

ORIGINAL

Decision No. 28968.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of COAST LINE TRUCK SERVICE, INC.,
a corporation, for a certificate
of public convenience and necessity
to operate an automotive truck line.

Application No. 20111

Reginald L. Vaughan, for Applicant.

H. W. Hobbs, for Southern Pacific Company and
Pacific Motor Transport Company,
Protestants.Edward Stern and George S. Reed, for
Railway Express Agency, Protestant.

BY THE COMMISSION:

O P I N I O N

Applicant Coast Line Truck Service, Inc., a corporation, herein seeks a certificate of public convenience and necessity to establish and operate a highway common carrier service for the transportation of fresh field and orchard products from San Gregorio and Greenfield and intermediate points via Pescadero, Swanton, Davenport, Santa Cruz, Watsonville, Castroville, Monterey, Carmel and Salinas, on the one hand, to Los Angeles, on the other hand, with a return movement of cement and certain paper products (roofing paper principally) from

Los Angeles, Vernon and Huntington Park, on the one hand, to San Gregorio and Greenfield and intermediate points, and in addition thereto, San Jose, on the other hand.

Public hearings thereon were conducted by Examiner W. R. Williams at Santa Cruz, Watsonville and San Francisco. The matter was duly submitted upon briefs.

Applicant was supported as to the southbound movement of fresh field and orchard products by about forty farmer witnesses. Their testimony in substance related to the large volume production (thousands of tons) of artichokes, lettuce, broccoli, peas, sprouts, apricots, plums, pears, apples and cherries. A great many field products, such as shelled beans, string beans, cabbage, carrots, cauliflower, celery, leeks, onions, lettuce, potatoes and vegetables not otherwise specified were, by a stipulation of the parties hereto, excluded from the commodities to be transported. Stipulations restricting pick-up and delivery were also agreed to and the effect of all these stipulations and changes is embodied in the second supplemental application filed during the progress of the hearing, together with an amended rate tariff and time schedules.

The application was protested by Railway Express Agency, Inc., Pacific Motor Transport Company and Southern Pacific Company, but no testimony was introduced by these protestants as to the movement of field and orchard products between the northern points and Los Angeles. As the testimony produced by applicant is ample to support the granting of a certificate for the purposes as limited by stipulation, and as protestants made no showing adversely, it must be found that public convenience and necessity require the southbound service proposed, to Los Angeles.

The greater opposition of protestants was directed to that portion of the application for a certificate to transport certain building materials and fruit wrappers northbound from Los Angeles, Vernon and Huntington Park.

Practically all of the volume of such shipments would be supplied by the Pioneer-Flintkote Company of Los Angeles, destined to its customers at San Jose, Watsonville and Santa Cruz. The rail rate (minimum 30,000 pounds) from Los Angeles to all points involved is 24 cents except to Santa Cruz which is 34 cents. Rail rates with pick-up and delivery, L. C. L., are offered by Pacific Motor Transport Company at from 65 to 80 cents. Protestants' objection is directed to this rate proposed by applicant from Los Angeles, including pick-up and delivery to all points, of 25 cents per 100 pounds. On this phase of the application, applicant and protestants produced witnesses.

Applicant supported the northbound service proposed by the testimony of John Marcipan, at that time in charge of the Sales Promotion Department for Pioneer Flintkote Paper Company. He was stationed at San Jose and testified that in the development of business for his concern, occasion was found to ship truck loads to customers at Salinas, Santa Cruz and San Jose and that for a two and one-half year period a majority of the volume had been shipped by truck. Other shipments were made by rail and, generally, satisfactory service was given. Wendell Van Houton, representing Wood Brothers Company at Santa Cruz, also testified. The testimony

of both Marcipan and Van Houton was in regard to the expedition with which the shipments were transported from Los Angeles to the northern points, the lack of injury to the cargo in any respect and the low rate for such service. Applicant produced no other witnesses and no testimony was introduced showing any necessity for the transportation of asphalt in barrels, cement asphalt in packages, cement, paper products and supplies as differentiated from building and roofing paper in rolls, fruit wrappers in packages and lettuce lining in packages.

Protestants presented as witnesses adverse to the northbound movement sought by applicant, F. M. Chandler, Traffic Manager of Certainteed Products, at Richmond, and George K. Cardiff, Yard Manager of the Henry Cowell Lumber Company at Watsonville. Mr. Chandler's testimony was directed particularly to the 25-cent rate proposed to be charged by applicant on northbound movements and Mr. Cardiff's as to the efficiency and economy of the transportation of similar products from Bay Region factories, particularly from Richmond and Pittsburg.

To meet the objections of protestants, applicant amended its tariff of rates to make the 25-cent rate applicable on minimum shipments of 30,000 pounds, thus practically reducing the volume of the rate to nearly the same basis on the minimum as from East Bay points.

Examination of the testimony of all witnesses presented on behalf of, or adverse to, applicant's proposed northbound movement, clearly shows that such a movement exists largely for the benefit of one shipper in Los Angeles. Applicant has not sustained the burden of proving public convenience and necessity and hence that portion of the application should be denied.

The service proposed herein has been conducted by J. K. Kaylor for the past two and one-half years under an alleged contract status. Kaylor has now transferred his business to the corporation, applicant herein, in which he is a stockholder, and proposes to continue it under public regulation and at fixed rates for the benefit of a large producing area that depends for its subsistence entirely upon the quick marketing of its products. Los Angeles and southern California afford a quick and profitable, though distant, market.

