

ORIGINAL

Decision No. 22281

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of PACIFIC GREYHOUND LINES, a corporation, for a certificate of public convenience and necessity to operate a passenger bus service as a common carrier between points in Marin County.

Application
No. 21358

In the Matter of the Application of BRIDGE BUS LINES CORPORATION, for certificate of public convenience and necessity to operate a motor coach line service for the transportation of passengers, etc., between the City and County of San Francisco and the County of Marin, and between various intermediate points within the said County

Application
No. 22281

In the Matter of the Application of PACIFIC MOTOR TRUCKING COMPANY, for certificate for the transportation of property between the freight and passenger terminals of the Northwestern Pacific Railroad Company in San Francisco and Sausalito, respectively, upon the discontinuance of its passenger ferry operation.

Application
No. 22453

In the Matter of the Application of NORTHWESTERN PACIFIC RAILROAD COMPANY, for authority to discontinue all inter-urban electric passenger service on its electric suburban lines in Marin County, and to discontinue operation of its passenger ferries on San Francisco Bay.

Application
No. 22454

E. J. FOULDS, for applicants in Applications Nos. 22453 and 22454.

H. C. LUCAS, for applicant in Application No. 21358.

JOHN J. O'TOOLE, City Attorney, DION R. HOLM, Assistant City Attorney, and PAUL L. BECK, by PAUL L. BECK, for the City and County of San Francisco, protestant.

HARRY SEE, for the Brotherhood of Railroad Trainmen, protestant in Application No. 22454 only.

E. A. McMILLEN, for Marin Northwestern Pacific Employees Defense Committee, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees, Brotherhood of Maintenance of Way Employees, Railway Employees Dept. of the American Federation of Labor, System Federation 114, and its component organizations. (7 in number).

ALBERT E. BAGSEAW, District Attorney, and HAROLD J. HALEY, for County of Marin, a political subdivision.

DOUGLAS BROOKMAN, for Petaluma-Santa Rosa Express Company, protestant in Appl. No. 22453.

E. C. SYMONDS, City Attorney of Mill Valley for City of Mill Valley, protestant in all applications.

ROBERT D. DUKE, for City of Belvedere, protestant in Appl. No. 22454.

JOEDEN L. MARTINELLI, for City of San Rafael, City of Larkspur, City of Fairfax, and City of Sausalito.

C. J. DIEBLEE, for City of Ross, protestant in all matters.

KEITH FERGUSON, for City of Corte Madera, protestant in all matters.

WALLACE MYERS, for City of San Anselmo, protestant in all matters.

G. T. IRVINE, Chairman, State Legislative Board, Brotherhood of Firemen and Enginemen, protestant in all matters.

WALTER A. ROHDE, and W. E. ANDERSON, for the San Francisco Chamber of Commerce.

MARVIN E. LEWIS, and HUGH McKEVITT, for Bridge Bus Lines Corp.

W. R. REYNOLDS, for Brotherhood of Locomotive Engineers, and Order of Railway Conductors.

THOMAS C. NELSON, for County of Marin.

J. F. EMERSON, for Brotherhood of Locomotive Engineers.

BENSON WRIGET, for Laurel Dell's Improvement Club.

MRS. ARCHIBALD REID, in propria persona.

J. M. HOWARD, for Hugh McKeVitt, on behalf of Bridge Bus Lines Corp.

JAMES D. ADAMS, in propria persona and for certain other persons named in the transcript.

LEON MORRIS, for Bridge Bus Lines Corporation.

N. D. PRITCHETT, for the Order of Railroad Telegraphers.

G. B. RHONE, for the Order of Railroad Conductors, and Brotherhood of Locomotive Engineers.

WAKEFIELD, COMMISSIONER:

O P I N I O N

The above-entitled proceedings deal with the proposed abandonment of the present rail-ferry interurban service of the Northwestern Pacific Railroad Company between San Francisco and Marin County points, and, as a substitute therefor, the inauguration of services by motor vehicles operating via the Golden Gate Bridge.

Seven days of public hearing were held in these proceedings at San Francisco between February 23, 1939, and August 31, 1939. By stipulation at the initial hearing the evidence in the four proceedings before the Commission was taken on a common record. At the last hearing (August 31, 1939) it was ordered that the matter be taken under submission upon the filing of concurrent briefs by September 10th. The date for filing of briefs, however, was later extended to September 15, 1939.

