

Decision No. 31131

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of  
NAPA VALLEY BUS COMPANY, a corporation,  
to extend its operative rights, from  
Vallejo, California (including Vallejo)  
to San Francisco, California via  
SAN FRANCISCO OAKLAND BAY BRIDGE.

}  
} Fourth Supplemental  
} Application No. 20805

SANBORN ROEHL and MacLEOD, by Clair W. MacLeod  
and Nathan F. Coombs, for applicant.

H. C. LUCAS and H. B. RICHARDS, for Pacific  
Greyhound Lines, protestant.

A. L. WHITTLE, for Southern Pacific Company,  
protestant.

FRANK O. BELL, for Vallejo Chamber of Commerce.

BY THE COMMISSION:

THIRD SUPPLEMENTAL OPINION

This is an application by Napa Valley Bus Company for an order of this Commission authorizing the automotive transportation of passengers, baggage and express between Vallejo, on the one hand, and San Francisco, on the other hand, as an extension and enlargement of applicant's existing motor bus operations between Calistoga and Vallejo and points intermediate thereto, on the one hand, and San Francisco, on the other hand, subject to the restriction that:

"No passengers, baggage or express shall be transported locally between San Francisco and Vallejo; between San Francisco and Vallejo, respectively, and points intermediate to San Francisco and Vallejo; between points intermediate to San Francisco and Vallejo; nor between points north of Vallejo and points intermediate between Vallejo and San Francisco."

More simply stated, applicant herein seeks to have the above-mentioned restriction amended so as to permit the local transportation of passengers, baggage and express between Vallejo, on the one hand, and San Francisco, on the other hand, now specifically forbidden under the aforementioned restriction.

In the matter of the handling of express, applicant addition-

ally requests that the present condition limiting the transportation of said express to that "transported under contract with Railway Express Agency, Inc." be amended by the elimination therefrom of said restriction.

Public hearings in this matter were conducted by Examiner McGettigan in San Francisco, on April 12 and 25, 1938, when evidence was offered, testimony received, the matter submitted on briefs, since filed, and it is now ready for decision.

The granting of this application was protested by Pacific Greyhound Lines and Southern Pacific Company. The Vallejo Chamber of Commerce appeared as an interested party.

By stipulation of counsel, the entire previous record in this proceeding under the above-numbered application was made a part of this record by reference.

The San Francisco and Napa Valley Railroad (Electric) and its predecessors have been serving the territory generally referred to as "Napa Valley" since July, 1905, and in connection with the Monticello Steamship Company, later succeeded by Southern Pacific Golden Gate Ferries, Ltd., has been engaged in the transportation of passengers and property between San Francisco and points in said Napa Valley. In 1927, Napa Valley Bus Company, a wholly owned subsidiary of the railroad, obtained a certificate of public convenience and necessity to substitute bus service for certain unprofitable electric railway operations. At the present time, save for the rail service of the parent company to Mare Island Navy Yard, all operations are being conducted over the highway through the medium of bus and truck.

With the completion of the San Francisco-Oakland Bay Bridge in 1936, the ferry service fell on evil days and subsequently San Francisco-Napa Valley Railroad, on September 7, 1937, was

granted a certificate to operate as a highway common carrier between Napa Valley points and Oakland and San Francisco via the San Francisco-Oakland Bay Bridge.<sup>(1)</sup> Later Napa Valley Bus Company applied for and was granted a certificate to operate as a passenger stage corporation for the transportation of passengers, baggage and express between Vallejo and Napa Valley points already served and San Francisco as an extension and enlargement of its existing right between Calistoga and Vallejo and intermediate points. In this certificate was a restriction precluding the Bus Company from performing any local service between Vallejo and San Francisco, both points inclusive.

The instant application of the Napa Valley Bus Company is a supplementary appeal to the Commission for relief from this restriction which it is alleged has resulted in dire financial straits for the applicant.

Applicant presented the testimony of Clyde E. Brown, its vice-president and general manager, as well as that of Nathan E. Hanson, president of the Mare Island Navy Yard Association, Navy Yard Chief Clerk, and member of the Board of Directors of the Vallejo Chamber of Commerce, L. W. Leighton, Vallejo agent for Burlington Trailways and Napa Valley Bus Company, H. A. Shupe, San Francisco agent for Santa Fe Transportation Company, Burlington Trailways, Napa Valley Bus Company, River Auto Stages and Sacramento Northern Railway and Russell F. O'Hara, city attorney of the city of Vallejo.

