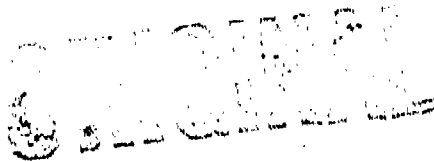


Decision No. 28606



BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of PACIFIC GREYHOUND LINES, INC.,
a corporation, for a certificate
of public convenience and neces-
sity between Los Angeles and the
California-Arizona State line east
of Needles, via Pasadena, Uplands,
San Bernardino and Barstow,
California.

Application No. 19377.

In the Matter of the Application
of UNION PACIFIC STAGES OF
CALIFORNIA, a corporation organized
under the laws of the State of
California, for an order removing
certain restrictions and limita-
tions on existing certificate
of public convenience and necessity
to operate a motor bus service
between Los Angeles and California-
Nevada State Line via Pomona,
San Bernardino, Victorville,
Barstow and Yermo.

Application No. 19448.

In the Matter of the Application
of H. H. MORGAN, doing business as
Santa Fe Trail Stages, for certificate
to transport passengers, baggage and
express between Los Angeles, the
State Line east of Needles and certain
intermediate points.

Application No. 19485.

H.C. Lucas, for Pacific Greyhound Lines, Applicant.
E.E. Bennett and E.C. Renwick, for Union Pacific Stages of Calif.
and Union Pacific Railroad, Applicant.
Douglas Brookman, for Santa Fe Trail Stages, Applicant.
Robert Brennan, E. T. Lucey, G.E. Duffy and W.F. Brooks, for
The Atchison, Topeka & Santa Fe Railway, Protestant, and for
Santa Fe Transportation Company.
Edward Stern and J.L. Crawford, for Railway Express Agency,
Protestant.
F. E. Billhart, for Pacific Electric Railway Company,
interested party.
R. R. Wilson, for Motor Transit Company, interested party.

BY THE COMMISSION:

OPINION AND ORDER

Applicants herein each operates interstate passenger and express service between California points, with Los Angeles as terminus, and the middle west and far east. Each of the services is conducted in full compliance with the laws of California, and each operates daily schedules into and out of the State. For the convenience of identity in this opinion, applicants will be designated briefly as Pacific Greyhound, Santa Fe Trails, Union Pacific, and the protestant as Santa Fe Railroad.

The interstate service of Pacific Greyhound and Santa Fe Trails (Howard H. Morgan) is conducted in California between Needles and Los Angeles via Barstow, Victorville and San Bernardino.

Union Pacific Stages operate in interstate traffic between the Nevada-California line near Wheaton Springs and Los Angeles via Baker, Yermo, Barstow, Victorville and San Bernardino. Union Pacific Stages possesses in California a certificate to operate locally by its interstate vehicles between the Nevada-California State Line and Los Angeles, excepting Yermo and locally between San Bernardino and Los Angeles.

In the above-entitled applications each applicant seeks authority to conduct intermediate and through business in connection with interstate service only between the California State Line and the Nevada and Arizona State lines and Los Angeles. In addition Pacific Greyhound seeks further authority to consolidate any certificate granted to it in this proceeding with its state-wide service in California as granted by Decision.

No. 23244 on Application 16989, thus providing an opportunity for through service to any point on its lines in California from the new territory affected. Each applicant excludes local service between San Bernardino and Los Angeles.

Public hearings thereon were conducted by Examiner Williams at Needles, Barstow, Los Angeles and San Francisco. The matter was duly submitted on briefs which have been filed.

On September 21, 1935, Santa Fe Railroad advised the Commission that it had (through its subsidiary, General Improvement Company) acquired the business of Santa Fe Trails Stages, Inc., and desired to substitute its subsidiary, Santa Fe Transportation Company, a California corporation, for Howard H. Morgan and withdraw its objections to granting a certificate to the successor corporation. This was confirmed in writing. On receipt of such advice the Commission set aside submission and ordered further hearing at San Francisco on October 14, 1935. At that time Santa Fe Railroad moved the substitution stated and the motion was joined in by applicant Morgan. There was no objection by other parties.

On October 5, 1935, Santa Fe Transportation filed four applications for certificated stage operative rights, intrastate, paralleling the entire Santa Fe rail system in California, including the interstate route between Los Angeles and Needles, which already had been acquired by purchase of Santa Fe Trails interstate operations. In connection with this, in answer to queries of other parties Mr. Brennan, speaking for Santa Fe Railroad and Santa Fe Transportation Company said:

"In the event that the Santa Fe Transportation Company, as the successor in interest of Mr. Morgan, shall be granted a certificate of public convenience and necessity, to operate bus lines between Los Angeles and the Arizona State line, necessarily or naturally, the last application would be withdrawn."