In Application No. 21358, filed July 21, 1937, Pacific Greyhound Lines seeks a certificate for an enlargement of its existing rights in Marin County. (1)

In Application No. 22281, filed October 14, 1938, Bridge Bus Lines Corporation seeks a certificate of public convenience and necessity to operate a motor coach line service for the transportation of passengers, baggage, and mail between the City and County of San Francisco and various points in Marin County via the Golden Gate Bridge.

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- (1) (a) Between Tamalpais Union High School and Mill Valley via Miller Avenue.
(b) Between Alto and Mill Valley via Blithedale Avenue.
(c) Between Greenbrae and Kentfield via Sir Francis Drake Blvd.
(d) Between San Anselmo and Fairfax via Sir Francis Drake Blvd.
(e) Between Tiburon Wye and Alto via Alto Highway.

In Application No. 22453, filed December 22, 1938, Pacific Motor Trucking Company seeks a certificate to transport property by motor vehicles between the freight and passenger terminals of the Northwestern Pacific Railroad Company in San Francisco and Sausalito via the Golden Gate Bridge. Between the north bridge head and the Northwestern Pacific terminal at Sausalito applicant seeks alternate routes, one via the Sausalito approach and the other via the Waldo approach.

In Application No. 22454, filed December 22, 1938, Northwestern Pacific Railroad Company seeks authority to discontinue all of its interurban electric passenger train service on its electric lines in Marin County, and to discontinue the operation of its passenger ferries on San Francisco Bay. Such ferries now operate between San Francisco and Sausalito, and between Sausalito and Tiburon.

In view of the fact that this entire proceeding revolves largely around the question of the abandonment of the Northwestern Pacific rail and ferry service between San Francisco and Marin County, it appears desirable to consider first the evidence relating to this operation.

APPLICATION NO. 22454
NORTHWESTERN PACIFIC RAILROAD COMPANY

Traffic Trends:

The record indicates that the traffic carried by the Northwestern Pacific on its interurban lines has been suffering an almost continuous decline since 1925. In 1938 the total interurban traffic, as measured by the annual passenger revenue, was only 50.2 per cent of that for 1925. A further breakdown indicates that the more remunerative non-commutation traffic has suffered

more severely than the commutation traffic. The revenue from the former has dropped to 31.6 per cent of the 1925 level, and that from the latter to 89.4 per cent of such base period. (2)

The trend during the last three years has been sharply downward, the number of interurban passengers carried in 1938 was 19.54 per cent less than those carried in 1936, while the revenues decreased over the same period by 26.55 per cent. The greatest

(2)

ANNUAL RECORD OF REVENUES FROM PASSENGERS
FOR YEARS 1925 to 1938, INCLUSIVE (FROM EXHIBIT NO. 8)

Year:	Interurban:	Per Cent:	Other:	Per Cent:	Total:	Per Cent:
Commutation:	of 1925:	Interurban:	of 1925:	Interurban:	of 1925:	of 1925:
1925	\$361,804	100.0	\$761,591	100.0	\$1,123,395	100.0
1926	361,041	99.8	718,630	94.4	1,079,670	96.1
1927	364,784	100.8	680,969	89.4	1,045,753	93.1
1928	369,103	102.0	683,791	89.8	1,052,893	93.7
1929	380,765	105.2	612,028	80.4	992,794	88.4
1930	377,737	104.4	555,947	73.0	933,684	83.1
1931	370,004	102.3	505,442	66.4	875,446	77.9
1932	348,010	96.2	440,509	57.8	788,519	70.2
1933	332,222	91.8	394,034	51.7	726,256	64.6
1934	337,872	93.4	391,586	51.4	729,458	64.9
1935	349,380	96.5	374,870	49.2	724,250	64.5
1936	377,804	104.4	390,083	51.2	767,887	68.4
1937	360,229	99.6	290,130	38.1	650,358	58.8
1938	323,606	89.4	240,412	31.6	564,018	50.2

Notes: Approximately 20 per cent increase in commutation rates and certain increases in one-way and round-trip fares, effective August 1, 1935.

