

Decision No. 23161

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of LONG BEACH MOTOR BUS COMPANY, )  
a California corporation, for a )  
certificate of public convenience )  
and necessity authorizing the )  
applicant to operate as a common )  
carrier a motor coach service for )  
the transportation of persons and )  
their hand baggage, between the )  
intersection of East Ocean Boule- )  
vard and Pine Avenue, in the City )  
of Long Beach, California, and )  
along East Broadway easterly and )  
southerly to Seal Beach, without )  
the City of Long Beach. )

ORIGINAL

Application No. 23161.

MASON & WINDEHAM and HOWARD LANG, for Applicant.  
WARE & BEROL, for Applicant.  
FRANK KARR, for Pacific Electric Railway Company.  
J. LAMB, for City of Long Beach.

BY THE COMMISSION:

O P I N I O N

Long Beach Motor Bus Company, a California corporation, is engaged in the operation of a common carrier passenger motor coach service extending partly within and partly beyond the city limits of the City of Long Beach, California. In addition to the service provided by said motor bus company, Pacific Electric Railway Company also conducts a local passenger rail operation within the City of Long Beach extending beyond on the south, to Seal Beach.

As a result of negotiations that have been under way for many months between the City of Long Beach, the Long Beach Motor Bus Company, Lang Motor Bus Corporation, and Pacific Electric Railway Company, the latter company has requested authorization<sup>(1)</sup> from this Commission to abandon its local passenger rail service in the City

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(1) Application No. 23053 filed October 18, 1939.

of Long Beach.

Long Beach Motor Bus Company, applicant herein, requests a certificate of public convenience and necessity to operate a motor coach service in substitution for the Long Beach-Seal Beach line.

Inauguration of motor coach service and abandonment of local rail operation has been under consideration by the Commission's engineers for some time in conjunction with the Pacific Electric Railway Company rate investigation<sup>(2)</sup> and in their report submitted in that matter it was recommended that the Long Beach local rail lines be abandoned, including the Seal Beach-Long Beach line.

The recommendation made by the Commission's engineers relative to abandonment of the local rail lines was contingent upon the assurance that satisfactory substitute service would be provided in accordance with negotiations then under way between the City of Long Beach, the Long Beach Motor Bus Company, the Lang Motor Bus Corporation, and Pacific Electric Railway Company.

Subsequently, Pacific Electric Railway Company filed application<sup>(3)</sup> seeking authority to abandon its entire local rail operation in the Long Beach area, contending that the small and rapidly decreasing volume of traffic handled thereon did not warrant its continued operation and further, that the territory served by said rail lines is now served, and has been for several years past, by a network of motor coach lines operated by the Lang Transportation Company<sup>(4)</sup>. Pacific Electric Railway Company alleged that it was informed and believed that Lang Transportation Company's operation would be continued and extended when and where traffic might warrant.

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(2) Application No. 21656.

(3) Application No. 23053.

(4) Lang Transportation Company owns Long Beach Motor Bus Company and Lang Motor Bus Corporation.

It was shown by Pacific Electric Railway Company (Application No. 23053) that the Long Beach local rail service is operated at an out-of-pocket loss of \$23,477 annually and that for the next five-year period the annual deficit is estimated at an average of \$45,108. During the period of five years, if operations are continued, it was anticipated that track and roadway reconstruction cost will necessitate expenditures of \$292,700, most of which will be chargeable to operating expense. This amount is in addition to the above estimated annual deficit.

Counsel for the City of Long Beach expressed the attitude of that city as being unopposed to the rail abandonment and in favor of the proposal of applicant herein. (5)

By its amended application filed February 10, 1940, Long Beach Motor Bus Company proposes to extend and enlarge its motor coach service to include the area that would otherwise be left without service upon abandonment of the local rail line which extends beyond the City of Long Beach into the City of Seal Beach.

In considering the proposed abandonment of the Long Beach-Seal Beach local rail line and the application herein for a certificate of public convenience and necessity to operate a motor coach route to serve the same area, adequate and satisfactory substitute

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(5) Applications Nos. 21656 and 23053, Transcript Page 2974 -

"MR. LAMB: Mr. Commissioner, on behalf of the City of Long Beach I am pleased to report at this time that we have reached an agreement between the City of Long Beach and the Pacific Electric Railway as to the abandonment of the local lines, and the City, at this time, desires to withdraw its objections to the application for abandonment, and we have also reached an agreement relative to the operation of bus service over the routes to be abandoned by the Lang Company, which is operating local lines in the City of Long Beach at this time. If that matter is of any interest to the Commission we are prepared to show that the service will be continued by other means; if the Commission is not interested in the question of substitution of service, why, we are content to let it stand at that and simply withdraw our objections to the application for abandonment.

