

ORIGINAL

Decision No. 333933

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 MENDOCINO TRANSIT COMPANY, a corpora-)
 tion, for certificate of public con-)
 venience and necessity to operate a) Application No. 23616
 passenger and baggage service between)
 Fort Bragg, Mendocino County and Santa)
 Rosa, Sonoma County, California.)

H. R. BOLANDER, JR., for Applicant.

EDWARD M. BEROL and MARVIN HANDLER, for
Coast Line Stages, Inc., Protestant.

H. D. RICHARDS, for Pacific Greyhound
Lines, Protestant.

A. J. GAUDIO, for Northwestern Pacific
Railroad Company; Protestant.

CLAIR MacLEOD, HARVEY SANBORN and A. T.
NELSON, for California Western Rail-
road & Navigation Company, Protestant.

WALTER A. ROEDE, for San Francisco Chamber
of Commerce and San Francisco Junior
Chamber of Commerce, Interested Parties.

BY THE COMMISSION:

O P I N I O N

By this application, as amended, the Mendocino Transit Company, a corporation, hereinafter referred to as applicant, seeks a certificate of public convenience and necessity to operate a passenger stage corporation, as that term is defined in section 2½(b) of the Public Utilities Act, for the transportation of passengers and baggage between Fort Bragg and Santa Rosa and intermediate points.

Public hearings were had before Examiner Broz at Fort

Bragg on November 6 and 7, 1940 and at San Francisco on December 2 and 3, 1940. At the conclusion thereof the matter was submitted on the record and is now ready for decision.

The Pacific Greyhound Lines, Northwestern Pacific Railroad Company, California Western Railroad & Navigation Company, and Coast Line Stages, Inc. appeared at the hearings as protestants and offered testimony in support of their protest.

Applicant proposes to operate a 1941 model Ford station wagon with a seating capacity of nine persons, including the driver, between Fort Bragg and Santa Rosa via State Highway No. 1 between Fort Bragg and Navarro River Bridge; via State Highway No. 28 between Navarro River Bridge and Cloverdale; and via U. S. Highway No. 101 between Cloverdale and Santa Rosa, serving all intermediate points on the described route. The principal intermediate points are Mendocino, Boonville, Cloverdale, Geyserville, and Healdsburg. The one-way distance via the designated route between Fort Bragg and Santa Rosa is 115 miles. It is proposed to operate one schedule leaving Fort Bragg at 7:15 A.M., arriving at Santa Rosa at 10:45 A.M. and a return schedule leaving Santa Rosa at 5:45 P.M., arriving at Fort Bragg at 9:15 P.M. Service would be rendered daily, including Sundays and holidays. ⁽¹⁾ Up to forty pounds of baggage per passenger would be carried free.

(1) Applicant proposes to connect at Santa Rosa with the Pacific Greyhound Lines for the convenience of persons traveling to or from San Francisco. The southbound schedule of applicant, leaving Fort Bragg at 7:15 A.M., arriving at Santa Rosa at 10:45 A.M. would connect with the 11:00 A.M. departure of Pacific Greyhound Lines which arrives at San Francisco at 12:50 P.M. The northbound schedule of Pacific Greyhound Lines, leaving San Francisco at 3:40 P.M. and arriving at Santa Rosa at 5:30 P.M. would connect with applicant's 5:45 P.M. departure from Santa Rosa, arriving at Fort Bragg at 9:15 P.M.

Baggage in excess of forty pounds would be carried at a rate of one-half the passenger fare for each 100 pounds, space permitting.

Passenger fares are proposed at a rate of two cents a mile for one-way trips and 1.8 cents a mile for round trips. Children under five years of age when accompanied by an adult passenger would be carried free. Children between the ages of five and twelve would be charged one-half of the adult fare. The minimum fare for adults or children would be ten cents.

The Ford station wagon to be operated in the proposed service would be purchased new at a cost of \$1268. Applicant seeks authority to issue 500 shares of stock to be sold for the sum of \$500. With this money, applicant proposes to invest \$350 as a down payment on the station wagon and place \$150 in working funds for the maintenance of the proposed service.