Golden Gate Bridge opened May 27, 1937

Southern Pacific Golden Gate Ferries, Ltd., ceased operations to Marin County, July 24, 1938.

loss in traffic has been in the non-commutation passengers. (3)

A considerable portion of this loss in traffic can be attributed to the opening of the Golden Gate Bridge May 27, 1937.

The observation is made that the traffic pattern in this interurban service shows extreme peaks both in the daily movement of the commutation traffic to and from San Francisco and in the seasonal trends. The traffic is heaviest during the summer months when it exceeds that of the winter months by as much as 30 per cent.

Comparison of Revenues and Expenses:

As evidence of its inability to continue the operation of the service in question, the applicant introduced various exhibits showing its losses over recent years. The net loss of the company, including all steam operations from 1927 to 1938, inclusive, was as follows:

(3) (From Exhibit No. 2).

: Month :	: Interurban Commutations :		: Other Interurban :		: Total Interurban :	
	: Number of :	: Revenue :	: Number of :	: Revenue :	: Number of :	: Revenue :
Total-						
Year 1936	3,596,124	\$377,803.64	1,707,314	\$390,083.11	5,303,438	\$767,886.75
Total-						
Year 1937	3,206,624	\$360,228.84	1,466,125	\$290,129.72	4,772,759	\$650,358.56
Total-						
Year 1938	2,903,914	\$323,606.01	1,263,406	\$240,411.85	4,267,320	\$564,017.86

AVERAGE PER MONTH

1936	299,677	\$ 31,483.64	142,276	\$ 32,506.92	441,953	\$ 63,990.56
1937	275,553	30,019.07	122,177	24,177.48	397,730	54,196.55
1938	241,993	26,967.17	113,617	20,034.32	355,610	47,001.49

PERCENTAGE OF DECREASE

1937 vs. 1936	8.05	4.65	14.13	25.62	10.01	15.31
1938 vs. 1937	12.18	10.17	7.01	17.14	10.59	13.28
1938 vs. 1936	19.25	14.35	20.14	38.37	19.54	26.55

NORTHWESTERN PACIFIC RAILROAD COMPANY⁽⁴⁾

Year	Net Railway Operating Income: or loss before Fixed Charges:	Net loss after Fixed Charges
1927	\$ 613,599	\$ 791,257
1928	50,483	1,330,904
1929	299,726	1,098,987
1930	52,045*	1,455,389
1931	341,963*	1,752,259
1932	346,714*	1,629,328
1933	180,606*	1,624,504
1934	8,010*	1,440,124
1935	36,714*	1,475,000
1936	249,796	1,239,410
1937	185,017*	1,664,098
1938	921,446*	2,395,455

*Denotes Loss

The above resume of the financial position of applicant is only partially indicative of the financial results of its operation of the interurban service here in question. The specific results of the operation of the latter are as follows:

INTERURBAN PASSENGER TRAIN AND FERRY SERVICE

Net Loss After Tax Accruals, Equipment
Rents, and Miscellaneous Rents. (5)

1936	\$176,081.87
1937	336,093.36
1938	433,501.70

The above financial experience represents the results when all charges, including operating expenses, overheads, taxes, and rents have been apportioned between the steam and electric services of the company. These losses are based upon that portion of the total expenses which might be considered as assignable to the interurban service. However, the interurban service for some time past has been unable to meet such share of the expenses assigned to it, with the result that many of the charges allocated

(4) From Exhibit No. 5.

(5) From Exhibit No. 1-A

to it have had to be met from other sources. Applicant further contends that the interurban electric service is not only failing to earn its pro rata share of all the expenses assignable to it, but that it is failing by a wide margin to meet the direct out-of-pocket expenses of maintaining the service. Concerning what might be expected in the future, three exhibits were introduced in this connection, respectively, by the applicant, Lester S. Ready, consulting engineer retained by Marin County, and by the Engineering Division of the Commission. The results of these studies varied in accordance with certain assumptions as to the future volume of the service to be rendered, the continuance of bus competition, and the possibility of effecting certain terminal consolidations in San Francisco. Under the presently existing conditions the out-of-pocket losses were estimated to be as follows:

	Based on <u>1938 Operations</u>
By Applicant (Exhibit No. 7)	\$334,315
" Lester S. Ready (Exhibit No. 36, p.71)	294,087
" Commission's Engineering Division (Exhibit No. 32)	290,773 ⁽⁶⁾