The witness Brown testified generally to the nature of

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(1) Decision No. 30086, dated September 7, 1937 on Application No. 20804

the instant application and stated that, since the granting of the extended service into San Francisco<sup>(2)</sup> as restricted, his company participated in approximately one-third of the passengers originally contemplated as prospective patrons. He explained this by stating that during 1936 his company had interchanged some 52,000 passengers, rail and bus combined, with the existing ferry service. During the same period some 103,000 passengers had been transported between San Francisco and Vallejo by the ferry company. It was his anticipation and expectation, he stated, that Napa Valley Bus Company would participate in this last-named "reservoir" because "they had helped build it up."

It was Mr. Brown's further testimony that his company's entire capital outlay, exceeding one million dollars, is in serious jeopardy and that unless Napa Valley Bus Company is granted the relief herein sought, the company will be unable to continue service as now authorized. In support of this contention, there was introduced Exhibit No. 1-S, a statement of income and operating expense from the inauguration of the San Francisco service on September 13, 1937, to and including the month of March, 1938. During this period, Napa Valley Bus Company received a total income from this operation of \$6422, and during the same period the operating expenses, exclusive of depreciation, was \$16,473, indicating an operating loss in excess of \$10,000, since the inception of the service. A total of 10,020 passengers were transported and the average per schedule ranged from 7.2 to 9.4 as opposed to applicant's basis of 19 passengers per trip as an approximate number contemplated for compensatory operation.

The testimony of the two ticket agents was to the effect that they had daily requests ranging from ten to twenty for service

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(2) Decisions Nos. 30108, 30119 and 30152, on Application No. 20805 and supplements.

to and from San Francisco and Vallejo via Napa Valley Bus.

Testimony of the City Attorney, the secretary of the Chamber of Commerce, and Mr. N. E. Hanson was generally to the effect that a competitive service between Vallejo and San Francisco was necessary for the well-being of Vallejo from a transportation standpoint and would, they believed, result in faster and better service and more modern and cleaner equipment. These witnesses were not familiar with the number of schedules actually operated or necessary between San Francisco and Vallejo.

Protestant Greyhound introduced operating testimony and exhibits through its Superintendent of Transportation, T. Finkbohner, showing that, as of April 1, 1938, Pacific Greyhound Lines operated thirty-two round trips during week days from Tuesday to Thursday, between Vallejo and San Francisco. From San Francisco, seven schedules were operated via the East Shore Highway and twenty-five schedules via Oakland. In the reverse direction, eight were operated via East Shore Highway and twenty-four via Oakland. Friday afternoons the service from Vallejo to San Francisco is increased to thirty-three schedules, on Saturdays to thirty-eight, and on Sundays to forty-two schedules. Forty schedules are operated on Sunday from San Francisco to Vallejo. Other exhibits showing service between San Francisco and Napa and San Francisco and Calistoga were also introduced, but inasmuch as the issues in this case are confined to service between Vallejo and San Francisco no further detail will be gone into in this respect.

Mr. Finkbohner further testified that ample facilities were maintained to take care of all passengers and that equipment

used consisted of 37-passenger "road cruisers" and 32-passenger G.M.C. "streamliners".

Additionally, applicant stated that prior to the cessation of ferry service certain changes in its operating schedule were introduced by Southern Pacific Golden Gate Ferries, Ltd., in order to preserve and hold its freight business, and said changes in operating schedules, not being compatible with passenger movements, further mitigated against the success of Napa Valley Bus Company in retaining its passenger traffic in the face of direct service and direct competition with Pacific Greyhound Lines in particular.

With the final suspension of ferry service, applicant Napa Valley Bus Company was further precariously situated and thereupon filed an application which resulted in the issuance of the restricted certificate heretofore referred to. Unsuccessfully combating changed conditions resulting from circumstances explained heretofore has resulted in the current request for elimination of the restriction on local Vallejo-San Francisco traffic in order that Napa Valley Bus Company service may be preserved to the public in its entirety by virtue of additional revenues which would accrue to the applicant were it granted authority to strive for a portion of the local Vallejo-San Francisco traffic formerly transported by the ferry company allegedly in excess of 100,000 passengers per year and at the present time handled to a great degree by its competitors.

The following tabulation shows the traffic transported by Napa Valley Bus Company and San Francisco and Napa Valley Railroad as compared with traffic of Pacific Greyhound Lines

during certain periods:

BETWEEN SAN FRANCISCO AND CALISTOGA  
AND INTERMEDIATE POINTS

<u>S.F. &amp; Napa Railroad and Napa Valley Bus Co.</u>		<u>Decrease</u>	<u>Pacific Greyhound Lines</u>		<u>Increase</u>
Dec. 1935 to <u>Apr. 1936</u>	Dec. 1936 to <u>Apr. 1937</u>		Dec. 1935 to <u>Apr. 1936</u>	Dec. 1936 to <u>Apr. 1937</u>	
17162	11690	5472	7668	13923	6259

The decrease in the traffic of the San Francisco and Napa Valley Railroad and Napa Valley Bus Company was probably due to several causes, among which were the opening of the San Francisco-Oakland Bay Bridge, with the resultant increase in Pacific Greyhound schedules, and the rearrangement of schedules on the service of Southern Pacific Golden Gate Ferries, Ltd., to Vallejo. It may also be clearly seen that applicant's traffic has further declined since April 1937.