An exhibit showing the estimated expenses of operation was introduced by the applicant's chief witness, P. B. Hackely, Jr. The aggregate daily expenses, including labor, gas, oil, maintenance, insurance, taxes, depreciation, superintendence and other items, were shown to amount to \$18.24 per diem. The anticipated revenue, based upon carrying an average of 5 passengers at 1.8 cents per mile for the round-trip movement according to the witness, would amount to \$20.70, leaving a net profit of \$2.46 per day. Applicant does not propose to own any terminal property but would rent or lease terminal and garage facilities at Fort Bragg and Santa Rosa.

The applicant estimates there is a population of about 6,000 persons living along the proposed route for whom the proposed service would be rendered. Of this number, about 2,000

persons reside in the district between Navarro River Bridge and Cloverdale (on California Highway No. 28) where no passenger stage service is now rendered by any for-hire carrier. The distance between these points is 59 miles and the territory is more or less sparsely settled, the residents in this area being engaged mainly in the agricultural, livestock or lumbering business. (2)

Seventeen public witnesses testified on behalf of applicant, urging their need for a passenger service in the affected territory. The witnesses may be divided into two classes; those who testified with respect to their own personal need for passenger service, and others who testified on behalf of local chambers of commerce and farm bureaus representing communities along the proposed route.

Witnesses in the first group reside on or near California Highway No. 28 and have no for-hire passenger service available to them at the present time. Their testimony was to the effect that they operate ranches, farms and vacation resorts and need passenger service to Fort Bragg and to Santa Rosa; that they presently use their own automobiles or ride in a neighbor's car when they wish to visit these points; and that conditions in Anderson Valley have changed since 1934, when the former passenger service was abandoned, and that the district now needs and would

(2) Anderson Valley is a district through which California Highway No. 28 runs for an approximate distance of 15 miles. The towns of Philo, Boonville, and Yorkville are located in this Valley. The Anderson Valley Farm Center has about 70 members. Several vacation resorts are located in this Valley.

support the proposed service of the applicant. (3)

Witnesses in the second group, who testified on behalf of the applicant, offered in evidence resolutions of the following named organizations urging the establishment of the proposed service: Santa Rosa Chamber of Commerce, Fort Bragg Chamber of Commerce, Anderson Valley Farm Bureau (Boonville), Healdsburg Chamber of Commerce, Healdsburg Kiwanis Club, Fort Bragg Junior Chamber of Commerce, the Mendocino Coast Chamber of Commerce, the City Council of Healdsburg, the Board of Supervisors of Mendocino County, and the Board of Supervisors of Sonoma County. The tenor of these resolutions of endorsement is substantially the same and points out, (1) that the proposed route is the most direct and the shortest highway connection between Fort Bragg, on the one hand, and Santa Rosa, on the other hand; (2) that there is no for-hire passenger transportation facility operating at present over said route; (3) that direct passenger service via Santa Rosa would make possible a one-day round-trip service between Fort Bragg and San Francisco and would promote traffic and business generally in the Mendocino County Area; and (4) the organizations urge that the application of the Mendocino Transit Company be granted.

The protestants, Pacific Greyhound Lines, Northwestern Pacific Railroad Company, and Coast Line Stages, Inc. presented

(3) Between 1928 and 1934 passenger stage operations were conducted between Fort Bragg and Cloverdale by the Mendocino Coast Transit Company (no relation to the applicant herein); but after a public hearing and by Decision No. 26873 of March 19, 1934, in Application No. 19276, the company was authorized to abandon its passenger service on account of a decline in revenue attributable mainly to retrenchment in the lumber operations at Fort Bragg and the increasing use of private automobiles.

testimony by public witnesses and operating witnesses, designed to show (1) that a portion of the proposed route is now served with adequate passenger transportation service; (2) that an existing passenger stage corporation (Coast Line Stages, Inc. now operating via Point Arena between Fort Bragg and Santa Rosa) has a pending application before this Commission to perform passenger service over the same route as that proposed by applicant; and (3) that applicant's estimated operating expenses and revenues are not reasonable and proper and that the proposed operation would, therefore, prove to be noncompensatory.

