

Decision No. 30422

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
PACIFIC ELECTRIC RAILWAY COMPANY, a)
corporation, and MOTOR TRANSIT COMPANY) Application No. 21362
a corporation, for permission to make)
certain changes in passenger, baggage,)
mail and express service between San)
Bernardino and Riverside.)

C. W. CORNELL, for Applicants.

BY THE COMMISSION:

O P I N I O N

By this application Pacific Electric Railway Company proposes to discontinue and abandon the operation of its combination passenger express and baggage car between San Bernardino, Colton and Riverside and Motor Transit Company proposes to take over said operation under certificate of public convenience and necessity as a new and separate right, not consolidated with its system, and to operate said service with a combination motor coach,

A public hearing in this matter was conducted before Examiner Austin in Riverside on September 15, 1937, where the matter was submitted and is now ready for decision.

No protestants to the granting of this application appeared.

From the testimony and exhibits presented in this proceeding it was developed that Pacific Electric Railway Company has been operating a combination passenger and baggage car between Riverside, Colton and San Bernardino since July 20, 1936, to provide connections with through Southern Pacific trains at Colton. Further testimony showed that the service rendered has not been particularly satisfying to Southern Pacific Company because of lapse of time in making connections between electric cars and trains and that the

operation required the use of a large car with a two-man crew entailing a cost considerably in excess of the revenues derived.

Motor Transit Company which now operates between Riverside and San Bernardino, over a route closely paralleling that of Pacific Electric Railway Company, proposes to use a newly remodeled 12-passenger coach with a baggage compartment 7' 6" wide and 8' 6" long in this service, will maintain its present rates and fares as now in force between these points and proposes a schedule as set forth in its Exhibit No. 5 which will afford closer train connections with the Southern Pacific Company at Colton than now afforded by Pacific Electric Railway Company. Southern Pacific Company will pay Motor Transit Company the sum of \$500 per month for this service.

Motor Transit Company's proposal also provided for the continued honoring of Southern Pacific tickets and the handling of express matter for Railway Express Agency, Inc. with the restriction that single packages in excess of one hundred pounds (100[#]) will not be handled and that all express so handled must be transported on passenger stages. Motor Transit Company also will provide additional trips which will make possible a connection with a greater number of trains than is now the case under rail operation.

A motor coach can be operated more economically than the present service and the coach proposed to be used is sufficiently large to adequately handle the traffic offered and according to Exhibit No. 3, showing estimated revenues and express over a normal six months' period, Motor Transit Company with the aid of a subsidy from Southern Pacific Company will net a profit of approximately \$278 on a yearly basis.

After carefully reviewing the record in this proceeding, we are of the opinion that the public interest will be best subserved by the granting of authority to Pacific Electric Railway Company to discontinue and abandon the operation of its combination rail car

between Riverside and San Bernardino and the intermediate point of Colton and the establishment and operation simultaneously of a motor coach service by Motor Transit Company between the termini and the intermediate point referred to.

Motor Transit 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 in this matter having been held, the matter submitted and the Commission fully advised of the facts,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity requires the establishment and operation by Motor Transit Company of an automotive service for the transportation of passengers, baggage and express as a passenger stage corporation as such is defined in the Public Utilities Act between Riverside, Colton and San Bernardino, limited to the transportation of express matter in the custody of Railway Express Agency, Inc., for shipment over the lines of the Southern Pacific Company and passengers and their baggage destined to or coming from through trains of Southern Pacific Company at Colton.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity therefor be, and the same hereby is, granted to Motor Transit Company, a corporation, subject to the following conditions:

1. Applicant shall file a written acceptance of the certificate herein granted within a period of not to exceed fifteen (15) days from date hereof.
2. Applicant shall commence the service herein authorized within a period of not to exceed thirty (30) days from the effective date hereof, and contemporaneously with the abandonment of service by Pacific Electric Railway Company.
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 Railroad Commission and the public, a time schedule or 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 obtained.
5. 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.
6. In the handling of express no single shipment shall be accepted in excess of one hundred pounds (100#) and all express matter shall be transported on passenger vehicles.

IT IS HEREBY FURTHER ORDERED that Pacific Electric Railway Company be and it is hereby authorized to discontinue and abandon all of its service as a common carrier of passengers, baggage and express by rail between Riverside, Colton and San Bernardino within a period not to exceed thirty (30) days from the effective date hereof and contemporaneously with the establishment of service by Motor Transit Company and to cancel its time schedules and tariffs accordingly, provided that Pacific Electric Railway Company shall publish notice of such discontinuance and abandonment in its cars at least ten (10) days prior to the date of said discontinuance and abandonment.

The effective date of this order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 20th day of December, 1937.

John W. [Signature]
Frank E. [Signature]
Ray [Signature]
W. L. [Signature]
4. _____
COMMISSIONERS