictions, and giving applicant liberty of operation when and as it may seek to establish same. To grant such a latitude probably will bring unforeseen injurious consequences to the public and other carriers. Where, however, applicant has shown in this proceeding good reason for the removing of any particular restriction, such restriction will be removed, but as to the general proposition of unifying this applicant's operations with full liberty of schedule, we do not find the record justifies our approval.

We think there is abundant proof in this proceeding that applicant should be permitted to establish through service over its present routes between the Riverside-San Bernardino-Redlands district and Laguna Beach; between the same district and Long Beach, and between Los Angeles and San Bernardino mountain resorts and San Jacinto mountain resorts. In each of these instances, applicant is now conducting broken service, and in some cases is the only carrier serving the ultimate destination. In the other instances, both carriers serve the same terminals but by widely different broken routes. A number of minor restrictions, according to the record, are also unnecessary, in view of the fact that many of them were imposed to pro-

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protect other carriers which have since been assimilated into applicant's system, making this restriction obsolete and ineffective. As to the matters in which restrictions are to be removed, they will be discussed separately.

Applicant introduced thirty-four witnesses outside of its own officers and employees in support of the application. Of these witnesses, ten testified as to the necessity of a through service between the Riverside-San Bernardino-Redlands district and Laguna Beach. These witnesses were F.B. Champion, President of the Chamber of Commerce of Laguna Beach; F.D. Pettes, Long Beach; E.P. Clark, newspaper publisher, Riverside; T. Allen Box, Jr., Los Angeles capitalist; Jane Adams, Arch Beach, Hannah Hughes, Colton; John Jehle, Laguna Beach; Dennis D. Shay, Laguna Beach, W.C. Simmons, hotel keeper at Arch Beach and Laguna Beach, and E.H. Henshaw, President, Laguna Beach Realty Board. These witnesses represented both ends of the proposed through service, and their testimony, we believe, is sufficient. The reasons urged are these: The Pacific Electric maintains service between Riverside, San Bernardino and Redlands only as far as Corona. Between Corona and Laguna Beach, it maintains no service. Between Redlands, Corona and Santa Ana, the only through service is that of applicant. At present, passengers are required to change cars at Santa Ana on any journey to Laguna Beach, and there no longer appears any reason why such a change should be required.

As to the removal of restrictions between Orange and Olive, which were imposed originally to protect other carriers,

there are now no other carriers, and the restrictions should be removed. The testimony of John E. Ross of Prado, and Arthur H. Koepsel of Orange indicates that the removal of this restriction would result in providing transportation facilities for many packing house employees and others between Orange and Olive.

Applicant's request to remove restrictions on its operation between Colton and Riverside was supported by Roy C. Dundas and Hannah Hughes of Colton, Frank Marryfield of La Cadena Road between Riverside and Colton, E. Edwin Dille of Grand Terrace, J. D. Wilson, a rancher near Colton, and Harrison Kerrick of Grand Terrace. These witnesses testified that busses of applicant traverse a route at some points distant from the Pacific Electric Railway, under the restriction to carry no passengers between Riverside and Colton, and that witnesses, many times, or their families, would be glad to use the bus. The Pacific Electric schedule is hourly, while applicant has but two services in each direction daily. As the rail service is not now patronized except meagerly, it appears that the removal of the restriction is not warranted by inadequacy of service. Applicant's request for an alternate routing via La Cadena Drive is also without support in proof.

It is also sought to remove the restrictions from applicant's City Transit lines operating between Pomona and San Dimas and paralleling the line of the Pasadena-Pomona line, protestant

herein. As applicant has, since submission, acquired the Pasadena-Pomona line, and it has been consolidated with City Transit line and both consolidated with applicant's Eastern and Southern Divisions (Decisions Nos. 20652 and 20902), the end sought already has been accomplished.

Applicant's request to remove restrictions on its operations between Redlands and Yucaipa was unopposed. Applicant's predecessor, G. A. Shoen, held a certificate (Decision No. 17546 on Application No. 13223) to operate between Redlands and Yucaipa and has served all intermediate points although certificated authority did not include intermediates. We believe this operation should be certificated for termini and all intermediate points and merged with the other service of applicant in such manner that passengers east of Redlands may have through service to San Bernardino or other points. The result will be additional schedules and a new rate structure consistent with applicant's general basis, as shown by Exhibit No. 2.