In conclusion, we find as a fact that public convenience and necessity require the service proposed by applicant for the transportation of certain field and orchard products southbound but do not require the northbound transportation of any products included in the application and in these respects the application should be granted in part and denied in part.

To conduct its proposed operations applicant plans to acquire assets and equipment of Fred Kaylor and Alex Anzilotti, Goseph Tambellini and Goseph Antonetti and to issue to them in payment 88 shares of its common capital stock of the par value of \$100 each. The assets and equipment, and the liabilities to be assumed by the purchaser, are described as follows:

<u>Assets</u>		
Cash.....		\$2,676.96
Accounts Receivable.....		5,001.17
Equipment:		
1 2-ton 1935 Dodge truck with semi-trailers.....		2,420.01
1 3-ton 1935 Dodge truck with semi-trailers.....		3,689.22
1 1935 International pick-up truck....		750.00
1 1935 Chevrolet pick-up truck.....		750.00
1 1935 Ford pick-up truck.....		750.00
1 1½-ton 1935 Dodge truck.....		1,129.25
Total Assets.....		<u>\$17,166.61</u>

Liabilities

Notes payable on trucks.....	\$3,826.71
Other notes and accounts payable.....	4,662.12
Total Liabilities....	<u>\$8,488.83</u>
<u>Net Worth</u>	<u>\$8,677.78</u>
Total.....	<u>\$17,166.61</u>

The issue of stock in the amount requested does not appear to be unreasonable and the order herein accordingly will grant this portion of the application.

O R D E R

Coast Line Truck Service, Inc. having made application for a certificate of public convenience and necessity for the transportation of fresh field and orchard products from San Gregorio and Greenfield and intermediate points, on the one hand, to Los Angeles, on the other hand; and, also, for the transportation of certain restricted types of property from Los Angeles, Vernon and Huntington Park, on the one hand, to San Gregorio and Greenfield and intermediate points thereto and to San Jose, on the other hand; and requesting permission to issue \$8,800. par value of common stock; public hearings having been held and the matter having been duly submitted now being ready for decision,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require the operation by Coast Line Truck Service, Inc., a corporation, of a highway common carrier service for the transportation of fresh field and orchard products, to-wit:

Apples, apricots, artichokes, broccoli, brussels sprouts, cherries, chives, cucumbers, pears, peas, plums, spinach, and tomatoes and of no other products,

by motor vehicle from San Gregorio and Greenfield and intermediate points via Pescadero, Swanton, Santa Cruz, Soquel, Watsonville, Castroville, Monterey, Carmel, by diversion, and Salinas, on the one hand, to Los Angeles, on the other hand, over and along the following route:

Via California State Highway No. 1 between San Gregorio and Carmel; main public highway between Castroville and Salinas; U. S. Highway No. 101 between Salinas and Los Angeles;

and,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity therefor be and the same hereby is granted Coast Line Truck Service, Inc., subject to the following conditions:

1. Applicant shall have authority to make pick-up of shipments within two miles on each side of the route hereinbefore specified and authorized to be traversed, except
 - (a) Apples may be picked up only within a radius of three miles from Soquel along Highway #1 and the two-mile lateral zone adjacent thereto, excluding, however, the area within the one mile radius from the existing post office site of Soquel;
 - (b) No pick-up off the highway may be made between the northerly city limits of Watsonville and northerly city limits of Salinas.
 - (c) No pick-up may be made within a radius of one mile of Southern Pacific depots at Santa Cruz and/or Watsonville.
2. Applicant shall file a written acceptance of the certificate herein granted within a period of not to exceed fifteen (15) days from date hereof.
3. Applicant shall commence the service herein authorized within a period of not to exceed thirty (30) days from the effective date hereof, and shall file in triplicate and concurrently make effective on not less than ten days' notice to the Railroad 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 in so far as they conform to the certificate herein granted, or rates and rules satisfactory to the Railroad Commission.

4. 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 Railroad Commission and the public, time schedules covering the service herein authorized in a form satisfactory to the Railroad Commission.
5. 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 obtained.
6. No vehicle may be operated by applicant herein unless such vehicle is owned by said applicant or is leased by applicant under a contract or agreement on a basis satisfactory to the Railroad Commission.

Coast Line Truck Service, Inc., having requested permission to issue \$8,800. par value of common stock and the Commission being of the opinion that the money, property or labor to be procured or paid for through such issue is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expense or to income,,

IT IS HEREBY FURTHER ORDERED that Coast Line Truck Service, Inc., be, and it is hereby authorized to issue, on or before August 31, 1936, not exceeding 88 shares of its common capital stock of the par value of \$8,800. and to assume the payment of indebtedness not exceeding \$8,488.83 in payment for the properties to be acquired from Fred Kaylor, Alex Anzilotti, Coseph Tambellini, referred to in this proceeding, provided that applicant shall keep such record of the issue of said stock as will enable it to file, within thirty (30) days thereafter, a report, as required by the Commission's General Order No. 24.

IT IS HEREBY FURTHER ORDERED that, except as herein specifically granted, the application be and the same hereby is denied.

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 3rd
day of July, 1936.

W B Kenic

M. A. Carr

Walter H. ...

COMMISSIONERS.