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Decision No. 10760

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

SAN BERNARDINO CHAMBER OF COMMERCE,
Complainant,

- Vs. -

MOTOR TRANSIT COMPANY,
a corporation,
Defendant.

- Case No. 1752.

ORIGINAL

In the Matter of the Application
of RICHARD BRUCE CREGAR for a
certificate of public convenience
and necessity to operate an auto-
mobile stage line between San
Bernardino, California, and Little
Bear Lake and Big Bear Lake, and
other mountain resorts near said
lakes, and between such lakes and
points and Redlands, California.

-- Application No. 7784

Swing & Wilson, by Ralph E. Swing,
and Grant Holcomb for Complainant
in Case No. 1752.

H. W. Kidd for Defendant in Case No.
1752 and for Protestant, Motor
Transit Co. in Application No. 7784.

J. W. Barbee for Applicant in Application
No. 7784.

R. C. Gortner and O. A. Smith for Pacific
Electric Railway Co.

E. T. Lucey for Atchison, Topeka & Santa
Fe Railway Co.

BY THE COMMISSION:

O-P-I-N-I-O-N

San Bernardino Chamber of Commerce, a civic organization,
complains of Motor Transit Company, a corporation, defendant hero-
in, and alleges that defendant corporation is not sufficiently
equipped for and does not intend to provide, and will not make
an effort to provide, for the safe, convenient and comfortable
transportation of passengers in and through the San Bernardino

Mountains and over and along the "Rim-of-the-World Drive" during the season of 1922, and is not equipped for and does not intend to provide means for the transportation and handling of freight to and from hotels and resorts in the San Bernardino Mountains. The complaint further and specifically alleges:-

- A. Failure, neglect and refusal on the part of defendant to co-operate with complainant and hotel and resort owners and operators to provide a convenient schedule for the arriving and departing of guests.
- B. Failure and neglect on the part of defendant, and its officials, to co-operate with or consider the time schedule as to the arrival and departure of connecting trains at San Bernardino.
- C. Failure and neglect on the part of defendant to procure and have on hand a sufficient number of safe and comfortable conveyances for transportation of passengers to and from the San Bernardino Mountains, and to and from hotels, resorts and similar places.
- D. That equipment and conveyances as now provided by defendant are insufficient, inadequate and improper, and that defendant does not intend to provide suitable or proper equipment.
- E. Failure and neglect on the part of defendant to provide experienced and safe drivers for conveyances to be used in the

handling and transporting of freight and passengers to and from San Bernardino Mountains, and to and from hotels, resorts and other places.

F. Failure and neglect on the part of defendant to provide, and that defendant does not intend to provide, sufficient and convenient places for procuring of tickets for transportation over and through the San Bernardino Mountains, and to and from the hotels, resorts and other places there located.

G. That schedules showing times of departure and arrival and routes of travel as announced by defendant for the season of 1922 are improper, inconvenient and unsuitable for the public.

H. That the rates and time schedule proposed and as issued by defendant for the season of 1922 are in conflict with advertising which has been issued by owners of hotels, resorts and other places for the current season.

I. That defendant has in the past, and upon information and belief complainant alleges it will in the future, disregard the safety, convenience and comfort of passengers, and that it will make no effort to deliver freight promptly or carefully.

J. That officials of defendant corporation have made promises to provide safe, convenient and suitable transportation for passengers and prompt and safe transportation of freight to and from mountain points, and failure and neglect on the part of defendant to keep or carry out such promises, and that by reason of such failure owners and operators of hotels, resorts and other places and the public generally have lost confidence in officials and agents of defendant corporation and have ceased to have confidence in the ability of defendant corporation to provide an adequate passenger and freight service for the San Bernardino Mountains.

Complainant prays for an order of the Commission requiring defendant to provide safe, adequate and comfortable conveyances for the transportation of passengers and freight; that adequate service be provided for the transportation of freight; that safe and proper equipment and safe and experienced drivers be procured for such service; that defendant be required to maintain a safe and convenient schedule throughout the season of 1922 both for passenger and freight service; that the exclusive franchise heretofore awarded be revoked and set aside; and that an opportunity be given to other persons and corporations to enter into the business of transporting passengers and freight to and from the San Bernardino Mountains, and to and from the hotels, resorts and other places in said San Bernardino Mountains in competition with defendant corporation.

Defendant, Motor Transit Company, filed its answer denying material allegations of the complaint and alleging that its operations in the San Bernardino Mountains have at all times been conducted at a loss; that the passenger and freight service is carried on under great difficulties due to physical conditions, and that defendant has at all times endeavored to furnish a service of the best kind and expects to improve such service in the future; further, alleges that there is not a sufficient volume of business, either passenger or freight, warranting the operation of more than one transportation company and alleges that if competition be permitted by other authorized carriers the result of such competition would be that none of the carriers would be able to continue in business or obtain sufficient revenue therefrom to adequately care for the needs of the traveling public.

Richard Bruce Cregar, applicant in Application No. 7784, has petitioned the Railroad Commission for an order declaring that public convenience and necessity require the operation by him of an automobile stage line as a common carrier of passengers, freight and express between the city of San Bernardino and Little Bear Lake, and between Little Bear Lake and Big Bear Lake and Big Valley resorts, to Camp Eureka, Bear Valley Tavern, Harvey's to Forest Home, and all intermediate points in the San Bernardino Mountains. From Forest Home to Redlands via Lugonia Avenue, thence north on Orange Street to East Highlands via Base Line Road to the city of San Bernardino.

Public hearings on the above entitled proceedings were conducted by Examiner Handford at San Bernardino on May 24, 25, 26 and 27th, and at Los Angeles on June 2, 3, 9, 10 and 12th,

at which hearings the matters were consolidated for the purpose of receiving evidence and decision, were duly submitted on June 12th, 1922, and are now ready for decision.