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- (6) The Commission's Engineering Division's out-of-pocket expenses presented by the Transportation Economist Ford K. Edwards represent the bare out-of-pocket cost to the carrier. The study assumed a zero rate of return upon the Northwestern Pacific investment and no contribution toward any clerical or executive overhead expenses or taxes (except payroll taxes). The study also assumed the continued use indefinitely of the wooden car equipment and the present ferry boats. This follows from the fact that no return or depreciation upon such equipment was included in the study. However, if one assumes, as appears necessary, that such equipment must eventually be replaced, and if an allowance be made for a depreciation reserve or rentals, the out-of-pocket losses would be increased by over \$30,000.

Various estimates were made as to the effect upon the out-of-pocket losses, as follows:

- (1) If the past downward trend in traffic should continue;
- (2) If Southern Pacific and Northwestern Pacific ferry terminals in San Francisco should be consolidated;
- (3) If the motor coach competition should somehow be eliminated; and
- (4) If varying degrees of curtailed service were operated.

No comment is made as to the item of traffic trend as the matter is highly conjectural. Economies attained through terminal consolidations with the Southern Pacific (the latter to bear the bulk of the expenses) plus the maximum possible revenue gain assuming the Pacific Greyhound would withdraw from Marin County local service, would still leave out-of-pocket losses in excess of \$200,000. Substantial curtailments in the volume of the service throughout the day, and elimination of all rail-ferry service after 9:00 p.m. would cut the out-of-pocket losses to approximately \$100,000.

A review of this record shows that none of the studies presented indicate that the operation could be conducted on a basis that will earn the out-of-pocket cost of operation notwithstanding the fact that plans considered included the consolidation of Northwestern Pacific and Southern Pacific terminals at San Francisco, substantial curtailment in the volume of service offered and elimination of Pacific Greyhound competition.

Concerning the possibilities of reduced service, the communities involved evidenced no interest in a solution of their problem to be obtained through such a sacrifice in the service rendered them. A disturbing factor overlying any proposed solution of the problem is the possibility of future reductions in tolls on the part of the Golden Gate Bridge, which would tend to disrupt any program based upon the competition now existing under the present toll charges.

APPLICATION NO. 22281
BRIDGE BUS LINES CORPORATION

Representatives of this applicant appeared at the hearings from time to time, requesting in each instance additional time in which to present a financial showing. The Commission uniformly granted such requests up until the date of the final hearing. However, prior to this date the Commission was in receipt of a communication, dated August 25, 1939, from applicant stating that it desired to withdraw its application. In view of this request this application should be dismissed. (7)

APPLICATION NO. 21358
PACIFIC GREYHOUND LINES

This applicant requests a certificate of public convenience and necessity authorizing the operation of passenger busses as a common carrier in said Marin County over the following routes:

- (a) Between Tamalpais Union High School and Mill Valley, via Miller Avenue;
- (b) Between Alto and Mill Valley, via Blithedale Avenue;
- (c) Between Greenbrae and Kentfield, via Sir Francis Drake Boulevard;
- (d) Between San Anselmo and Fairfax, via Sir Francis Drake Boulevard;
- (e) Between Tiburon Wye and Alto, via Alto Highway.

The routes between Alto and Tiburon Wye, and between Greenbrae and Kentfield are to be utilized as routes for the operation of applicant's extra sections of its regular schedules or when traffic demands warrant. No regular scheduled service over these routes is now required in the opinion of the applicant

(7) Applicant's communication of August 25, 1939, reads in part as follows:

"Our client, Bridge Bus Lines, Inc., desires to withdraw its application to operate busses to Marin County via the Golden Gate Bridge.

**in view of the decision of the Commission that we proceed without further delay on August 31, 1939, we are now compelled to ask that the hearing on our application be dropped from the calendar or for the Commission to take any action that it deems advisable under the circumstances."

Applicant requests a certificate of public convenience and necessity subject to the limitation in the transportation of express that no single package be accepted which exceeds 100 pounds in weight, and that all express be conveyed on passenger vehicles only. Applicant further requests that this restriction be subject to the exception that the limitation as to baggage weight and vehicle of transportation shall not apply to shipments transported for or through the agency of the Railway Express Agency, Inc., or to milk, cream, and empty containers of such commodities, when being transported to or from a rail junction point in connection with rail transportation thereof.

