

the demands of the public. The proposed service contemplates handling the traffic from or to Watsonville Junction by train and thence by truck from and to the points which the Pacific Motor Transport Company intends to serve. The record shows that this arrangement will materially speed up the service and result in a substantial saving in operating costs. Now, with the present all-rail service, shipments from San Francisco to Salinas are delivered at the latter point between 9 A.M. the following morning and 3 P.M. the following afternoon. Shipments destined to Monterey peninsula points are handled in a special merchandise car from San Francisco to Watsonville Junction and from Watsonville Junction transferred to a combination freight and passenger train to destination. Shipments handled in this manner arrive at Monterey at approximately noon, with deliveries to Carmel and Pacific Grove about one hour later. Under the proposed service shipments would be delivered at Salinas at about 7:20 in the morning, at Monterey about 7:40, and deliveries made at Carmel, Pacific Grove and Asilomar less than an hour later.

During the month of June, 1932, there were 1343 consignees receiving shipments at the six points of Watsonville, Salinas, Carmel, Monterey, Pacific Grove and Asilomar, and 507 consignors forwarding shipments to these points. The total number of shipments during this period was 6270, having a gross weight of 2,236,031 pounds.

Applicant contends that the Southern Pacific Company by transferring the freight at Watsonville Junction to truck can eliminate \$17,824. in out-of-pocket costs of operation, and that the Pacific Motor Transport Company can provide a faster service at a total cost of \$8,615, resulting in a net saving of \$9,209.

Protestants contend that the granting of the certificate here applied for will create an additional competitor in a field which is now being adequately served, will tend to impair the rail service by diverting rail traffic to the trucks, will burden the highways with additional trucks, and will cause reduced employment in the rail service.

The granting of this application will not place a new competitor in the field. The only purpose of the application is a desire on the part of the rail carrier, Southern Pacific Company, to coordinate a combination truck and rail service. Similar service has been authorized in lieu of train movements in a number of like instances because of the improvement of service to the public. (Decision No.26261, on Application No.18699; Decision No.26262, on Application No.18727, and Decision No.26260, on Application No.18861, said decisions being dated August 21, 1933).

By its motion filed herein applicant asked that Pacific Motor Trucking Company be substituted for applicant Pacific Motor Transport Company. The motion will be granted, and the certificate will be issued to Pacific Motor Trucking Company, an operating subsidiary of Southern Pacific Company, under the usual conditions.

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

O R D E R

A public hearing having been held upon the above entitled application, the matter submitted and now being ready for decision,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY FINDS AND DECLARES that public convenience and necessity require the operation by Pacific Motor Trucking Company of an automobile truck service between Watsonville Junction and the railroad stations located on the lines of the Southern Pacific Company and over the routes as set forth in Exhibit "A", attached to the application herein for the transportation of freight, such service to be limited to the transportation of such freight as may have been previously consigned for transportation over the line of the Southern Pacific Company and which may be delivered to the applicant by the Southern Pacific Company at the railroad freight stations designated below and to be redelivered by the applicant at another of said freight stations, to-wit: at the freight stations of the Southern Pacific Company located at Watsonville Junction, Watsonville, Castroville, Nashua, Neponset, Lapis, Bardin, Marina, Gigling, Workfield, Prattco, Seaside, Retreat, Del Monte, Monterey, Pacific Grove, Asilomar and Salinas.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity for such a service be and the same hereby is granted to Pacific Motor Trucking Company, 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 date hereof copies of the contract between applicant and Southern Pacific Company relating to the operation herein directed to be certificated, and, in triplicate, the rates to be charged, and, in duplicate, time schedules, said rates, equipment and time schedules to be satisfactory to the Railroad Commission. Applicant shall commence operation of said service within a period of not to exceed sixty (60) days from 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.

5. The certificate herein granted does not authorize applicant to directly or indirectly perform a pickup and/or delivery service at the points to be served.

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 15th day of January, 1934.

C. L. Deane
J. C. [unclear]
W. A. [unclear]
M. B. [unclear]
Walter [unclear]
Commissioners.