"COMMISSIONER RILEY: As I understand you are representing, for the city, that adequate transportation will be substituted for that that is proposed to be abandoned?

"MR. LAMB: That is right. In other words, the City is prepared, under its own supervision, to substitute service for the service to be abandoned."

service must be assured before such action can be sanctioned.

The record in this proceeding indicates that applicant herein is ready, willing and able to provide adequate and satisfactory motor coach service in substitution for the Long Beach-Seal Beach rail line and further, that all parties and interests are in agreement that abandonment of this rail operation and substitution of motor coach service is desirable. Therefore, we are lead definitely to the conclusion that by granting both this application and that of Pacific Electric Railway Company for abandonment simultaneously upon the condition that the one company shall not abandon its rail service until the other is ready to inaugurate its motor coach service, public interest will be best served by granting the certificate herein requested and the following order will so provide.

Long Beach Motor Bus 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 as to the number of rights which may be given.

#### O R D E R

Public hearing having been held in this matter before Examiner Jenkins in Los Angeles on February 13, 1940, and the Commission being fully apprised of the facts,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY  
DECLARES that public convenience and necessity require the establish-  
ment and operation by Long Beach Motor Bus Company of an automotive  
passenger stage service as that term is defined in Section 2-1/4 of  
the Public Utilities Act for the transportation of passengers and  
baggage over the following described route:

Commencing at the intersection of East Ocean Boulevard and  
Pine Avenue; thence northerly along Pine Avenue to East  
Broadway; thence easterly along East Broadway to Redondo  
Avenue; thence southerly along Redondo Avenue to East Ocean  
Boulevard; thence easterly along East Ocean Boulevard to  
Main Street, Seal Beach; thence northerly on Main Street to  
Central Avenue; thence easterly on Central Avenue to Tenth  
Street; thence northerly on Tenth Street to Electric Avenue;  
thence westerly on Electric Avenue to the end of the line at  
Main Street; returning southerly on Main Street to Ocean  
Boulevard; thence westerly on East Ocean Boulevard to Redondo  
Avenue, Long Beach; thence north on Redondo Avenue to East  
Broadway; thence westerly on East Broadway to American Avenue;  
thence southerly on American Avenue to East Ocean Boulevard;  
thence westerly on East Ocean Boulevard to the point of  
beginning.

IT IS HEREBY ORDERED that a certificate of public convenience  
and necessity be and it is hereby granted to Long Beach Motor Bus  
Company for automotive passenger stage service for the transportation  
of passengers and baggage over the route hereinbefore described, sub-  
ject to the following conditions:

- (1) Long Beach Motor Bus Company shall file its written  
acceptance of the certificate herein granted within a  
period not to exceed twenty (20) days from the date  
hereof.
- (2) Long Beach Motor Bus Company shall commence the service  
herein authorized within a period not to exceed sixty  
(60) days from the effective date hereof and shall file  
in triplicate and concurrently make effective on not  
less than one (1) day's notice to the Commission and to  
the public, a tariff or tariffs constructed in accordance  
with the requirements of the Commission's general orders  
and containing rates, rules and regulations which, in  
volume and effect, shall be identical with the proposed  
rates, rules and regulations shown in the exhibits attached  
to the application (No. 23161) in so far as they conform to  
the certificate herein granted, or rates, rules and regula-  
tions satisfactory to the Railroad Commission.
- (3) Long Beach Motor Bus Company shall file in duplicate and  
make effective within a period of not to exceed two (2)  
months after the effective date of this order, on not less  
than one (1) day's notice to the Railroad 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, or 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 Long Beach Motor Bus Company under the certificate granted herein unless such vehicle is owned by said company or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.
- (6) Long Beach Motor Bus Company may turn its motor vehicles at termini or intermediate points either in the intersection of the street or by operating around a block contiguous to such intersection in either direction and carry passengers as traffic regulations of the political subdivisions affected may require.
- (7) The service herein authorized shall be established concurrently with the discontinuance of regular rail service by Pacific Electric Railway Company as authorized on this date under Decision No. 32830.

For all other purposes the effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 20<sup>th</sup> day of February, 1940.

Robert R. Wilson  
Robert Babington  
H. D. Williams  
Justus J. Carlson  
 Commissioners.