Applicant's request to remove all restrictions on its line between San Bernardino and Oro Grande, serving intermediately to Victorville and other points in Cajon Pass, as authorized by Decision No. 17120 on Application No. 13005, should be granted. This line was acquired from Carl D. Hodge, and the restriction prevented the merging of this operation with the other operations of Motor Transit system. No opposition to this merger was made, and there now appears no reason to continue the restriction longer. Applicant operates from Los Angeles to San Bernardino, and there transfer has been made to the Hodge line, thus preventing through service to the Victor Valley. Applicant should be in a position to establish such through service.

Applicant's request to be permitted to conduct through service between Los Angeles and Long Beach by way of Downey was supported largely by the testimony of Mr. Howell, Mr. May and Mr. Collins and other officers of applicant company. At present, this service

is accomplished by transfer at Downey where passengers going to Long Beach board the stages of the Whittier-Long Beach line. To remove this restriction would permit through service from Los Angeles to Long Beach. There is no showing in the testimony that the present direct service of protestant, Pacific Electric Railway Company, between Los Angeles and Long Beach over its rail line is inadequate. Applicant proposes to charge a fare of 65 cents between termini, while protestant's rate is 40 cents. It is urged by applicant that this differential in rates would not attract business via Downey, and that the removal of this restriction would simply be a convenience to the public, especially tourists, who might want to travel by this routing. According to the testimony produced by applicant, it has had inquiries at its Los Angeles terminal for a service to Long Beach, but passengers decline to use the service which requires connection with other lines and possibly a wait between cars. In view of the fact that protestant maintains an adequate service by rail by the most direct route, we do not believe the restriction should be removed.

The removal of restrictions upon the so-called Cregar lines, which applicant acquired under Decision No. 13371 on Application No. 9780, and also Decision No. 17377 in the same application, were unopposed, and there appears no reason why the request of applicant should not be granted.

By Decision No. 13371 the Cregar lines, operating between Riverside and Relief Hot Springs, were merged and authorized to serve the intermediate points of Box Springs, Allesandro, Valverde, Anderson, Ethenac and Coyote Pass. There are new intermediate points, and applicant should now serve all intermediates, as it is the only carrier.

Applicant asks certain enlargements of its operative rights as acquired from Dillingham Transportation Company. As the former competitor of the Dillingham Company, Crown Stages

has been acquired by applicant, there appears no reason why it should not serve all intermediates between Whittier and Long Beach; also, to perform service between Norwalk and Santa Fe Springs; also, to serve all intermediates between Long Beach and Whittier Boulevard; also, all intermediates between Alhambra and Pico. By Decision No. 18692 rerouting the Dillingham system, certain requests in the instant application were disposed of.

In Decision No. 16888 on Application No. 12683, permitting applicant to lease, with option of purchase, the lines of Verdugo Transportation Company the operating right is described as "the transportation of passengers between Los Angeles, Sunland via Glendale, Montrose, La Crescenta and Tajunga and other intermediates." Applicant asks that this language be construed to mean all intermediates between Los Angeles and Sunland, as a matter of clarification of its rights. As the boundaries of Los Angeles and Glendale are contiguous, it is obvious that the "intermediates" are between Glendale and Sunland. There was no opposition to such clarification, applicant being the only carrier over the route, except the Glendale and Montrose railroad operating between these points.

By Decision No. 16725 on Application No. 12812 applicant acquired from Pickwick Stages, Inc. its lines between Los Angeles and Santa Ana, via Telegraph Road, Fullerton and Anaheim. No restrictions exist, but applicant asks that this operation be merged with its other operations. To this there was no opposition, except as to the general unification, and there appears no reason why it should not be merged with the lines of the Southern Division.