The service, against which complaint is made, is that operated by the Motor Transit Company, a corporation, defendant and protestant in these proceedings, between San Bernardino and various mountain points, operation being conducted over what is known as the "Rim-of-the-World" route; between San Bernardino and Arrowhead Lake; between San Bernardino and Big Bear via City Creek Road; between Arrowhead Lake and Big Bear; between Big Bear and Redlands; and between Redlands and Forest Home. The operative rights of the Motor Transit Company were those secured from the Railroad Commission by its Decision No. 8886 on Application no. 6299 under date April 20, 1921, authorizing the transfer of the operative right from O. R. Fuller to said Motor Transit Company. The operative rights of O. R. Fuller were acquired by an order of the Railroad Commission (Decision No. 7280 on Application No. 5429 dated March 18, 1920) granting and approving a transfer of the operative rights from Max Green, Perry H. Green and Nettie D. Phillips, doing business under the fictitious name of San Bernardino Mountain Auto Line, to O. R. Fuller.

Both freight and passenger service are rendered by the defendant in accordance with schedules filed with the Railroad Commission, the operation as regards passenger business being largely seasonal and confined principally to the period of each year extending from June 1st to October 1st. The peak season both as to passengers and freight is embraced in the months of July and August of each year. During the winter months many of the routes are impassable due to road and weather conditions and during such period

access to the mountain resorts is via what is known as the "Desert Route" from San Bernardino via Victorville. The published schedules and tariffs of the Motor Transit Company call for winter operation only to the snow line, but it appears from the evidence that during the winter of 1921-1922 that efforts were made to conduct the operation beyond the snow line whenever practicable to reach such Bear Valley points as were accessible and to which freight or passengers were destined from San Bernardino.

Twenty-eight witnesses were heard in behalf of complainant and it was stipulated that the testimony of eight additional witnesses if called would testify, one, as to three failures of service and seven, who were resort owners, to the fact that passengers had made complaint as to uncomfortable cars, as to failure to have seats available to protect reservations alleged to have been made, and that a competing line should be authorized.

Mr. K. G. Bartlett, engaged in the camping and real estate business in Bear Valley, testified that the passenger service was unsatisfactory during the season of 1921, that the equipment was bad, that the seats of cars were not properly upholstered and that there were delays on the road, such conditions existing through the entire season, also that freight was noticed to arrive in bad condition.

Mr. Joseph S. Strawser, engaged in the real estate business in Big Bear Valley, testified that from twelve to fifteen thousand people were in Bear Valley during the season from June 15th to September 1st of each year; that schedules of the Motor Transit Company were frequently late in arriving, although Mr. Strawser testified that he had never ridden on the stages. He is of the opinion that three or four lines into the Valley would be a good thing and that competition is the life of trade.

Mr. E. E. Paige, the former agent of the Motor Transit Company, and who handled the business of such company in the San

Bernardino Mountains in 1921, testified as to conditions during the term of his employment and that he had hired outside cars to care for overflow traffic whenever such condition existed.

Mr. Albert S. Brush, proprietor of the Big Bear Lake Tavern, testified that the condition of equipment was bad in 1921; that there were forty-one resorts to be served in the Big Bear Valley and that, in his opinion, one line with comfortable cars was enough for the needs of such Valley for some time to come. This witness states that from 85 to 90 per cent of the patrons of his resort either come in their own machines or use some other method of transportation than that of the Motor Transit Company. Also that the freight service accorded by the complainant is good.

Mr. B. C. Holmes, a resort owner at Bear Lake, testified that the service in 1921 varied from good to bad to indifferent; that the stages via the Crest Route were late in arrival three times out of four, that the stages ride uncomfortably although in charge of courteous drivers. This witness believes in competition as regards another line.

Mr. Charles A. Holloway, a camp owner at Big Bear Lake, testified that his patrons, who were passengers on the Motor Transit Company's line complained of hard riding and uncomfortable cars. This witness had no complaint to make regarding freight service; although believes competition would be good for Bear Valley. This witness had never ridden on the stages of defendant company. Ninety per cent of the patrons of this resort arrive in their own cars and do not use the facilities of defendant company.

Mrs. Holloway, residing at Big Bear Lake, complained as to condition of equipment.

Mr. C. D. Ashbaugh, a reporter and correspondent of the San Bernardino "Sun" in the San Bernardino Mountains during the season of 1921, testified that in his opinion seventy-five per cent

of the drivers employed in the passenger service were very good and all of the freight drivers; ^{he testified} also/as to his observance of the character of equipment and service furnished as noticed by him during the year 1921 in his travels over the lines in connection with his newspaper work.

Mr. Le Roy Stratton, in the cabin business on Big Bear Lake, testified that thirty per cent of his patrons come to his resort via the line of the Motor Transit Company; that cars were old and in poor condition. This witness hauls his own freight and believes that another competing stage line would be a good thing for all concerned.

Mr. C. C. Brown, operating Bartlett Camp at Pine Knot, testified that passenger service during 1921 was very poor and that he is in favor of another line. Had neither suggestions nor complaints to offer regarding freight service.

Mr. L. S. Skinner, secretary of the Bear Valley Chamber of Commerce testified that in 1921 the principal cause of complaint was poor equipment and delayed arrivals; that during the latter part of the season of 1921 the service was improved and there were fewer complaints than in the earlier portion of the season. This witness is of the opinion that there should be a competing line although stating that there was very little complaint as to the freight service.

Miss Linta B. Small, residing at Pine Knot, Big Bear Lake, testified as to some patrons left over from the regular stages, but did not know whether or not reservations had been made in advance as required by the company. This witness suggests that more comfortable cars be used in the passenger service and indicates that there is need of another stage line in Bear Valley.

Mr. Phillip C. Carter, operating a resort, testified that practically all his guests made complaint as to service and is of the opinion that more comfortable cars and more regularity in arrival is necessary. The witness believes that another line is needed for competition.