It is further requested that any certificate granted as a result of this application be consolidated with the remainder of applicant's system.

The Pacific Greyhound testified that at the present time it is now furnishing service in Marin County from San Francisco over the main Redwood Highway through Manzanita Wye, Tiburon Wye, and Greenbrae to San Rafael and points north. It also provides service on what has been described as the old highway to San Rafael through San Anselmo, Ross, Kentfield, Corte Madera, and Larkspur, thence to San Francisco, some of the service operating through Sausalito and the remainder operating via the Waldo cut-off. It further operates at the present time a local service between San Francisco and Sausalito; another local service between Sausalito and Tiburon and Belvedere; and a disconnected local service between Fairfax and Point Reyes.

The present and proposed routes are outlined in Exhibit "A" attached to the application. The new tariff points applicant would serve are Mill Valley, Fairfax, Pastori, Lansdale, and Yolanda (Tr. p. 81). All these points are now served by Northwestern Pacific interurban service.

As already noted, the above application was filed on July 21, 1937. During the course of the hearings in the matter, this applicant filed new proposed tariffs and time schedules to apply (in the event the Northwestern application for abandonment were granted) not only to the above-noted new routes but between points presently served in Marin County and between such points and San Francisco. The proposed tariff included one way ⁽⁸⁾ and commutation fares.

The proposed commutation fares represent substantial increases over those now charged by the Northwestern Pacific. The operating expenses of the Pacific Greyhound are more flexible than those of the Northwestern Pacific because of the large number of small units used, i.e., busses, and therefore the amount of service can more readily be adjusted to meet the traffic requirements. Such adjustment is not possible in the case of Northwestern Pacific with its large transportation units, except through substantial change in the volume of the service operated.

According to applicant's estimates, based upon the rates proposed and at the presently existing volume of common carrier traffic, the expected annual income amounts to a total of \$755,000 (before bridge tolls). Its expenses were estimated at \$686,191. The estimated net income was developed as follows: (Exhibits 29-A and 30-A).

(8) The round trip fare would be twice the one-way fare.

Revenue:	
Passenger Revenue (before tolls)	\$749,000.00
Advertising Revenue	<u>6,000.00</u>
Total Revenue	<u>\$755,000.00</u> #
Total Operating Expenses (Based on diesel fuel)	<u>681,191.00</u>
Operating Income	73,809.00
Income Tax	<u>13,500.00</u>
Net Income Available for Interest	\$ 60,309.00
Total Investment necessary to institute Marin County service (before working capital)	\$1,309,300.00 ##

The value of \$755,000.00 may be compared with that of \$737,795.00 estimated by Mr. Ready (Tr. p. 267).

Includes 85 Diesel-engined busses at \$13,350 each (plus 3% use tax); \$50,000 for a terminal in the financial district, San Francisco; \$32,000 for stations, and shop and servicing facilities; \$8,500 for fare box equipment; \$25,000 for spare parts; \$10,000 for furniture and fixtures in stations, shops, and general offices; \$10,000 for organization; and \$5,000 for service cars.

Applicant pointed out that by virtue of its extensive operation and its ownership of over 400 units of equipment it was in a position to provide equipment for unusual peaks without additional investment.

The Northwestern Pacific stated that it had no objection to the granting of this application or the granting of any other application which would afford a substitute for its service provided its application to abandon was granted. On the other hand if such application to abandon is denied, the Northwestern Pacific stated it would oppose the granting of the application of the Pacific Greyhound Lines.

The general plan of the Pacific Greyhound contemplates a complete bus service to serve points now reached by Northwestern Pacific and, in fact, a service generally paralleling the line of the railroad. Service will be conducted over five principal routes.

