

Decision No. 26908.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
COAST TRUCK LINE, a corporation, for
a certificate of public convenience
and necessity authorizing it to extend
its service from Oceanside to Long
Beach and Los Angeles Harbor district,
via the Ocean Highway.

ORIGINAL

Application No. 18381.

H. J. Bischoff, for applicant.
Robert Brennan and W. F. Brooks, for The Atchison,
Topeka and Santa Fe Railway Company, protestant.
H. W. Hobbs, for Southern Pacific Company, and
Pacific Motor Transport Company, protestants.
Wallace K. Downey, for Motor Freight Terminal Com-
pany, interested party.
Edward Stern, for Railway Express Agency, Inc., in-
terested party.
Charles A. Bland, for Board of Harbor Commissioners,
proponent.
Ray O. Baldwin, for Long Beach Chamber of Commerce,
proponent.

BY THE COMMISSION:

O P I N I O N

In this proceeding applicant requests an enlargement of its operative right between Los Angeles, Oceanside, Rainbow, Escondido, San Diego and points between, by extending its line north of Oceanside to serve Long Beach and Los Angeles Harbor (Wilmington and San Pedro).¹ The authority herein requested is for the purpose of establishing a direct daily overnight service between Long Beach and Los Angeles Harbor on the one hand, and points south

¹ No service is proposed from, to or between points north of Oceanside and south of Long Beach and Los Angeles Harbor.

thereof to and including San Diego on the other hand.² Applicant now possesses a certificate of public convenience and necessity for the transportation of property between Wilmington and San Diego when such traffic originates at or is destined to San Francisco via the Los Angeles Steamship Company.³ Applicant requests that this right be merged with the one here sought.

Public hearings were held before Examiner W. K. Brown at San Diego, Los Angeles and Long Beach.

Applicant is controlled by the Southern California Freight Lines. The latter company also controls the Rice Transportation Company, which is authorized to transport property between Los Angeles and Los Angeles Harbor. Traffic between the Harbor and San Diego via the two subsidiary companies is interchanged at Los Angeles. The Rice Transportation Company does not serve Long Beach. All of the traffic handled by protestants likewise moves through Los Angeles, and in most cases is physically transferred at that point.

Applicant proposes a daily (except Sunday) overnight service. Southbound, the trucks will leave San Pedro at 7:00 P.M., Wilmington at 7:30 P.M. and Long Beach at 8:00 P.M., arriving the following morning at Oceanside at 1:00 A.M. and San Diego at 4:00 A.M. Northbound shipments will leave San Diego at 6:00 P.M., and Oceanside at 9:00 P.M., arriving the following morning at Long Beach at 2:00 A.M., Wilmington 2:30 A.M. and San Diego at 7:00

² In 1930 applicant requested a certificate of public convenience and necessity to render a service between Los Angeles Harbor and San Diego, either direct, or by the transfer of the traffic at Capistrano, Santa Ana or Los Angeles. The service was to be experimental. The application was denied (In Re Application of Coast Truck Line, 35 C.R.C. 394).

³ In Re Application of Coast Truck Line, 36 C.R.C. 856.

⁴
 A.M. A scale of class rates,⁵ and commodity rates on freight in lots of 2000 pounds or over, is proposed.

The granting of the application was urged by representatives of the Board of Harbor Commissioners of Long Beach, Long Beach Chamber of Commerce and Wilmington Chamber of Commerce,⁶ as well as by a large number of shippers and receivers of freight, hereafter collectively referred to as shippers. Generally speaking, the testimony of all the witnesses supporting the application was substantially similar in that they felt there was a need for an expedited daily service between the points here involved with a late pickup at the point of origin and an early delivery the following morning at the point of destination. There was a widespread aversion on the part of the shippers to using the services of the existing carriers because of an alleged delay and damage to shipments due to the interchange of the lading at Los Angeles. For this reason, in part at least,⁷ traffic was often diverted to unregulated carriers. It can be fairly said that the shippers who desire the

⁴ Schedules from and to the other points proposed to be served are shown in Exhibit "C" attached to the application.

⁵ Proposed class rates between representative points:

Between	And	*Class			
		1	2	3	4
	(Oceanside	58	48	43	38
Long Beach	(Escondido	60	50	45	40
	(San Diego	63	56½	49½	42½

* Minimum charge 50 cents, except from and to steamship docks at Los Angeles Harbor, Long Beach and San Diego minimum charge will be 75 cents.

⁶ The Long Beach interests contend that to properly develop their port a direct service should be rendered to San Diego County ports. The only direct service they now have is a weekly steamer service to San Diego. An investment of \$16,000,000 has been made in the port of Long Beach.