Mr. R. H. Cash, employed in auto service work in Bear Valley, testified that he had heard complaints from patrons of the company as to hauling and believes that either improved service should be in evidence or a competing line should be authorized.

Mr. James Erwin, operating a resort known as Knight's Camp at Big Bear Lake, testified that, in his opinion, the equipment operated by defendant company was not suitable and that a competing line would be advisable on the basis that the more lines operating the better situation for the resort owners, irrespective of whether the transportation business serving such resorts could be conducted at a profit or not. This witness is of the opinion that the present agent employed by the Motor Transit Company is a very competent man and a material improvement over those heretofore employed in the conduct of the mountain business of the defendant.

Mr. Carl W. Stillwell, operating Stillwell's Camp at Big Bear Lake, testified as to delayed stages and suggests that good cars and competition is desirable and that two lines would be desirable although not necessarily needing either of them as regards his resort.

Mrs. Ralph Hanan, located at Horseshoe Bend on the Rim-of-the-World Drive, testified as to a delay in the delivery of ice cream and milk during the month of July, 1921, having but the one instance of complaint.

Mrs. Sarah E. Stocker, operating a camp known as "Swastika Lodge," testified as to her experience with uncomfortable cars and delayed stages, although having no complaint as to the freight service. This witness is of the opinion that additional service should be provided.

Mr. O. A. Smith, passenger traffic manager of the Pacific Electric Railway Company, gave testimony as regards the number of through tickets sold by his line in connection with that of defendant to San Bernardino mountain points and such statistics will be hereafter considered. This witness is of the opinion that public convenience and necessity requires an additional carrier in the San Bernardino Mountains and that, in his opinion, a car of the automobile type with a seating capacity not exceeding ten is the proper equipment to be used in mountain operation. This witness further testified that approximately five hundred complaints were received by his company against the service and facilities as afforded by the Mountain Auto Line, such complaints covering practically all phases of the operation, such as delayed cars and improper or uncomfortable equipment. It is the testimony of this witness that a few of these complaints were transmitted to an official of the Pacific Electric Railway Company at San Bernardino, but that the majority were filed away and that no action was taken thereon, for the reason that it was the opinion of the witness that it was useless to bring the matter to the attention of the responsible officials of the Motor Transit Company. In the opinion of the Commission an official of a transportation company, which transportation company is interested in a through route and joint rate and thereby comes in contact with the public who purchase tickets to be used over the through route, fails in his duty not only to the company by which he is employed, but also to the public, when numerous complaints of such nature are not given proper

attention and such investigation that will enable the matters complained of to receive satisfactory adjustment and correction. Such complaints, if substantiated, not alone evidence the attitude of the public as to the character of service rendered but also interfere with the business of the company by whom witness is employed, on the basis that a dissatisfied passenger will either seek other methods of transportation or entirely eliminate any future prospective trips to vacation or resort points in the San Bernardino Mountains.

Mrs. E. I. Baylis, residing at Pine Crest Resort, testified as to uncomfortable equipment and lateness of arrival on schedules. This witness is of the opinion that two lines serving the San Bernardino Mountains would create more business for the resorts, but was not prepared to state if there had been business enough in the past to justify the operation of two lines. During the months of July and August, conceded to be the heaviest months of the season, stages were noticed to carry on an average of about three-quarters of their capacity and during other months of the year stages ran with but light patronage.

Mr. John R. Murray, San Bernardino manager of the Alfred Pure Ice Cream Company, testified that from sixty to one hundred tons of ice cream were shipped by freight into the San Bernardino Mountains each season, most of this ice cream being handled by defendant, Motor Transit Company. Had complaint as to his commodity being a long time in transit during the years 1920 and 1921, probably about fifteen complaints having been brought to his attention in the season of 1921. He testified that there is now an ice cream plant and refrigerator room in Big Bear Valley from which point most of the complaints arose, although is not of the belief

that this plant was erected solely because of delay in transportation. This witness has had no experience in riding on the stages of defendant and voiced no complaint regarding the passenger business.

Mr. John Baylis, interested in the resort at Pine Crest, testified regarding two equipment failures occurring during the present season of 1922 both of which were caused by broken axles. The witness also testified as to the passenger cars of defendant company being uncomfortable.

Mr. W. H. Rogers, secretary of the "Rim-of-the-World" Association, testified that, in his opinion, the installation of another stage line is desirable.

Dr. J. M. Baylis, interested in the resort at Pine Crest, testified that the passenger service was very bad. This witness considers that the present superintendent of the mountain division of the defendant company is a very capable man; also that he believes that a competing freight and passenger line is absolutely necessary for the preservation of the witness' resort business and that of the other resort owners in the San Bernardino Mountains, and for such reason is of the opinion that the public convenience and necessity requires an additional line. The testimony of this witness, as being interested primarily in the resort and not as to the transportation business, is of interest as to his judgment regarding the character of complaints made against the service rendered by the stage company by patrons of his resort as shown by the following abstract from the transcript in these proceedings:

Transcript - Page 627, Line 27. et seq.

Mr. Kidd: Have you heard any complaints made by passengers or prospective passengers of the Motor Transit Company, and on investigating these complaints found the Motor Transit Company was not at fault?

Answer: I think that the people are badly spoiled --- .

Question: That does not answer my question.

Answer: As a whole, I think a great many of their complaints are without foundation. They are peevish and ungrounded, and that is the defense I have made constantly.

Mr. Ralph E. Swing, one of the attorneys for complainant in this proceeding, testified at considerable length as to the development of the transportation business in the San Bernardino Mountains from an historical standpoint concluding such testimony by outlining his opinion that public convenience and necessity required a competing line.