Applicant also seeks to have removed restrictions against local business between Huntington Beach and Seal Beach, on its Riverside-Long Beach line (acquired from Crown Stages, Inc. by authority of Decision No. 16725 on Application No. 12812). This restriction was originally provided by stipulation of applicant's predecessor with Pacific Electric Railway Company. In Applica-

tion No. 14492 (Supplementary), applicant consents to the removal of a similar restriction between Long Beach and Newport imposed on Pacific Coast Motor Coach Company (now owned by Pacific Electric Railway) and the Pacific Electric Company withdrew its objection to removing restriction on applicant. In addition, applicant supported its request by the testimony of several witnesses seeking to use its service. There appears no longer reason to maintain the restriction.

Removal of restrictions between Long Beach, Riverside and Pomona sought by applicant on the theory that the restrictions imposed were only to protect Crown Stage operations which have now been merged with its own operations as successor in interest, disregards the fact that the restrictions also were imposed for the apparent benefit of the Pacific Electric Railway Company which serves all three points. These carriers, however, operate to their terminals from Long Beach by entirely different routes, and the consideration of the record herein indicates that the establishment of through service would relieve that portion of the public that prefers bus transportation of the necessity of transfers at various points, as applicant serves all the points involved. We believe this restriction may be removed without injury to protestant herein, permitting a through route from Pomona to Long Beach via Pico or Brea and from Riverside to Long Beach, via Corona and Santa Ana.

Applicant also requests authority to establish through route between Los Angeles and Laguna Beach via Santa Ana. This request was seriously disputed by protestant, Pacific Electric Railway Company and also by protestant, Pacific Coast Motor Coach Company. Applicant now operates a separate line between Los Angeles and Santa Ana, and another separate service from Santa Ana to Laguna Beach. Protestant, Pacific Electric Railway Company, operates rail service to Newport Beach, where a connection is made with stages of Pacific Coast Motor Coach Company operating



between Newport Beach, Laguna Beach, Serra and San Juan Capistrano. Protestant contends that through service by rail and bus is most direct, adequate and efficient, even though it does involve transfer of passengers at Newport Beach. There is no showing that the connections are not in the main satisfactory by this routing. There is some testimony that the connections at Santa Ana over applicant's service are not the best. At present both operations are on a parity so far as transfers are concerned. Applicant, however, with its establishment of through service between San Bernardino to Laguna Beach via Santa Ana, can well afford to co-ordinate this service with its schedules between Los Angeles and Santa Ana and thus transfer passengers from Los Angeles to Laguna Beach without delay. For this reason, we believe the status of the two carriers should be maintained, as the proof of applicant for necessity of through service is not satisfactory.

Since submission of the application herein, Pacific Electric Railway Company has acquired, by authority of this Commission (Decision No. 20351 on Application No. 15132) control of Pacific Coast Motor Coach Company and transports passengers from any point between Long Beach and Newport to Laguna Beach and San Juan Capistrano with its own rail line connections at Long Beach and Newport and intermediates, and with Santa Fe Railway and Pickwick Stages at San Juan Capistrano and Serra.

Based on the record herein we find as a fact that public convenience and necessity do not require the unification of service and elimination of all restrictions, as proposed by applicant herein; we find further that certain restrictions should be removed and certain rate adjustment authorized, but that with these exceptions the application should be denied. An order accordingly will be entered.

Applicant stipulated at the outset of the hearing that as to all express or property transportation matters, it would be bound by any decision to be rendered upon Application No. 11502, then pending before this Commission. Since the hearing herein, Decision No. 18749 upon Application No. 11502 has been issued, and the order herein will make this decision binding on all grants made in this decision so far as express matter is concerned. It will not, however, affect applicant where it has larger rights as to freight, particularly in the San Bernardino and San Jacinto mountains.

