



A review of this evidence clearly indicates that the establishment of the daily service instead of a thrice weekly service met a public need. It further appears, however, that this daily service was not installed or established until applicant herein appeared as a potential competitor with an offer of what is practically a parallel service at a lower rate. The general trend of all of the testimony offered was to the effect that the territory contiguous to and including Santa Cruz was in need of such a service. That sufficient tonnage is available to make the service a compensatory one is also apparent from the testimony.

We cannot escape the conclusion that the Santa Cruz territory was deprived of a much needed service through the inactivity of Highway Transport Company over a period of years. Sudden activity designed to forestall competition cannot be accepted by the Commission as a proper method of measuring the transportation needs of a community. We therefore find as a fact that public convenience and necessity require the operation of the service proposed by applicant herein.

Pacific Motor Transport 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.

The following form of order is recommended:

ORDER

A rehearing having been held in the above entitled proceeding, evidence heard and the matter taken under submission,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY  
DECLARES that public convenience and necessity require the  
operation by Pacific Motor Transport Company, a corporation, of  
an automotive service for the transportation of freight between  
San Jose on the one hand and Santa Cruz and Capitola and all  
intermediate points between Los Gatos and Capitola, both inclusive,  
on the other, and

IT IS HEREBY ORDERED that a certificate of public convenience  
and necessity for such a service be and it is hereby granted to  
said Pacific Motor Transport Company, a corporation, subject to  
the following conditions:

1- That in the performance of said service the following  
route shall be followed:

Main highway between San Jose and Santa  
Cruz, via Glenwood, thence via main  
highway via Soquel, to Capitola, also  
as an alternate route from the main Los  
Gatos-Santa Cruz highway at Felton Road  
to Felton, thence over the Boulder Creek-  
Santa Cruz highway to Santa Cruz.

2- That freight may be picked up at or delivered to all  
points within one mile on either side of the highways  
named in the paragraph immediately preceding this.

3- That no local service shall be performed between  
Santa Cruz and Felton.

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

5- Applicant shall file, in duplicate, within a period  
of not to exceed thirty (30) days from the date hereof  
tariff of rates, such tariff of rates to be identical  
with those shown in amended Exhibit B attached to the  
application herein, also 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.

6- 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.

7- 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.

The above Opinion and Order are hereby declared to be the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 21<sup>st</sup> day of June, 1930.

C. J. [Signature]

Leon [Signature]

[Signature]

COMMISSIONERS.