The record indicates that each applicant is financially able to perform and maintain the service proposed; that each provides up-to-date, efficient comfortable equipment, and that each will provide adequate operating schedules to care for its business. Each applicant proposes to perform all service in California by use of vehicles employed in interstate service and without separate schedules for other vehicles.

The services proposed by each applicant, if established, would present competition to two rail lines and, to a large extent, closely parallel rail service. Union Pacific Railroad operates between Nevada State Line and Barstow over its own tracks and continues over the Santa Fe tracks to San Bernardino, and thence again over its own tracks to Los Angeles. Much of this service is restricted or is at night. Santa Fe Railroad operates between Needles near the Arizona State Line, and Los Angeles, over its own trackage the entire route. In addition it connects with its own line at Barstow for San Joaquin Valley and San Francisco, using its own tracks to Mojave, thence via Southern Pacific tracks to Bakersfield, and thence over its own tracks to the west side of the San Joaquin Valley via Fresno, Stockton and Martinez to the San Francisco Bay area.

Union Pacific Railroad is the owner of Interstate Transit Lines, Incorporated, a Nebraska corporation, which in

turn wholly owns Union Pacific Stages of California, a California corporation, the applicant herein. The rail carrier is in the position of offering to operate both classes of transportation under its own management and control. By its changed attitude Santa Fe Railroad makes the same offer. The Santa Fe Railroad now operates no passenger vehicle service in the State of California.

Hearings upon the applications were extensive, two days having been spent at Needles, two days at Barstow, four days at Los Angeles and one at San Francisco. This did not include a preliminary hearing held October 4 and 5, 1934, at which the Commission required applicants to make a showing as to changed conditions in the area affected, subsequent to January, 1932, when applications of Pacific Greyhound of California and Union Pacific Stages, covering practically the same service as is proposed in the instant applications, were denied. The preliminary hearing resulted in the opinion by the Commission that conditions had changed and that further inquiry into the public necessity for establishing the service proposed should be conducted. In all, the oral testimony of 141 witnesses was received, and in addition the testimony of more than 100 other witnesses was received by stipulation. Examination of the testimony indicates that practically every point whether adjacent to the highways selected or in the neighborhood thereof was represented in the testimony.

Pacific Greyhound Lines is a part of the transcontinental Greyhound bus system. A part of this operation is the inter-

state service between Denver and Los Angeles operating into California between Needles and Los Angeles. It is the successor of Pickwick Greyhound which established the operation seven years ago. It offers two schedules each way daily and omits, as do the other applicants, local service between San Bernardino and Los Angeles. At Los Angeles it has connection with its state-wide system, and also its interstate system serving Southern Arizona, Oregon and Washington.

Santa Fe Trails follows exactly the same route as Greyhound and the rates for the two Companies are practically the same. The intrastate rates of the Union Pacific Stages for the area now served and for that proposed to be served are approximately the same as those of other applicants to the same points. In fact, the rates of all three applicants disclose very little difference, at least not enough to present any advantage. Rates are of two classes - excursion and regular. Excursion rates are reductions of the regular rates and in some instances have been and are for a definite period, which period may be extended from time to time, established to meet rail competition. ⁽¹⁾ Exhibits filed indicate an average

(1) For instance, a comparison of one way rates between selected points, according to applicant's exhibits, shows:

<u>Between</u>	<u>P.G.L.</u>			<u>S.F.Trails</u>
	<u>U.P.</u>	<u>Excur.</u>	<u>Reg.</u>	
Los Angeles & Victorville, (105 miles)	\$2.10	\$2.10	\$2.65	\$2.15
Los Angeles & Barstow (141 miles)	2.80	2.80	3.70	2.85
Los Angeles & Needles (308 miles)	-	5.90	8.30	5.85
Los Angeles & Wheaton Springs (246 miles)	5.00	-	-	-
Rate per mile in cents	.02+	.02+	.0268	.019

seat vacancy of interstate passengers of approximately ten per schedule in each direction through the territory involved herein and that vacant seats are usually available on all schedules. Each applicant admitted that the volume of traffic available over the routes is insufficient to justify separate local schedules. If certification of either or all of the applicants is to be made, it must be based upon the expectation that only the empty seats in the interstate stages will be available for use of the public.

The testimony of the large number of witnesses presented, when divested of small self-interest, indicates a real desire on the part of the population between San Bernardino and the State boundaries, to have the stage service available as a matter of need and also as a matter of choice. The prevailing expression of witnesses is one of inquiry as to why, with so many stages passing through their communities each day, and going to destinations to which they seek transportation, such stages are not authorized to perform that service for them. Many of them wish to travel long distances within the State, it being from 250 to 300 miles over either route between Los Angeles and either the Nevada boundary or the Arizona boundary. The majority of said witnesses asserted that ability to use these stages is a practical necessity to them. When the character of the country and topography and present rail operations are taken into consideration, it appears clear that any individual going any distance in haste has few public facilities at hand during the ordinary hours of business.