One would be operated out of San Francisco through the Ross Valley territory to San Rafael; and a second route, with a staggered service over the same route as far as San Anselmo, which would diverge at this latter point to Fairfax. Basic service on these two routes would be hourly, which, under the staggered schedules would be equivalent to half-hourly service as far as San Anselmo. A third route would serve Mill Valley via Sausalito; a fourth route would serve Tiburon and Belvedere via Sausalito, with a basic service of hourly schedules on each of these groups, Sausalito having a schedule every half hour. The fifth route consists of a short direct route to San Rafael via Greenbrae with hourly service. The schedules on this route, plus the schedules from San Rafael via San Anselmo would provide a departure between San Francisco and San Anselmo every half hour. This service would be operated between Marin County and the 5th and Mission Street terminal of the Pacific Greyhound in San Francisco. In addition, during the morning peak hours from Marin County and during the evening commute hours northbound from San Francisco, a service is proposed on the same routes into a new terminal to be located somewhere north of California and Battery Streets in close proximity to the financial district in San Francisco. Schedules would also be operated out of this new terminal on Saturday afternoons. The routes to be traversed in Marin County will be those over which Pacific Greyhound is now operated, plus the proposed routes outlined in the instant application for service to Mill Valley and Fairfax.

In Marin County the Pacific Greyhound plans to use some of the terminal facilities of the Northwestern Pacific plus other facilities to be developed. Northwestern Pacific facilities would be used at San Rafael, San Anselmo, Fairfax, Corte Madera, Mill Valley, and Sausalito.

The new San Francisco terminal is designed to provide for the simultaneous loading of 15 busses which will stand alongside the loading platforms to be reached by underground passages.

As already noted two proposed tariffs were introduced, one covering the one-way passenger fares and a second providing for individual monthly commutation fares. (Exhibits 21 and 22).

Exhibit No. 22, showing the commutation fares, sets up the basic commutation rate to which is added the proposed bridge toll, and a combination of the two constitutes the total fare.

Typical examples of the proposed fare structure of the Pacific Greyhound Lines as compared to the existing fares of the Northwestern Pacific are set forth in the following table:

BETWEEN SAN FRANCISCO AND	PRESENT FARE NORTHWESTERN PACIFIC			PROPOSED FARE PACIFIC GREYHOUND			TOTAL COMMUTE
	ONE WAY	ROUND TRIP	COMMUTA- TION	ONE WAY	BASIC FARE	GG BRIDGE TOLL	
Sausalito	\$.15	\$.25	\$ 3.96	\$.25	\$ 6.40	\$ 2.10	\$ 8.50
Mill Valley	.25	.40	6.40	.30	8.40	2.10	10.50
San Anselmo	.35	.50	8.00	.35	10.40	2.10	12.50
Fairfax	.35	.50	8.00	.35	10.40	2.10	12.50
San Rafael	.35	.50	8.00	.35	10.40	2.10	12.50

In comparing the Pacific Greyhound's proposed fare structure with the existing fares of the Northwestern Pacific, it may be observed that the one-way fares are approximately the same, Sausalito being an exception. However, the proposed round trip fares result in a material increase, since the Pacific Greyhound does not offer any reduction for round trip fares. The proposed basic commutation fare of the Pacific Greyhound is substantially higher than that of the Northwestern Pacific. When the bridge tolls are added, there results an increase of over 50%. Attention is called to the fact, however, that under the Pacific Greyhound's proposed operation, the commutation traffic will be delivered and picked up in San Francisco at a point closer to the center of traffic distribution than now obtains, thus effecting some saving to a substantial portion of those using street cars as a partial offset to the increased commutation fares.

Applicant stated that any fluctuation in bridge tolls would immediately result in an adjustment in the commutation fare. Also, that in the event of any change in bridge tolls an amended tariff would be filed reflecting corresponding changes in the single fare structure.

No round trip fares are provided for, one reason being that it would impose additional duties upon the driver with a consequent slowing up of the service. Furthermore, any reductions made in the round trip fares would have to be equalized in the form of increased rates for the one-way and commutation traffic if the same earnings are to be obtained.

The round trip fare is double the one-way fare. This fare system is on the same general plan as that used by the Interurban and Key routes between the East Bay and San Francisco.

The record shows that a delay of four months as a minimum would be required between the date the Pacific Greyhound received an order permitting it to institute service and the date at which it could commence service. The delay would be occasioned by the time required to order and receive delivery of the necessary equipment.