It was stipulated that the testimony of Mrs. Warren Smith, if called as a witness, would cover three failures of service; that the testimony of Mrs. Charles Rein, Cecil Brandenburg, J. G. Mitchell, F. H. Chadburn, Mrs. F. H. Chadburn, G. M. Bartlett and Gail Williams, all resort owners, would be that passengers at their respective resorts made complaint as to uncomfortable cars, failure to have seats available to protect reservations said to have been made by passengers and that one competing line should be authorized; Miss Margaret S. Campbell, employed at Pine Crest, that she would testify that the freight service was unsatisfactory in that fruit and perishables came to the resort in damaged condition but without any knowledge on the part of the witness as to the cause of the damage.

Mr. W. F. Lemon, Assistant Service Inspector of the Railroad Commission, was called as a witness for complainants and testified as to his report following an investigation of freight and

passenger conditions in the San Bernardino Mountains, the reason for his investigation being informal complaints that had been filed with this Commission by the Bear Valley Chamber of Commerce.

Richard Bruce Cregar, applicant herein, proposes to establish an automobile stage line service for the transportation of passengers, freight and express, serving all points heretofore served by the Motor Transit Company, proposing to charge the same rates and fares as now in effect on the lines of the Motor Transit Company's mountain division with some slight amendment of the rules and regulations appearing in such tariffs. This applicant proposes to operate between San Bernardino and Arrowhead Lake during the period May 1st to October 1st of each year in accordance with a schedule marked Exhibit "B" and filed with the application in this proceeding; to operate over the "Rim-of-the-World" route via Waterman Canyon and via Mill Creek during the period from June 15th to September 15th of each year in accordance with schedule appearing on Exhibit "B" of this application; to operate between San Bernardino-Redlands-Big Bear Lake, via Mill Creek, during the period from May 6th to October 1st of each year in accordance with the schedule appearing on Exhibit "B" attached to the application; to operate between San Bernardino and Big Bear, via City Creek, upon the completion of the Deep Creek cut-off upon a schedule that will provide such service as the traffic may warrant, and in case of emergency the City Creek route to the Crest to be operated in lieu of via Waterman Canyon; to operate to and from San Bernardino and Big Bear Lake via the Desert Route through Victorville, as emergencies may occur, upon an unpublished schedule; and to establish service to resorts adjacent to and reached via the main lines, either by through or connecting service, as

the traffic may from time to time warrant, such points being the Los Angeles City Playgrounds, Forest Home, Seven Oaks and Thousand Pines.

As regards freight service, applicant proposes to operate a daily service during the regular season of each year and in the winter months to operate combination passenger and freight cars once a week at such times when the roads are open so that such operation can be given for the benefit of the public.

Applicant proposes to use as equipment ten new Cadillac touring cars lengthened to accommodate ten passengers and the driver and, in addition to the ten new cars to be provided for regular service, will provide such other additional cars for emergencies and extra service as the traffic demands may require.

For the handling of freight and express traffic, applicant proposes to use two Mack trucks and two Reo speed wagons.

Applicant relies as justification for the granting of the application upon the following alleged facts: That the service heretofore and at present rendered by the Motor Transit Company has been and is totally inadequate and improperly serves the passenger, freight and express traffic along the routes herein proposed; that time schedules covering arrival and departure from various points have not been properly arranged to best serve the mountain resorts and the patrons thereof; that the Motor Transit Company has failed, neglected and refused to remedy such conditions, but has continued to operate when and as it saw fit, to the detriment and inconvenience of the inhabitants and patrons of the mountain resorts; that the Motor Transit Company has not used adequate and proper equipment to take care of traffic and that at times said Motor Transit Company was unable to care for traffic; that applicant is informed, and believes, that the proposed service by the Motor Transit Company for the season of 1922 will be worse

and more inadequate than it was in the season of 1921 with the result that the mountain resorts and patrons over such routes will not be as well served in 1922 as in the former year unless the application herein should be granted.

Applicant R. B. Cregar, testifying in his own behalf, stated that he ^{is} ~~was~~ now operating from Riverside to San Jacinto and ^y~~Id~~wild in which service he uses Cadillac cars, although ~~he~~ does not use the extended type of such make of cars on the ~~Id~~^ywild run (which is somewhat comparable with the mountain conditions on the proposed San Bernardino Mountain Line) for the reason that so many short turns exist on the route to ~~Id~~^ywild making the use of the extended type of car impracticable. This witness estimates the initial investment in equipment to provide the service proposed as follows:

10 - New Cadillac Cars at \$ 3,520.00 - - - - -	\$35,200.00
Cost of lengthening cars, -10 at \$800.00 each- - -	8,000.00
4 - Freight trucks (as hereinbefore described)- -	10,000.00

Total for equipment - - - - \$53,200.00

Applicant estimates that he will be able to advance \$8,000.00 as a cash payment on this equipment and has been offered a loan on his unsecured note in amount ^{of} \$15,000.00 leaving a balance of ³\$20,200.00 for which financial arrangements will ^{have} ~~require~~ to be made. Applicant claims to have partially effected arrangements whereby an eighteen months period will be allowed for the deferred payments on the initial equipment to be used and that the deferred payments on equipment plus interest thereon would be paid for to the amount of fifty per cent, at least, from the earnings to be derived from the operation of the proposed lines. The applicant estimates 30¢ per mile

as the expense of passenger operation, including depreciation and all other charges, and estimates that during the first season he will carry 10,000 passengers at an average fare of \$5.00 each. As to freight operation, applicant estimates that the cost of operation with the equipment proposed to be used will be 15¢ per ton mile, such figure covering depreciation and all other items of operating expense.

Applicant, therefore, estimates a gross revenue from passenger service in amount \$50,000.00 and from freight service an amount of \$12,000.00, a total of \$62,000. Against this gross revenue applicant estimates a total operating expense of \$10,800.00 for freight and a total expense for passenger service of \$46,822.50, or a total including both freight and passenger of \$57,622.50, or a net profit for the one hundred days seasonal operation of \$4,377.50. In the expenses applicant has figured an amount of \$24,812.50 covering deferred payments on equipment purchases and interest thereon, and such items, being chargeable to capital expense, should not be set up as estimated operating expenses as the financing of applicant's proposed business should not be from the anticipated revenue to be derived from the conduct of such business.

