

Decision No. 91426

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application
of THE GRAY LINE, INC. to oper-
ate a sightseeing service from
San Francisco to Santa Cruz and
return.

Application No. 15446.

Richard T. Eddy for Applicant.
E. W. Hobbs for California Parlor Car Tours, Inc.,
Southern Pacific Motor Transport Co.,
and Southern Pacific Co., Protestants,
Reginald L. Vaughan for Auto Transit Company and
Peerless Stages, Inc., Protestants,
Andy Balich for Santa Cruz Chamber of Commerce.

BY THE COMMISSION:

O P I N I O N

The Gray Line, Incorporated, makes application to the Commission for permission to establish an automobile sightseeing service between San Francisco and Santa Cruz, traversing the route more specifically set forth hereinafter.

Public hearings were held by Examiner Cannon at San Francisco, the matter was duly submitted, and is now ready for decision.

The tour, as proposed by applicant, starts at San Francisco and follows the Bay Shore highway to San Mateo, thence to Sunnyvale, Los Gatos and Santa Cruz. Returning the route is via the Big Trees, Ben Lomond, Brookdale, Boulder Creek, Big Basin, Congress Springs, Saratoga, Cupertino,

Los Altos, and Palo Alto, where a side trip is made to Stanford University. The tour is resumed from this point and follows the main State highway to Redwood City, Burlingame, Colma and into San Francisco by an alternate route.

The fare for the proposed trip is \$7.50. Applicant reserves the right to cancel any tour unless at least four tickets have been sold and proposes to operate the tour only during the period from June 1st to September 15th. The usual type of Fageol parlor car sight-seeing busses will be used.

Applicant now operates a number of sight-seeing tours in and around San Francisco and the adjacent territory. One of these is a two-day tour to Santa Cruz and Del Monte and includes a side trip to the Big trees from Santa Cruz. The application which we are here considering provides for a one-day tour, returning from Santa Cruz by a different route, part of said route being over a newly improved highway, viz. between Big Trees and Saratoga.

The Secretary of applicant company testified that there was constant demand for a tour which would include the Big Trees and Stanford University on a one day trip.

Several San Francisco representatives of travel bureaus testified that the majority of their inquiries for a trip of this kind came from travelers who had already visited Del Monte on their way from the south and desired only to see Stanford University and the Big Trees. Another travel bureau representative stated that most of the tourists stopping temporarily in San Francisco desired to make only one day tours out.

A construction engineer employed by the State Highway Commission testified that portions of the road between Big Trees and Saratoga were under repair and that the entire road would be in

very good condition and open for traffic by June 1st, 1929.

The application was protested by Southern Pacific Company on the ground that that carrier offered adequate facilities for tourists who desired to visit Santa Cruz, Big Trees and Palo Alto by train.

Auto Transit Company and Peerless Stages, Inc. also protested the granting of the application. Auto Transit Co. offers direct stage service to Santa Cruz, but patrons desiring to visit Big Basin would be required to change from this carrier to Peerless Stages at Saratoga. An independent taxi service at Santa Cruz transports these stage passengers to Big Trees, the cost of the trip from San Francisco to Big Trees and return, including stage and taxi hire, being \$6.85, according to the testimony of one witness who had made the trip recently. This trip does not include Stanford University as one of its objective points.

A review of the testimony in this proceeding convinces us that there is a public demand for the proposed service and that the application should be granted. Neither rail service nor a co-ordinated bus service would appear to answer the requirements of that large and rapidly growing class of sight-seers who are intent upon viewing the marvelous scenery of California under the most favorable circumstances. In our judgment the proposed tour very naturally fits in as a necessary unit in applicant's general plan of offering one-day sight-seeing trips to points of interest close to San Francisco. Specifically, it permits tourists to visit Stanford University, Santa Cruz and the Big Trees within the limits of one day's trip. The application will be granted and an order entered

accordingly.

The Gray Line, Inc. 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. The Commission at the early stages of the development of this kind of transportation should be extremely careful not to lend encouragement to the idea that these rights possess a substantial element of value, either for rate fixing or capitalization.

O R D E R

Public hearings having been held in the above entitled application, the matter having been duly submitted and being now ready for decision;

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA hereby declares that public convenience and necessity require the operation by The Gray Line, Incorporated, of an automobile sight-seeing trip from San Francisco to Santa Cruz and return over and along the following route:

Starting from 739 Market Street at 8 a.m. to 10th Street, to Potrero Avenue, to Bay Shore Boulevard, to South San Francisco, to Mill's Field, to 3rd Avenue, San Mateo, to El Camino Real, to Mayfield, to Mountain View, to Sunnyvale, to Los Gatos, to Santa Cruz, to Big Trees, to Ben Lomond, to

Brookdale, to Boulder Creek, to Big Basin, to Congress Springs, to Saratoga, to Cupertino, to Los Altos, to Palo Alto and Stanford University, touring the campus and stopping at points of interest, to Redwood City, to San Mateo, to Burlingame, to Colma, to Mission Street, to Valencia Street, to Market Street, to main office of Company arriving at 6 p.m.

IT IS HEREBY ORDERED, that a certificate of public convenience and necessity for the foregoing service be and the same is hereby granted, subject to the following conditions:

1. Applicant shall file its written acceptance of the certificate 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 twenty (20) days from the date hereof, tariff of rates and time schedules, such tariffs of rates and time schedules to be identical with 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.

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 3rd day of

August, 1929.

Thomas J. Louder

Leon Whitehall

M. M. M.
Commissioners.