The area proposed to be served is either mountainous or desert. The population between Barstow and Needles, a

distance of more than 160 miles, is approximately 1600. The population of Barstow is approximately 800, and the population of Needles about 2200. Barstow and Needles are railway division points and the record discloses that approximately 85 per cent of the population of Needles is employees of the Santa Fe Railroad and their families, all of whom receive free transportation over the rail line. At Barstow approximately 70 per cent of the population is in the same classification. The population is considerably more meager between Yermo and Daggett and the Nevada state line, probably being limited to a few hundred persons many of whom are engaged in mining and a large portion of whom were employees of the Union Pacific Railroad and Tonopah and Tidewater Railroad.

Performance of schedule exhibits filed by applicants discloses "on time" when East-bound over the routes. However, West-bound the schedules are frequently late (sometimes many hours) due to the long journey through other states and varying weather and road conditions. Summer schedules are less affected by tardiness. Generally, the public would receive "on time" East-bound transportation from either of the applicants and the West-bound schedules of the various applicants being staggered through the day, would provide convenient service in that direction.

Each applicant seeks authority to transport express. The limitations as to weight vary but it appears from the record that such service, in connection with the stages, will meet the need and convenience of many whose testimony to that effect is in the record. That testimony concerns automobile parts and accessories, packages, etc., of small volume and ordinarily

not exceeding 100 pounds. Railway Express Agency, Inc., maintains pickup and delivery at San Bernardino, Victorville, Barstow and Needles and many points west of San Bernardino. Beyond Barstow it has agency stations at Daggett, Ludlow, Amboy and Cadiz. This carrier also has recently made reduction in rates on many commodities including some staples, such as groceries. No applicant proposes other than station to station express service, or roadside delivery.

The two senior applicants, Pacific Greyhound and Union Pacific, presented their cases together on the theory that each served, beyond Barstow, different areas, but jointly served the route between Barstow and San Bernardino and that each could serve its entire route without delays, which would be incident to a transfer at Barstow if either received a certificate for only a part of its route. This theory appears sound in view of the fact that the service will be limited to interstate stages, and that public patronage is insufficient to support strictly local service.

Santa Fe Trails is an established cross-country interstate line and is an extension of other lines of applicant serving Kansas City and Chicago. Santa Fe Railroad, by its new attitude seeks to do what Union Pacific is doing, that is, parallel its own tracks in California with local service. The Santa Fe Railroad is the pioneer carrier in the field involved.

Whether these rail carriers will use such privileges to alter costlier train service is not in the record, but that each would be in better position to readjust its operations, and by such readjustment, improve public service generally appears

probable and desirable.

Greyhound Lines seeks consolidation of any certificate granted to it with its state-wide service, which, somewhat closely, parallels the rail operations of Santa Fe between Los Angeles and San Francisco and Los Angeles and San Diego and other Southern California points. As Santa Fe Transportation Company has applications pending over its entire system in California, this request for consolidation will be denied without prejudice but may be renewed by applicant in the proceedings referred to. The conclusions reached herein are such that Santa Fe may be expected to dismiss its application (No. 20171) between Los Angeles and Needles, except as it may seek consolidation of rights herein granted, with such as may, after showing, be granted under its applications Nos. 20170, 20172 and 20173.

Santa Fe also, by the petition filed on November 26, 1935, seeks to have the instant applications reopened for further hearing, in connection with its other applications. The results of the original hearings herein, as before set forth, are such that this petition will be denied.

The service proposed by each applicant appears necessary when it is considered that local traffic will be accepted only on interstate vehicles, whose schedules are staggered throughout the day. Each application will be granted, limited to the

use of vehicles used in interstate stages only and with the privilege of instituting exclusively intrastate schedules only after supplementary application so to do. In so granting certificates the Commission intends only to meet the extraordinary conditions of sparsely settled area and long distances affected and does not intend to create any precedent as to such rights in the more populated and more abundantly served areas of the state.

Full consideration of the record justifies granting certificates to all applicants for the transportation of passengers, as a part of interstate operations, and the transportation of express only on the vehicles used in passenger service and limited to 100 pounds for each shipment. This express carriage should be made available by each applicant under proper contract, to Railway Express Agency, Inc.