Mr. C. L. Emerson, a witness in behalf of applicant conducts a mountain resort at Idlewild and testified that he had personal knowledge of the ability of the applicant in the transportation business and that he had given first class service for the past three years to the resort at Idlewild conducted by this witness.

Mr. A. B. Mohr of Camp Angeles in the San Bernardino Mountains, offered as a witness in behalf of applicant, testified that the service of the Motor Transit Company was satisfactory with the

exception of the matter of rates, that the schedules of the Motor Transit Company were maintained, but witness is of the opinion that another stage line is needed.

Mr. A. E. Warmington, director of sales of the Lake Arrowhead Company, called as a witness for applicant herein, testified that he knew nothing of conditions existing during the years 1920 and 1921. This witness is connected with the Lake Arrowhead Company which is making a substantial investment in the establishment of a resort at Lake Arrowhead, (formerly known as Little Bear Lake.) Witness also testified that in his opinion a seven-passenger car of the automobile type was the best and most comfortable for the mountain service.

Mr. J. H. Lowe, operating Lowe's Camp, a resort in the San Bernardino Mountains was called as a witness for defendant and protestant, Motor Transit Company. This witness testified that the service rendered by the Motor Transit Company in 1921 was one hundred per cent better than that rendered in the previous season of 1920; that ninety per cent of the patrons of his resort did not use stages for their transportation; that if all the cars to be operated during the 1922 season were as good as the two eleven-passenger stages of the type placed on the line in the latter part of 1921 that the type of equipment cannot be much improved; that he did not think cars of the automobile touring type would furnish satisfactory service; that he had received but one complaint from patrons of his resort during the season of 1922 and that, in his opinion, one line serving the routes herein sought was sufficient.

Mr. J. W. Stocker, engaged in the local transportation service in Bear Valley and also a director of the Chamber of Commerce of Bear Valley, called as a witness for defendant and pro-

testant, testified that, in his opinion, the freight service as rendered by the Motor Transit Company during 1921 season was one hundred per cent perfect; that the passenger cars operated by defendant were comfortable; that he knew of extra cars having been hired to care for overflow loads which the regularly scheduled stages could not accommodate; and that, in his opinion, the authorization of any additional service was unnecessary; also that ninety-five per cent of the people coming into Bear Valley used either their own or the conveyances of their friends and did not patronize the stage line.

Mr. Thomas H. Lanhoff, operating a restaurant and mountain inn, testified as a witness for defendant and protestant, and stated that, in his opinion, the eleven-passenger stages operated by the Motor Transit Company were comfortable, as much so as a seven-passenger touring car; that the freight service was satisfactory and that he did not think that there was enough business justifying the establishment of an additional line.

Mr. Dad Skinner, president and manager of the Bear Valley Amusement Company, manager of the North Estates and Chamber Park Sub-Division, manager of Pine Knot Lodge and United States Post Master at Pine Knot, a witness for defendant and protestant, Motor Transit Company, testified that the freight service rendered by the Motor Transit Company in 1921 was, in his opinion, as nearly perfect as it was possible to make it. This witness further testified that the large type of busses (twenty-passenger capacity) were first installed on the theory that this capacity of vehicle would handle a sufficient volume to eliminate the overhead expense and enable the rate to be kept at a point which would be attractive for vacationists and that the majority of the resort owners in Bear Valley approved the installation of the twenty-passenger

type of bus believing it to be good. However, it developed that the service rendered by such type of vehicle was most unsatisfactory resulting in frequent complaints by patrons of the stage company, of the resorts and of the resort owners themselves, the conditions finally resulting in an informal complaint by the Chamber of Commerce of Bear Valley requesting an investigation by the Railroad Commission and relief from the existing conditions. Following the investigation made by the Commission and one of the recommendations of the Commission as to the installation of a smaller type of stage, the Motor Transit Company arranged to construct a smaller type of eleven-passenger busses, two of which were completed and placed in service in the latter part of the season of 1921, and the Chamber of Commerce of Bear Valley voted to withdraw their complaint temporarily, and that following the installation of the two units of eleven-passenger capacity that a material improvement in the passenger service was noticeable. This witness is of the opinion that between ten and twelve thousand people were in Bear Valley in the month of August, 1921, the peak month of that season, and estimates that ninety per cent of the people going to Bear Valley use private machines. This witness is of the opinion that there is not sufficient business in the San Bernardino Mountains to justify the installation of a competing line.

Mr. E. C. Maddy, called as a witness for protestant and defendant, is the superintendent of the San Bernardino Mountain Division of the Motor Transit Company. He testified as to conditions surrounding five service failures which had occurred in the current season of 1922.

Mr. F. D. Howell, assistant general manager of the Motor Transit Company testified as to certain exhibits introduced by defendant and protestant which exhibits will be later discussed in this opinion.

Mr. S. W. Dillin, a witness for defendant and protestant, testified that he resided at Crestline and was formerly post-master for a period of two years. His observation was that the drivers employed by the Motor Transit Company were very efficient; that the company had cared for overflow loads by procuring other cars to meet such emergency; and that the freight service was very good.

Mr. W. W. Murray, a witness for defendant and protestant, testified that he was the auditor of the Motor Transit Company and explained an exhibit showing the number and value of various items of equipment as used by the Motor Transit Company in the San Bernardino Mountain auto service.