It is further significant that 40 per cent of the traffic of Napa Valley Bus Company and San Francisco and Napa Valley Railroad is derived from through passengers between San Francisco and Napa Valley points while 60 per cent of the traffic is of local origin and destination between Vallejo and Napa Valley points. The 40 per cent, however, produced 84 per cent of the revenue which rapidly dwindled with the gradual decline of ferry service, while the 60 per cent produced only 16 per cent of the revenue. It will also appear from current operating reports that Napa Valley Bus Company, under its present operating set-up, is experiencing difficulty in holding its traffic at all.

Palpably, it appears that Napa Valley Bus Company's

only recourse, and their only avenue of escape from operating oblivion, lies in being allowed to enter the purely local field between San Francisco and Vallejo, where unquestionably the bulk of traffic is, and share in this traffic to whatever degree its apparently restricted efforts will permit.

While we are not convinced that even with the additional authority sought Napa Valley Bus Company can achieve any great measure of success, we do believe that the opportunity so to do should be afforded this long-established operator, which has served this territory since 1905, thereby enabling it to preserve a service which in its entirety is in the public interest and which will not seriously impair the operations of its competitors.

Applicant, in support of its request for the removal of the restriction relative to express, alleges that its right to transport express of Railway Express Agency, Inc., has been abrogated due to an adverse contract interpretation by Southern Pacific Company which insists upon train movement of express between Crockett and San Francisco and will not permit the transportation of Railway Express Agency traffic over applicant's line between Vallejo and San Francisco. In view of this interpretation, it appears that Napa Valley Bus Company has been unable to participate in the transportation of express traffic, thereby further detrimentally affecting its opportunity to make its operation a financial success. Likewise, applicant has been unable to render an express service to the shipping public in Napa Valley from and to San Francisco through the medium of Railway Express Agency, Inc.

We are of the opinion that the restriction as to express should be removed so that applicant will be enabled, to the extent of its ability, to render express service between San Fran-



cisco and Vallejo.

Therefore we conclude, after carefully considering the record in this proceeding, that the Fourth Supplemental Application No. 20805 of Napa Valley Bus Company should be granted by the removal of the restrictions against such local service as heretofore imposed.

O R D E R

IT IS HEREBY ORDERED that the orders in Decisions Nos. 30108 and 30152, dated September 7, 1937, and September 20, 1937, respectively, in Application No. 20805 and supplements thereto, be and they are hereby amended by the substitution therefor of the following order:

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require the establishment and operation by Napa Valley Bus Company, a corporation, of an automotive service as a common carrier of passengers, baggage and express, as a passenger stage corporation as such is defined in section 2½ of the Public Utilities Act, between Vallejo, on the one hand, and San Francisco, on the other hand, as an extension and enlargement of applicant's existing rights consolidated therewith and subject to the following restrictions:

1. No passengers, baggage nor express having either point of origin or point of destination at any point intermediate to San Francisco and Vallejo shall be transported.
2. In the transportation of express, no single shipment in excess of one hundred pounds shall be accepted for transportation, and all express transported shall be carried on passenger vehicles only.

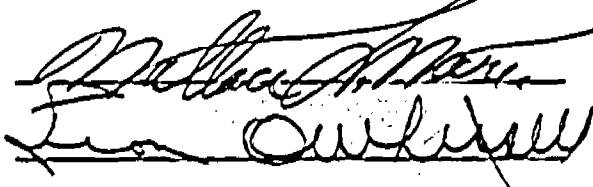
provided that:

1. Applicant shall file a written acceptance of the authority 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 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 conform to the authority herein granted, or rates and rules 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 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.

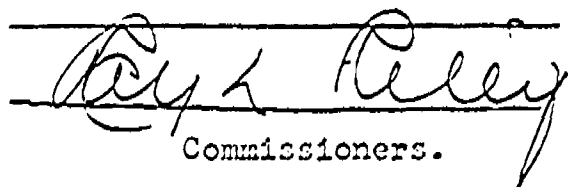
In all other respects save for the amendments herein above set forth, Decisions Nos. 30108 and 30152 shall remain unchanged and in full force and effect.

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

Dated at San Francisco, California, this 27<sup>th</sup>  
day of July, 1938.

  
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Commissioners.