⁷ Rates materially lower than those based over Los Angeles, was also a factor in diverting traffic to the unregulated truck.

proposed service represented a fair cross-section of the shipping public who would use applicant's line.⁸ The opinion was expressed by some that if the application were granted, it would tend to divert some traffic from the so-called "contract" carriers. This is undoubtedly true, but what the volume of diverted traffic would be is conjectural.⁹

Because of changed methods of merchandising, the public demands expedited service for less than carload shipments. (In Re Application of Pacific Motor Transport Company, Decision No. 26261, August 21, 1933.) The demand of the public should be paramount, and improved service should be accorded unless it is clearly shown that the existing services are fully adequate or that the carriers now serving the territory would be seriously jeopardized by authorizing a new carrier to enter the field.

The proposed service between Los Angeles Harbor and San Diego ports will permit two affiliated carriers, held by common interests, to improve their existing services. In principle, this is not different from the efforts of other carriers to improve service in territory which they are serving. (In Re Applications of Pacific Motor Transport Company, Decisions Nos. 26260, 26261 and 26619.) The question of applicant utilizing other existing carriers is not here present. (See In Re Application of Pacific Trucking Co. for a certificate to operate trucks between Santa Barbara, Caviota, etc., Decision No. 26717.)

⁸ The witnesses who testified represented shippers of canned goods, sulphur, fertilizer, hospital and medical supplies, candies, auto parts, wholesale grocery supplies, hardware, paper, citrus products and numerous other commodities.

⁹ The main need of the shippers supporting the application was for a dependable carrier to handle small shipments of the character not ordinarily handled by the so-called "contract" carrier.

The service from and to Long Beach will tap a field not heretofore served by applicant or any subsidiary of the Southern California Freight Lines. However, it cannot be said from this record that the present service of the existing carriers is entirely adequate to meet the public need. The only protestant directly serving the points here involved is the Railway Express Agency but the service this carrier is now rendering is not wholly similar to that which applicant intends to perform. One is essentially an express service, the other an expedited freight service. The line of demarcation between an express service and an expedited motor truck service, while slight on some traffic, is quite marked on most traffic. Neither The Atchison, Topeka and Santa Fe Railway Company nor the Motor Freight Terminal directly serves Long Beach, although both indirectly serve this point by connecting carriers.

The Atchison, Topeka and Santa Fe, or its connections, does not render a pickup and delivery service at either Long Beach or Los Angeles Harbor, although the establishment of such a service at the latter point is contemplated. The Motor Freight Terminal Company, in conjunction with the Citizens Express Company, renders a daily pickup and delivery service from and to Long Beach. Freight is picked up at Long Beach at 4:00 P.M., arriving at San Diego the following morning.¹⁰ In the opposite direction an overnight service is likewise maintained. The joint service however has not attracted much traffic as the average revenue is approximately \$5.00 per day.

The application will be granted.

Coast Truck Line, a corporation, is hereby placed upon

¹⁰ Substantially the same schedules are maintained from and to Los Angeles Harbor.

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

Coast Truck Line, a corporation, having made application to establish automotive service for the transportation of property between Los Angeles Harbor and Long Beach on the one hand, and Oceanside and San Diego and intermediate and lateral points on the other hand, the application having received public hearing and now being duly submitted for decision,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require the establishment of automotive truck service for the transportation of property between Los Angeles Harbor, to-wit: San Pedro, Wilmington and Terminal Island districts of said harbor only, and Long Beach and Long Beach Harbor, on the one hand, and Oceanside and San Diego and intermediate points, Oceanside and Escondido and intermediate points, and Oceanside and Rainbow and intermediate points, on the other hand, via Ocean Highway via Newport Beach, Laguna Beach and Serra, provided however that no service of any character shall be performed to or from or between points intermediate to Los Angeles Harbor, Long Beach and Oceanside.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity therefor be and the same hereby is granted to

Coast Truck Line, a corporation, as an extension and enlargement of the rights heretofore granted applicant by Decision No. 24277, dated December 7, 1931, on Application No. 17726, and consolidated therewith, and each right with the other, and subject to the following conditions:

1. Applicant shall file its written acceptance of the certificate herein granted within a period of not to exceed fifteen (15) days from date hereof.
2. Applicant shall file, in triplicate, and make effective within a period of not to exceed thirty (30) days after the effective date of this order, on not less than ten (10) days' notice to the Commission and the public, a tariff or tariffs constructed in accordance with the requirements of the Commission's General Orders and containing rates and rules which, in volume and effect, shall be identical with the rates and rules shown in Amended Exhibit No. 1 filed at hearing, in so far as they conform to the certificate herein granted.
3. Applicant shall file, in duplicate, and make effective within a period of not to exceed thirty (30) days after the effective date of this order, on not less than five (5) days' notice to the Commission and the public, time schedules covering the service herein authorized in a form satisfactory to the Railroad Commission.
4. 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.
5. 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 2^d day of April, 1934.

W. L. Sawyer
Leon E. Williams

W. A. Lee

M. B. Harris

Walter J. ...
COMMISSIONERS.