Mr. O. R. Fuller, president and general manager of the Motor Transit Company, testified that when he personally took over the equipment in accordance with the decision of the Commission hereinabove mentioned, that he found all equipment in poor condition and that it was necessary to rebuild practically all of it. At this time there were no shop facilities at San Bernardino nor were the shop facilities of his company at Los Angeles sufficiently extensive to promptly accomplish the necessary work. It was also impossible to secure new equipment for the reason that conditions following the world war had resulted in orders to manufacturers far exceeding the available supply of equipment and such conditions existed at all points in the United States. The evidence of this witness as to the reason for the placing in service of the twenty-passenger stages on the mountain lines, against which type of stages universal complaint was made is as follows:

Question: How is it you came to put those
twenty-passenger Whites in the mountain
service in the summer of 1921?

Answer: After the purchase of the mountain auto line I talked it over with sev-

eral of the Bear Valley people regarding the advisability of an increase in the passenger rate, knowing that Mr. Green had made no money, or his predecessors had all lost money; we talked over the question of raising the rate and some of them thought it would be advisable to put on larger equipment with solid tires, something like that running from El Portal to Yosemite or Camp Curry instead of trying to put on a passenger type of body and ask an increased rate.

Question: That is, they seemed to think it would be better to increase the size of the units and not disturb the rate?

Answer: Increase the size instead of the quantity --- a reduced rate.

Question: Is not it a fact there was a general rate increase all over the system of the Motor Transit Company which was approved by this Commission?

Answer: Except Bear Valley.

Question: That is what I am coming to. Was there any increase in the rates there.

Answer: There was not.

Question: Are you operating to-day --- is your company, rather, the Mountain Auto Line, operating under the old, original rates?

Answer: Yes, sir.

This witness further testified that following the complaints, as to the use of the twenty-passenger type of car, which evidently was at

all times unsatisfactory for use on the lines herein discussed, that arrangements were made to construct eleven-passenger stages using a three-quarter ton White truck chassis with what is known as a one and a half or two ton rear end and differential. This type of car was also equipped throughout with six inch pneumatic cord tires as against the solid tires used on the objectionable twenty-passenger type of equipment. To aid in the easy riding qualities of the car longer and specially constructed springs were used, it being the opinion of the witness based on many years' experience with automobiles and their accessories, that the equipment of cars for this type of service with air bottles or pneumatic shock absorbers is dangerous as regards their use over lines in mountain operation. The hazard of accident arises from the alleged difficulty in maintaining a uniform air pressure in all absorbers as if such uniform pressure is not maintained cars develop a tendency to sway and in addition to the danger of overturning, there is liability of straining or breaking the underframe of the car. In the construction of the eleven-passenger type stages arrangements were made for adequate springs in the seats and backs and to cover such seats and backs with a pantasote covering, an artificial leather of standard use for seat covering by automobile, railroad and other transportation companies. The seats in the twenty-passenger equipment were canvas covered and such type of covering was not durable or sanitary.

Mr. Arthur E. Isham, a witness for defendant and protestant, testified that he was secretary of the Redlands Chamber of Commerce and the Redlands Merchants and Manufacturers Association. The Redlands Chamber of Commerce has a membership of five hundred sixty of which number sixty to seventy per cent are interested in Redlands in a business way. The Redlands Chamber of Commerce

and the Merchants and Manufacturers Association under date May 17, 1922, filed a protest against any change in the schedules of the defendant being made for the season of 1922, also under date May 16, 1922, filed a formal protest against the granting of the application herein upon the basis that the desired certificate, if granted, would operate to cripple the present service, would necessitate a revision of schedules by the existing operator to the detriment of the interests and rights of the community of Redlands, and would introduce an element of competition which would ultimately reduce or destroy the present adequate service and schedules. This witness testified as to the discussions held among members of the organizations prior to the official action of such civic and commercial bodies.

There were also presented in this proceeding petitions signed by fifty-one persons commending the proposed service of applicant, Cregar, and requesting that the Commission authorize the service by granting the certificate prayed for.

A certificate signed by twenty-nine shippers and receivers of freight in Big Bear Valley was filed by defendant and protestant as an exhibit herein, such certificate alleging satisfactory service during the season of 1921, an improvement during the season and that the service was first class during the latter part of such season; also that the signers of the certificate certified to having examined the proposed plan of operations for the season of 1922 and that they believe such plan to be more comprehensive and completely adequate for service during such season. Seven letters commending the service of defendant and protestant as proposed for the season of 1922 and as regards

the substitution of stages of eleven-passenger capacity in place of the twenty-passenger previously operated were filed as an exhibit herein. Exhibits were filed by defendant and protestant reflecting the following data:-

Passengers Carried and Revenue Derived
during Period May to December, 1921,
inclusive.

Passengers - - - 20,139 Revenue - - - \$65,290.26

Interline Tickets to Mountain points accounted for by Pacific Electric Railway during period May to December, 1921, inclusive:-

No. Tickets 4,404 with revenue accruing to
Motor Transit Company of ----\$21,404.75

Freight Tonnage and Revenue on Mountain Division of Motor Transit Company for calendar year 1921:-

Tonnage	Revenue
5,185,293 lbs.	\$46,966.80

Investment of Motor Transit Company in Mountain Division

Motor Cars	\$ 54,514.16
Machinery and Tools	421.22
Furniture and Fixtures	774.90
Material and Supplies	5,388.66
	\$ 61,098.94

Terminal Investment of Motor Transit Company at Redlands and San Bernardino, used jointly for Mountain Auto Line and other lines of defendant's system.

San Bernardino

Lands	\$6,000.00	
Buildings	20,000.00	
Additions and)-	9,153.77	
Betterments)		\$ 35,153.77

Redlands

Land	\$5,000.00	
Buildings	7,000.00	
Additions and):-	3,194.17	
Betterments)		\$ 15,194.17

Total - - - - - \$ 50,347.94

MOTOR TRANSIT CO.

Mountain Division

Revenue and Operating Expense

1921

(Includes operations of O. R. Fuller
for four months of year.)