This applicant indicated that it did not intend to go into a commutation service so long as the Northwestern Pacific rail and ferry service continued, or in the event that the operation by rail and ferry, or any other type of service, was conducted by a municipal district or other public agency nor would it incur any obligations in the purchase of equipment until the matters of Northwestern Pacific abandonment and the formation of a transportation district were definitely disposed of. On the other hand this applicant indicated it was its plan to continue the present operation between San Francisco and Marin County points regardless of the disposition of the interurban rail and passenger service of Northwestern Pacific.

The original application of Pacific Greyhound did not provide for the rendition of any special school service for students attending Tamalpais Union High School or similar educational institutions in Marin County. In such case the students would have to pay the regular tariff fares and ride whatever bus service was available.

Upon the request of representatives of the Tamalpais Union High School that some arrangement be made for the handling of school children to and from this school, the Pacific Greyhound

introduced a proposed schedule of bus service and student monthly commutation fares to apply between Marin County points. (Exhibits 42 to 47, incl.). Two proposed tariffs were introduced, the first (Exhibit No. 44), being based upon all students being transported in time for the present opening hours of the Tamalpais Union High School, and the second (Exhibit No. 45) being based upon the cost if this school's opening and closing hours were staggered so as to permit the operation of two revenue bus movements both morning and evening. Such staggering of school hours would reduce the number of busses and drivers required from 16 to 9. The resulting saving in cost has been reflected in the schedule of commutation fares (Exhibit No. 45) to be applied in case such staggering of the school hours is accomplished. The studies made as to the cost of transporting the school children were predicated upon the use of the equipment that is annually withdrawn from main line operations. Such would be replaced annually from the busses retired from main line service.

This applicant indicated its willingness to keep an accurate record of the revenues and expenses of the entire operations involved herein, separate from the remainder of its operations.

PACIFIC MOTOR TRUCKING COMPANY
APPLICATION NO. 22453

The Pacific Motor Trucking Company applied herein for a certificate of public convenience and necessity for the operation of motor vehicles for the transportation of property between the freight and passenger terminals of the Northwestern Pacific Railroad Company at San Francisco and Sausalito, respectively, via the Golden Gate Bridge. The routes to be followed are as outlined on the map attached to the application.

The rates which applicant proposes to charge for its services between the points and over the routes as described will be the present and future rates of the Northwestern Pacific and those of the Railway Express Agency, Inc. The manner of publishing such rates of applicant will be by means of applicant concurring in the rates of said companies.

It is proposed to use in such service equipment consisting of pneumatic-tired trucks, or trucks and trailers, or tractor trucks and semi-trailers, as may be necessary to accommodate the traffic.

In support of its application, applicant called attention to the application filed in these consolidated proceedings by the Northwestern Pacific Railroad Company for authority to discontinue all interurban electric passenger train service on its lines in Marin County, and to discontinue its passenger ferries on San Francisco Bay. These ferries, among other things, handle express, baggage, milk and cream, and certain freight, mainly in connection with the passenger train and mixed train service of the Northwestern Pacific. If and when said application of the Northwestern Pacific should be granted and operations discontinued, the vehicular service proposed by the Pacific Motor Trucking Company will provide a substitute for the interurban operation of the Northwestern Pacific in the handling of the traffic above mentioned. Applicant states that this proposed service is necessary to avoid any interruption in the handling of the above-described traffic between the terminals of Northwestern Pacific in San Francisco and Sausalito, respectively.

PROPOSED MUNICIPAL OPERATION

Throughout the course of the hearing the Commission's attention was directed to the fact that both Marin County and the City of Mill Valley were independently considering the establishment of a publicly operated transportation service between their respective communities and San Francisco. In the case of the plan of operation considered by Marin County such service might consist of the operation of either a rail and ferry service, employing the facilities of Northwestern Pacific, or of a bus service. The service presently being considered by Mill Valley is a bus operation.

It further appears from the record that the Pacific Greyhound proposed commutation service would not be offered unless and until such time as it was definitely known that municipal service, particularly that operated by Marin County would not be undertaken. The position of Marin County in this matter will not be known until after the balloting on this matter on November 7, 1939.

Opposition to Proposed Changes:

During the course of the hearing some opposition developed in the granting of the applications involved herein which would authorize the abandonment of the rail and ferry interurban service and substitute therefor motor vehicle service to provide transportation for passengers and property. This developed primarily through cross-examination and the filing of briefs. Two such briefs have been filed, one by the protesting organizations consisting of employees who will be affected through the discontinuance of the operation of Northwestern Pacific interurban service, and the other brief is entitled "Statement on Behalf of County of Marin, City of San Rafael, Committee of Seven Appointed by the Board of Supervisors of Marin County, and the Committee of Fourteen Volunteer Citizens."

