

Decision No. 23789

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
WILLIAM E. MERRITT and THOMAS W.)
HALE, doing business as a copartner-)
ship under the name of)
"MERRITT-HALE BUS SERVICE")
for certificate of public convenience)
and necessity to operate a passenger)
service between Hearst Ranch Airport)
and King City, in the County of)
Monterey, State of California, and)
intermediate points.)

ORIGINAL

Application No. 23789

J. P. MANDL, Attorney for Applicants.

H. C. LUCAS and R. B. WREN, for Pacific
Greyhound Lines, Interested Party.

BAKER, COMMISSIONER:

D E C I S I O N

O P I N I O N

By and through Application No. 23789, in the above-
entitled proceeding, William E. Merritt and Thomas W. Hale, doing
business as a copartnership under the name of "Merritt-Hale Bus
Service," seek authority to establish and operate an automotive
stage service for the transportation of passengers between Hearst
Ranch Airport and King City, and intermediate points, all within
the County of Monterey, State of California.

The said application came on for hearing at King City,
Monterey County, California, on the 22nd day of November, 1940,

at which time evidence was received and the said matter submitted. And the evidence of the record having been duly weighed and considered, the said matter is now ready for decision.

As of recent date the Federal Government acquired the major portion of the William Randolph Hearst estate, lying in the southwestern section of Monterey County, the said purchase, embracing approximately twenty thousand acres of land, being intended as a site for a training camp and military reservation. At the present time not only is this project under way with respect to the preparation of certain portions of the said tract for military purposes, but two hundred United States soldiers are now stationed thereon. A like quota of two hundred men are scheduled to be transferred to the said Hearst Ranch Airport within the very near future. It is contemplated that approximately twenty-four hundred soldiers will be stationed at the said camp by the early spring of 1941. This military enterprise is merely another incident to the present national defense program.

The distance from King City to the Hearst Ranch Airport is twenty-six miles. The intermediate points are Avila and Jolon, situated, respectively, fourteen and twenty-one miles from King City in a general westerly direction.

The applicants propose, in the event their said application be granted, to initiate such passenger service by establishing and maintaining one round trip daily between the said Hearst Ranch and King City, the one piece of automotive equipment scheduled to leave Hearst Ranch Airport at five thirty o'clock p.m., arriving at King City at six thirty p.m., and to make the return trip from King City to the Hearst Ranch Airport between eleven and twelve o'clock p.m.

The proposed fare schedule, as per Exhibit "A," attached to the said application, is as follows:

"PASSENGER FARES.

Index No.	BETWEEN / AND	1 King City	2 Avila	3 Jolon	4 Hearst Ranch Airport
1.	King City	---	\$.75	\$.85	\$1.00
2.	Avila			.25	.50
3.	Jolon				.25
4.	Hearst R. Airport				---

Round trip fares will be one and one-half times the above one-way rates."

Initially, it is proposed to utilize but a single piece of equipment for such said service, to wit, a Chevrolet bus or station wagon, 1940 model, having a capacity of thirty passengers. However, should the traffic demands exceed the capacity of the one specified motor vehicle, the applicants will procure such additional equipment, patterned after the type of the Greyhound buses, as may be found necessary to provide adequate passenger service over the route and between the points above specified. It appears of record herein that the said piece of equipment, proposed to be used in commencing the said service, will cost the sum of \$2800. It further appears from the evidence that the said applicants have a combined net present worth considerably in excess of \$20,000, and that, according to the testimony of W. J. McKinsey, Manager of the King City Branch of the Monterey County Trust and Savings Bank, the said applicants are able, upon the security of their holdings, consisting largely of real property, to finance such

said proposed enterprise in the event the service demand should require the purchase of two or more additional automotive units.

Each of several witnesses, in addition to the two applicants, testified, in substance, that from the inception of the said military camp, of quite recent date, from ten to fifteen of the men stationed at the said camp, on an average, have been transported to King City each evening by means of army trucks and private vehicles. One of such witnesses was Chas. N. Scott, Chief of Police of King City, who further testified that, as a rule, not less than from thirty to forty from the said military camp are observed in King City on Saturday evenings.

It is of record herein that not only each of the two applicants, but each of three other witnesses, including Wm. C. Beasley, President of the King City Chamber of Commerce, and the said Chief of Police, testified that there is a present need for the said proposed service.

The record further shows that there is no public transportation facilities, authorized or otherwise, between the said points. It should be noted in this connection that the army trucks, hereinbefore referred to, will not continue to be available for transporting any of the soldiers from the said military camp to King City or other points.

No person whomsoever appeared to contest or protest against the granting of the said application.

According to certain portions of their testimony, the two applicants have carefully considered the various items involved in the said proposed venture, including highway conditions, with which they are very familiar, the cost and expense incident to the

purchase and upkeep of the necessary automotive equipment, together with the element of bus-mile operating costs, as against operating revenues, and that, according to their calculations, even though the patronage should not exceed fifteen passengers per day, round trip between the Hearst Ranch Airport and King City, on an average, the operating revenues would exceed their out-of-pocket costs.

Upon a careful review of the evidence of the record in these proceedings, together with due consideration of the same, I am of the opinion, and so find, that there is a public need for the passenger stage service proposed by the said applicants for the transportation of passengers between King City and the Hearst Ranch Airport, and intermediate points, and being wholly within the County of Monterey, State of California.

The said applicants, doing business as "Merritt-Hale Bus Service," are 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 granted.

The following form of order is submitted.

O R D E R

A public hearing having been had in the above-entitled proceeding, evidence having been received, the matter having been duly submitted, and the Commission being now fully advised:

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require the establishment and operation by William E. Merritt and Thomas W. Hale, a copartnership, doing business as Merritt-Hale Bus Service, of an automotive service as a passenger stage corporation, as such is defined in Section 2½ of the Public Utilities Act, for the transportation of passengers between King City and the Hearst Ranch Airport, and intermediate points, all within the County of Monterey.

IT IS ORDERED that a certificate of public convenience and necessity be and the same hereby is granted to William E. Merritt and Thomas W. Hale, subject to the following conditions:

1. The authority herein granted shall lapse and be void if applicants shall not have complied with all the conditions within the periods of time fixed herein unless, for good cause shown, the time shall be extended by further order of the Commission.
2. Applicants shall file a written acceptance of the certificate herein granted within a period of not to exceed thirty (30) days from the effective date hereof.
3. Applicants 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 (10) 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. Applicants shall file, in triplicate, 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 (5) 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.

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 applicants herein unless such vehicle is owned by said applicants or is leased by applicants under a contract or agreement on a basis satisfactory to the Railroad Commission.

The effective date of this order shall be the date hereof.

The foregoing opinion and order are hereby approved and 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 December, 1940.

Ray L. Rice
Stanley D. Smith
Ed. H. Smith
Justus J. Craven
COMMISSIONERS