Removal of restrictions imposed by Decision No. 11527 on Application No. 6754, preventing pick-up by applicant between Los Angeles, Pasadena and Uplands, along Huntington Drive and Foot-hill Boulevard, is also sought on the ground that protestant, Pacific Electric Railway service ends at Glendora, and that passengers west of Glendora for points east of Glendora must, if they use protestant's service, travel many miles west to Valley Junction in Los Angeles, and there transfer to the San Bernardino lines of applicant. While this is true, it is also true that such passengers may, by using Pasadena-Pomona Stages (now owned by applicant) connect with Pacific Electric service at La Verne or with the service of applicant at Pomona. The same changes were urged in Application No. 11518 (Decision No. 18689, dated August 8, 1927) and were denied. There seems to be no material difference now. As to points beyond San Bernardino and Riverside, where applicant is now the only local carrier, restrictions should be removed and applicant granted permission to serve all intermediates. This includes all the Mountain Division service of applicant, and will authorize all-year, instead of seasonal winter use of the routes via Victorville or via Hesperia, including all intermediates, as such routings and certificates were set forth in Decision No. 13454 on Application No. 8454. Similar permission as to all intermediates will be granted in the San Jacinto mountains.

Applicant also requests authority to establish its standard rates over its entire system, and particularly over the lines operated by its predecessor, Crown Stages, and which were united with applicant's general system by virtue of Decision No. 16725, because of the difference in the rate structure inherited from Crown Stages. It was explained by Mr. Howell that this structure of the Crown Stages was not built upon any definite mileage basis, and that the fare breaks were sometimes as much as five miles apart and represent, in many instances, higher fares than should be charged. Applicant desires to establish over all the Crown Stages lines the same basis of rates applicable to the rates of its system, to-wit, a base rate of  $2\frac{1}{2}$  cents per mile, round trips to be 85 per cent of two one-way fares, ten-ride commutation books to be 75 per cent of two one-way fares, and thirty-ride books to be 60 per cent of two one-way fares. Applicant does not ask to disturb its rate structure for its Mountain Division. It is the testimony of Mr. Howell that the application, on this basis, for a new rate structure for Crown Stages, would result in fares being broken down each two miles, and would result generally in a reduction over its entire system.

Applicant in this proceeding is not seeking so much a reduction of fares, which its exhibits show would be a result, as it is for authority to correct a poorly formed rate structure of its predecessor, and bring all its business, except its Mountain Division, upon the same fare basis.

While protestant, Pacific Electric Railway Company, contends that no authority is needed from the Commission to reduce fares, we believe applicant is acting properly in requesting consent to establish a new basis of fares, and the request will be granted as prayed for, not only for the benefit to the public, but for accounting and convenience of applicant. The reason for exempting the Mountain Division is that it carries a much higher fare structure, necessary because of the more difficult character and greater cost of operation and special equipment required.

MOTOR TRANSIT COMPANY, a corporation, 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

MOTOR TRANSIT COMPANY, a corporation, having applied to the Railroad Commission of the State of California for authority to eliminate its operation by divisions, re-routing restrictions and prohibitions, and permitting it to transport passengers, their baggage and express at all points on applicant's system; authorizing applicant to quote through and intermediate passenger fares and express rates to and from every point on applicant's line; authorizing applicant to merge all of its automobile service into one unified system, and for a certificate of public convenience and necessity authorizing all of the foregoing; 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 require modification of the orders heretofore made as to restrictions imposed upon applicant herein as follows:

By amending Decision No. 17546 on Application No. 13223 to authorize applicant to serve all intermediate points between Redlands and Yucaipa, and the operation thereof merged with applicant's Eastern Division.

By amending Decision No. 17120 on Application No. 13005 to authorize applicant to serve all intermediate points between San Bernardino and Oro Grande, and the operation thereof merged with applicant's Eastern Division, and authorizing through service between Los Angeles and Oro Grande.

By amending Decision No. 20214 on Application No. 12683 to authorize applicant to serve all intermediate points between Glendale and Sunland.

By amending Decision No. 16725 on Application No. 12812 to authorize applicant to serve all intermediate points between Olive and Corona, inclusive of terminals, and between Huntington Beach and Seal Beach and the operation thereof merged with applicant's Southern Division; also, that the operation of applicant's service between Los Angeles and Santa Ana (acquired from Pickwick Stages) be merged with applicant's Southern Division.