Generally speaking the opposition centered around the following contentions:

(1) That Northwestern Pacific has not the legal right to abandon its interurban operation as an integral part of its system operations and has failed to show that such abandonment is justified.

(2) That applicant Northwestern Pacific has failed to exhaust all its possible resources in the way of bettering its financial position through operating economies and an increase in the fare structure.

(3) That with the combination of operating economies and the discontinuance of service between San Francisco and Marin County points by the Pacific Greyhound Lines, the showing of the interurban operation would be materially improved which would justify the continuation of this service.

(4) That it is the public's desire to have the rail and ferry service continued as opposed to substituting motor vehicle service.

The Commission has given careful consideration to these allegations in conjunction with the entire record in this proceeding and its conclusions are set forth in the following findings:

FINDINGS:

A careful review of the evidence introduced in these proceedings leads to the following findings:

1. That the continued operation of the Northwestern Pacific Railroad Company's interurban service between Marin County and San Francisco entails, under the present volume of service and traffic, an annual out-of-pocket operating loss approximating \$300,000. The Northwestern Pacific cannot continue to bear such a heavy loss on this portion of its system without seriously impairing its entire operation.

2. That significant economies can only be obtained through substantial and undesirable curtailments in the volume of the service rendered. Substantial out-of-pocket losses would still exist.

3. That past experience has indicated that any substantial increase in the fares charged for rail and ferry service will not serve to improve materially the rail carrier's financial position in view of the traffic diversions which would follow such increase. On the other hand, there is nothing (in this record) that would indicate that applicant could improve its financial position through a reduction in fares.

4. That applicant Northwestern Pacific Railroad Company should not be required to continue such out-of-pocket losses.

5. That in the event of the abandonment of the Northwestern Pacific Railroad Company's rail and ferry service, a substitute service is necessary.

6. That the only applicants before the Commission at this time to provide such substitute service are Pacific Greyhound Lines and Pacific Motor Trucking Company, both of which are financially able to provide the required service.

7. That the applications of Pacific Greyhound Lines for a certificate of public convenience and necessity over the routes as outlined in the above opinion and at substantially the same schedules of service as proposed in Exhibit No. 19 introduced herein, and at the proposed schedules of fares as shown in Exhibits Nos. 21 and 22 introduced herein, should be granted.

8. That the application of the Pacific Motor Trucking Company for a certificate of public convenience and necessity over the routes as outlined in the above opinion and under the tariff provisions as proposed, should be granted.

9. That the application of Bridge Bus Lines Corporation should be dismissed.

10. That the motions to dismiss the various applications herein involved, other than Application No. 22281, should be denied.

Proposed Order:

In view of these findings, the Commission would be compelled forthwith to enter appropriate orders granting Applications Nos. 21358, 22453, and 22454, were it not for the possible inauguration of a publicly owned transportation service, such a proposal to be voted upon November 7, 1939. Though the result of that election will have a bearing upon the final order to be entered in these proceedings, it can not materially alter the factual conclusions above expressed. It is believed, therefore, that the proper course is to announce these conclusions before such election is held, in order that all parties may be advised of the Commission's contemplated action, but to withhold the issuance of an order based on such conclusions until after the holding of said election.

The following form of order is recommended for the purpose of disposing of Application No. 22281, but holding the other applications open until after November 7, 1939, for such further action as may then be appropriate.

O R D E R

Public hearings having been held in the above entitled proceeding and the matter having been submitted,

IT IS HEREBY ORDERED that:

- I. The proceedings in Application No. 22281 be dismissed.
- II. The motion to dismiss the proceedings in Applications Nos. 21358, 22453 and 22454 be denied.
- III. Applications Nos. 21358, 22453, and 22454, be held open until after November 7, 1939, subject to such further disposition as the Commission may direct.

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

The foregoing opinion and order are hereby ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 3rd day of October, 1939.

Raymond A. Pacey
James D. Pacey
Ray A. Pacey
M. J. Pacey
Justice J. C. Cullen