O R D E R

PACIFIC GREYHOUND LINES, INC., and SANTA FE TRANSPORTATION COMPANY (successor of H. E. Morgan), a corporation, having each filed applications as above entitled, requesting certificates of public convenience and necessity, authorizing the operation of stages for the transportation of passengers and property between Los Angeles and the California-Arizona state line at a point opposite Topock, Arizona, public hearings having been held and the matters having been duly submitted and now being ready for decision,

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the establishment and operation of such services, as hereinafter speci-

fically limited and restricted, over and along the following routes:

Pacific Greyhound Lines - between Los Angeles and the California-Arizona state line east of Needles via the main highway through South Pasadena, Pasadena, Lamanda Park, Sierra Madre, Arcadia, Monrovia, Duarte, Azusa, Glendora, Uplands, Cucamonga and San Bernardino; thence via U. S. Highway No. 66, through Barstow to the California-Arizona state line.

Santa Fe Transportation Company - between Los Angeles and the California-Arizona state line, east of Needles, via the main highway through South Alhambra, El Monte, Puente, Pomona, Ontario, Riverside and Colton and via U.S. Highway No. 66 between San Bernardino and the California-Arizona state line, passing through Victorville, Oro Grande, Barstow, Daggett, Ludlow, Amboy and Needles; and

IT IS HEREBY ORDERED that a certificate of public convenience and necessity therefor, as hereinafter specifically limited and restricted, is hereby granted to each of said applicants, and subject to the following conditions:

1. Applicants, and each of them, separately, shall file written acceptance of the certificate herein granted within a period of not to exceed fifteen (15) days from date hereof stipulating in said acceptances, and each of them,
 - (a) That the certificate herein accepted is limited to the transportation of persons and property on the vehicles used by applicant in such transportation under lease with its affiliated or parent company and only on such vehicles as are used by such affiliated or parent company in the operation, under valid authority, as interstate common carriers;
 - (b) That no local service of any kind shall be rendered between Los Angeles and San Bernardino, and/or all intermediates and that no local service or schedules, other than said interstate service and schedules, between San Bernardino and the California-Arizona state line, shall be established or operated, without further authority granted by this Commission after supplementary application therefor has been duly filed.

- (c) That the certificate herein granted shall be limited, in the transportation of property, to the passenger vehicles used in said interstate service and that no package shall be transported whose weight exceeds 100 pounds, when such package is transported between points in California, whether consigned under grantee's own rates or as an underlying carrier of an express corporation.
2. Applicants 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 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 the exhibit attached to the application insofar as they conform to the certificate herein granted, or rates satisfactory to the Railroad Commission.
 3. Applicants 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 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 applicants herein unless such vehicle is owned by said applicants or is leased by them under a contract or agreement on a basis satisfactory to the Railroad Commission.

Union Pacific Stages of California, a corporation, having made application for a certificate of public convenience and necessity authorizing the operation of stages for the transportation of passengers and property between Los Angeles and the Calif-

ornia-Nevada state line near Wheaton Springs, California, public hearings having been held, the matter having been duly submitted and now being ready for decision,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA
HEREBY DECLARES that public convenience and necessity require the establishment and operation of such service, as hereinafter specifically limited and restricted, over and along the following route:

Union Pacific Stages - between Los Angeles and the California-Nevada state line near Wheaton Springs, California, the main highway through South Alhambra, El Monte, Puente, Pomona, Ontario, Riverside and Colton; and via U.S. Highway No. 66 between San Bernardino and Barstow and via U.S. Highway No. 91 between Barstow and the California-Nevada state line near Wheaton Springs, California, and

IT IS HEREBY ORDERED that a certificate of public convenience and necessity therefor be and the same hereby is granted Union Pacific Stages of California, a corporation, as hereinafter specifically limited and restricted, 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, stipulating in said acceptance,

- (a) That the certificate herein accepted is limited to the transportation of persons and property on the vehicles used by applicant in such transportation under lease with its affiliated or parent company and only on such vehicles as are used by such affiliated or parent company in the operation, under valid authority, as interstate common carriers.
- (b) That no local service of any kind shall be rendered between Los Angeles and San Bernardino, and/or all intermediates and that no local service or schedules, other than said interstate service and schedules, between San Bernardino and the California-Arizona state line, shall be established or operated, without further authority granted by this Commission after supplementary application therefor has been duly filed.

(c) That the certificate herein granted shall be limited, in the transportation of property, to the passenger vehicles used in said interstate service and that no package shall be transported whose weight exceeds 100 pounds, when such package is transported between points in California, whether consigned under grantee's own rates or as an underlying carrier of an express corporation.

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 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 the exhibit attached to the application insofar as they conform to the certificate herein granted, or rates satisfactory to the Railroad Commission.
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 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 2nd day of March, 1936.

M. B. Harris
Leon A. White
M. A. Curran
W. L. ...
J. A. ...
15. _____
Commissioners.