Revenue

Passenger	\$57,689.06	
Special Car	1,463.95	
Mail	1,669.80	
Freight	46,893.67	
Miscellaneous	<u>41.32</u>	\$117,757.80

Operating Expense

Maintenance Equipment	\$ 41,909.68	
Conducting Transportation	55,630.55	
Traffic	1,496.49	
General	<u>15,485.18</u>	<u>\$114,521.90</u>

Net Income from Operation	\$ 3,235.90
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From the evidence in this proceeding it appears that while complaint has existed regarding the operation of the San Bernardino Mountain Division of the Motor Transit Company that due partly to conditions for which the company was not responsible the correction of such complaints as they developed, has not been made as expeditiously as was desirable for the mountain resorts, the patrons of such resorts and of the line. We find no substan-

tial or warranted complaint regarding the character of freight service rendered during 1922, and shall not further consider the matter of such class of service.

As to the passenger service, particularly as to the equipment against which the majority of the complaints were made, it appears that when the San Bernardino Mountain Auto Line was originally acquired by Mr. O. R. Fuller, predecessor in interest to Motor Transit Company, defendant herein, that the equipment was in poor condition and required re-construction. Facilities available at that time were not such as to enable the re-construction work to be promptly prosecuted either at San Bernardino or Los Angeles and conditions as regards the securing of new equipment were practically insurmountable in that the demand for new equipment far exceeded the supply. Following conference with interested patrons of the line Mr. Fuller arranged to place in service a twenty-passenger stage built on a truck chassis and equipped with solid tires. This experiment, anticipated to meet a condition whereby a larger number of passengers could be carried on an individual unit, thereby reducing the operating expense per unit and securing the maximum revenue therefrom, proved a failure from the standpoint of operation, comfort to passengers and in other respects. Upon the suggestion of the Railroad Commission, following an investigation into the operating conditions as a result of complaint by the Bear Valley Chamber of Commerce, arrangements were made to develop a new type of equipment by constructing on a three-quarter ton chassis a passenger body to accommodate eleven passengers. To insure dependable operation from a mechanical standpoint it was arranged to apply heavier rear ends and differentials using for such purpose the standard 1 1/2-2 ton rear end, cars were equipped with

six inch pneumatic cord tires and a new design of springs was developed to aid in the comfortable riding qualities of the car. As to seats, arrangement was made for seats and backs to be built up with proper and comfortable springs and the seat and back covering was changed to an imitation leather instead of canvas account better wearing qualities, cleanliness and sanitation. Two of these cars were completed and placed in service during the latter part of the 1921 season and such cars were evidently a radical improvement over the cars heretofore operated and which had been the subject of complaint. During the off peak season in the winter of 1921-1922 other cars were built to conform to the standard eleven-passenger design as represented by the two experimental cars constructed and placed in service during the latter part of 1921.

As to the matter of schedules as now operated, we find no substantial complaint as to the set up of such schedules but do find a considerable protest from the community at Redlands against the schedules as now in effect being changed. As to the freight schedules we find no material complaint. As to the observance of the schedules, complaint exists in that it is stated that cars are frequently late and in the majority of instances where late cars are involved, it appears that equipment trouble has been the principal cause therefor.

Complaints regarding passengers being unable to secure accommodations appear to be mainly accounted for by a lack of proper arrangement regarding the making of reservations. It is manifestly impossible for this carrier, or any other, to maintain a sufficient number of cars at all points in the San Bernardino Mountains to answer an immediate and unexpected demand. The character of the business is such that it is a limited seasonal one, not over one hundred twenty days in length as regards peak movement, and while under proper conditions adequate service can be rendered,

it is only by a system of requiring resorts, patrons and others to make their reservations a sufficiently reasonable time in advance of their trips to enable the authorized carrier to protect such reservations by having the necessary equipment ready for the trips and at the time passengers desire to move. There appear practically no complaints at San Bernardino, and none whatever from Redlands, that passengers were not transported to mountain points without unreasonable delay. A different condition, however, exists on the return journey from the mountain points and in many cases delays complained of were not substantiated by a showing that the necessary reservation as required by the transportation company's regulations had been properly obtained and was of record with the stage company.

Complaint has existed, and from the evidence properly so, that the Motor Transit Company has not maintained either in San Bernardino or in the San Bernardino Mountains a competent representative with full power to meet any existing situation affecting the business that might be required. Arrangements have evidently been made for the current season to eliminate this cause of complaint in that the present superintendent appears to be fully competent and has the confidence of the resort owners and others as to his ability.

The establishment of proposed central stations in Big Bear Valley and at other points appears to be proper and in the interest of the public, in fact, was recommended by the representative of the Railroad Commission making investigation following complaint, was concurred in by the Bear Valley Chamber of Commerce and other interested parties. The actual work-out following the establishment of a central station appears to have resulted in some difficulty as regards the delivery of patrons to resorts

which may be either located between San Bernardino and the central station or which may be located at a point beyond the central station, necessitating in either instance the resort operators coming to the central station to receive their guests and conduct them to their ultimate destination. Like all innovations and changes in practices which may have grown up over a period of years, some initial troubles may be expected to develop before the proposed plan becomes fully effective. The matter as regards the present season can be cared for by requiring the defendant company to operate in a manner which will enable patrons of resorts that may be located between the central station and San Bernardino to be delivered at the resort as heretofore, but requiring such patrons when leaving on the return journey to make their reservations at the central station and take the outbound trip from such point.