By amending Decision No. 15760 on Application No. 9917 to authorize applicant to serve all intermediate points between--

- (a) Whittier and Long Beach,
- (b) Norwalk and Santa Fe Springs,
- (c) Alhambra and Pico,

and by authorizing through service--

- (a) Between Pomona and Long Beach, and all intermediate points via Pico.
- (b) Between Riverside and Long Beach and all intermediate points via Santa Ana.

By amending Decision No. 15834 on Application No. 10710 to authorize applicant to serve all intermediate points between Riverside and San Jacinto, Gilmans Relief Hot Springs, and all points on applicant's routes in the San Jacinto mountains, and the operation thereof merged with applicant's Eastern and Southern Divisions.

By amending Decision No. 18639 on Application No. 11784 to authorize applicant to serve all intermediate points all year between San Bernardino and Lake Arrowhead and Big Bear Lake, via either Victorville, Hesperia, Waterman Canyon, City Creek Canyon or Mill Creek Canyon routes; also, authorizing through service, between May 1, and September 30, of each year, between Los Angeles and San Bernardino and Redlands, Pasadena and San Bernardino and Redlands, said routes via either Foothill Boulevard or Valley Boulevard, with pick-up or discharge of passengers and their baggage at all points intermediate to Los Angeles and Uplands when such passengers and their baggage are destined to or returning from points on any of the five routes heretofore named, and beyond San Bernardino or Redlands, and that the operations thereof be merged with applicant's Eastern Division.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity authorizing the service, operations and mergers for passengers, their baggage or express, as hereinbefore specified, be, and the same hereby is granted.

IT IS FURTHER ORDERED that applicant herein be, and it is authorized to transport freight without limit as to weight, to and between all intermediate points between San Bernardino and/or Redlands over its routes herein named, to Lake Arrowhead and Big Bear Lake, with privilege of receiving or discharging from all intermediate points, but applicant may not receive freight between San Bernardino and Hesperia or Victorville unless such freight is destined to or originates at points beyond Hesperia or Box "S" Ranch; and a certificate of public convenience and necessity for such freight service is hereby granted, and that the operation thereof be merged with applicant's Eastern Division.

IT IS FURTHER ORDERED that applicant herein be, and it is hereby authorized to transport freight without limit as to

weight to and between all intermediate points between Riverside, Hemet and San Jacinto, Keen Camp, and Idyllwild; and that a certificate of public convenience and necessity therefor, hereby is granted.

IT IS FURTHER ORDERED that no authority is granted herein to alter or change any rate for the transportation of passengers and their baggage except as to the point or points affected by the removal of restrictions heretofore set out, or to give any different or lesser service than is herein specifically granted, except as to the reconstruction of fares for the lines and service acquired by applicant from its predecessor, Crown Stages, a corporation, and authorized by Decision No. 16725 on Application No. 12812, and for which reconstruction of fares applicant is hereby authorized to use as its base rate 2½ cents per mile for one-way trips, 85 per cent of one-way rates for round trips, 75 per cent of one-way rates for ten-ride books and 60 per cent of one-way fares for 30-ride books;

Provided further, that nothing herein contained shall authorize the transportation of express at weight limits different from the weight limits fixed by Decision No. 18749 on Application No. 11502, which weights and restrictions are hereby adopted in this order the same as is herein fully set forth.

The certificates herein granted shall become effective only when applicant has complied with the following conditions:

1. Applicant shall file its written acceptance of the certificates herein granted within a period of not to exceed ten (10) days from date hereof.

2. Applicant shall file, in duplicate, within a period of not to exceed thirty (30) days from the date hereof, tariff of rates and time schedules, such tariffs of rates and time schedules to be those attached to the application herein, or rates and time schedules satisfactory to the Railroad Commission, and shall commence operation of said service within a period of not to exceed sixty (60) days from the date hereof.

3. The rights and privileges herein authorized may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment

has first been secured.

4. No vehicle may be operated by applicant herein unless such vehicle is owned by said applicant or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.

IT IS HEREBY FURTHER ORDERED that in all other respects the application be 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 28<sup>th</sup>  
day of June, 1929.

Thos. G. Lott

Wm. J. L. Lott

Leon White

M. J. Lott  
Commissioners.