The situation here presented has been that of rehabilitation of run-down service, seasonal in its character, being brought up to a reasonable point of efficiency under adverse conditions. It must be remembered that the active operative season lasts but a period of approximately 120 days during which time all equipment must be operated to its maximum efficiency. During the first year's operation under the management of O. R. Fuller and the defendant company the line was taken over too late in the season to make the substantial reconstruction of equipment that its condition required. An error was made in the construction of the twenty-passenger type of stage, but both the management of the defendant company and such of the resort owners as were consulted were of the opinion that such type of equipment would be satisfactory. When the actual experience developed that the twenty-passenger equipment was unsatisfactory for the public and resorts served, the work of reconstruction of the new type was immediately begun and two experimental units were placed in ser-

vice during the latter part of 1921 which were followed by the other equipment which has been prepared for use during the 1922 season. In these proceedings the Commission has not before it evidence that justifies the placing of approval on any factory design of passenger automobile for the exacting service required to be furnished. The defendant has designed and equipped cars with such additional items to enable reliable operation without breakdown as would appear, from the experience developed in two season's operation, to satisfactorily meet the demand for equipment in proper operative condition. We know of no type of stock passenger automobile, and certainly of no stock type extended to provide additional seating capacity, that will operate continuously through the short season over the routes considered in this proceeding. There has been no evidence offered as to any comparable route which is successfully using, or at all, any extended type of passenger automobile which has been altered from the factory design and without increasing the strength of such parts which are subjected to excessive strain by the operating and road conditions here apparent. We are of the opinion that the type of equipment (eleven-passenger cars as reconstructed) should be given a fair trial during the current season under proper conditions of maintenance and upkeep. Other material items of complaint are possible of correction and the order herein will provide for such correction.

The items of complaint which have been sustained by the evidence do not justify either the revocation of the certificate of the Mountain Auto Line of the Motor Transit Company or the granting of an additional operative right over the routes served by it. Neither does the total volume of business, both freight and passenger, justify the establishment of a competing line, and were a competing line to be established the

ultimate result would be the financial ruin of one or both lines and the public to be served would eventually be deprived of the transportation service to which it is entitled. There is evidence herein that substantially ninety per cent of the public going to the San Bernardino Mountains travel by private conveyance and that the business anticipated by resort owners and others is substantially the same as was present in the season of 1921. The establishment of a competing line would not, from the evidence, result in any new business being developed beyond the normal increase due to results following the advertisement of the advantages of the mountain resorts and camps.

We are of the opinion, and hereby find as a fact, that the public convenience and necessity do not require the establishment of an automobile passenger freight and express service over the routes herein as prayed for by complainant or as requested by applicant herein.

We are of the opinion that some of the allegations of the complaint have been sustained and that the necessary correction should be immediately made by defendant in accordance with the provisions of the following order.

O-R-D-E-R

Public hearings having been held in the above entitled proceedings, the matters having been duly submitted and the Commission being fully advised and basing its order on the findings of fact as contained in the opinion preceding this order,

IT IS HEREBY ORDERED that defendant, Motor Transit Company, immediately arrange for and hereafter strictly observe the following regulations as regards the operation of its San Bernardino Mountain Division between San Bernardino, Redlands and all points in the San

Bernardino Mountains covered by schedules and tariffs as on file with the Railroad Commission:-

1.- Defendant is hereby required to provide, either at San Bernardino or at some central point in the San Bernardino Mountains, a competent employee to act as superintendent and to have charge of all matters pertaining to the operation of the San Bernardino Mountain Lines, such employee to have full authority over all matters of operation arising in such territory and to be empowered to immediately act in all matters affecting the operation of such lines.

2.- Defendant is hereby required to maintain regularly, during the season of each year extending from June 15th to October 15th, inclusive, at least two fully equipped passenger stages at such points in the San Bernardino Mountains where they will be most readily available to care for overloads, breakdowns or other operating causes which may interfere with the proper observance of time schedules or the needs of the public desiring transportation.

3.- Defendant is hereby required to immediately make arrangements for central points in the San Bernardino Mountains at which points reservations may be made, in accordance with regulations as contained in tariffs and schedules of defendant, such reservations when made to be

properly recorded and after having been so made and recorded to be protected by the reservation of seats in the cars operating on the schedules for which the reservation was selected by the prospective passenger. The obligation to protect such reservations, when made in accordance with the regulations of the carrier, is absolute and must hereafter be protected by the operation of as many additional cars as may be necessary to protect the demands of the traffic for which reservation has been made.

4.-

Defendant is hereby required to maintain, during the season from June 15th to October 15th, inclusive, of each year, one competent traveling inspector on and along the routes comprised in the Mountain Auto Division, such inspector to be fully conversant with operating conditions and to aid the superintendent hereinbefore authorized in the proper and efficient conduct of the lines comprised in the San Bernardino Mountain Division.

5.-

Defendant is hereby required to keep accurate record of all equipment failures resulting in delay in the observance of any passenger and freight schedule during the period from June 15th to October 15th of each year, to promptly investigate the reasons

for such equipment failures, and until further order of this Commission, to file weekly with the Railroad Commission a statement of equipment failures resulting in delays and the result of the investigation of the cause of such equipment failures. Defendant is further required to immediately establish a complaint record, such record to be kept in the office of the superintendent of the San Bernardino Mountain Division of defendant, and to show briefly thereon all complaints, verbal or written, which may be brought to the attention of the company through its agents, drivers, officials or other employees, or by the traveling or shipping public, such record to include the name of the complainant, the date of the incident complained of, the result of the investigation made into the complaint and the disposition made of such complaint, this record and all supporting data to be available at all times for the inspection by representatives of this Commission.

IT IS HEREBY FURTHER ORDERED that as to the other items of the complaint herein, that said complaint be and the same hereby is dismissed.

THE RAILROAD COMMISSION HEREBY DECLARES that public convenience and necessity do not require the operation by Richard Bruce Cregar of an automobile stage line for the transportation of passengers, freight and express over the routes herein applied for and,

IT IS HEREBY ORDERED that this application be and the same hereby is denied.

Dated at San Francisco, California, this 21st day of July, 1922.

H. B. Brundage
Livingston Martin
Charles A. Howe
W. H. Woodruff

Commissioners.