The Pacific Greyhound Lines presently operates four passenger schedules daily in each direction between Cloverdale and Santa Rosa, serving the public at the intermediate points of Geyserville and Healdsburg. ⁽⁴⁾ Five public witnesses who reside at Cloverdale, Geyserville or Healdsburg, testified that although the Greyhound service is satisfactory to them, they drive their own automobiles between said points and often carry some of their neighbors along as an accommodation; that the Greyhound service is adequate and sufficient but is not patronized for the reasons stated and because private automobiles furnish a greater degree of usefulness and flexibility in shopping than public stage service. The distance to Santa Rosa from Cloverdale is 33 miles, from

(4) The present service of Pacific Greyhound Lines between Cloverdale and Santa Rosa is as follows:

CITY	SOUTHBOUND (read down)				NORTHBOUND (read up)			
Cloverdale	:7:42A	2:44P	5:50P	1:54A	: 10:56A	4:54P	9:36P	1:01A
Geyserville	:7:58A	2:58P	6:05P	2:08A	: 10:40A	4:38P	9:22P	12:47A
Healdsburg	:8:15A	3:11P	6:18P	2:20A	: 10:27A	4:25P	9:10P	12:35A
Santa Rosa	:8:50A	3:40P	6:50P	2:45A	: 10:00A	3:55P	8:40P	12:10A

Geyserville, 17 miles, and from Healdsburg, 10 miles. Greyhound passenger fares between these points are the same or lower than the fares proposed by applicant. In addition, Greyhound sells passenger script tickets for \$10.00, good for 700 miles at an average fare of 1.429 cents per mile. Applicant's lowest fare would be 1.8 cents per mile for round-trip movements, and 2 cents per mile for one-way trips.

The protest of Greyhound to the granting of this application is directed specifically to two points: (1) that Greyhound now provides adequate passenger service and takes care of local passenger requirements between Cloverdale and Santa Rosa and intermediate points, and will provide additional service between these points upon reasonable public demand therefor; and (2) that for many years Greyhound has had connecting arrangements with Coast Line Stages, Inc. for joint passenger service between Fort Bragg and Santa Rosa via Jenner and Monte Rio, and because Coast Line Stages, Inc. now has pending before this Commission an application to operate a passenger stage service between Fort Bragg and Cloverdale via Highway No. 28 to connect at the latter point with Greyhound for through service to Santa Rosa, Greyhound prefers to support the application of Coast Line Stages, Inc. and conversely, opposes the granting of the instant application.

Protestant Northwestern Pacific Railroad Company offered testimony with respect to existing passenger service by railroad between Fort Bragg and Santa Rosa and intermediate points. Rail service between Fort Bragg and Willits is performed by the California Western Railroad and Navigation Company and between Willits and Santa Rosa by the Northwestern Pacific Railroad. Two schedules are operated jointly by these carriers in each direction,

daily, between Fort Bragg and Santa Rosa.

Protestant Coast Line Stages, Inc. contends that if the instant application is granted it would suffer a diversion of traffic to applicant sufficient to jeopardize the present operation of passenger service via the Coast route between Fort Bragg and San Francisco via Monte Rio.⁽⁵⁾ This protestant further pointed out that applicant's estimated operating expenses are too low; that applicant has not made a sufficient allowance for depreciation of equipment;⁽⁶⁾ has too liberally estimated the mileage to be derived from gasoline consumption;⁽⁷⁾ and that applicant's cost of operation in the affected territory would be approximately 10 cents per mile, instead of .0792 cents per mile, as alleged by the applicant.

A review of the evidence leads to several definite

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- (5) Coast Line Stages, Inc., a certificated highway common carrier and passenger stage corporation, conducts its major transportation of passengers between Fort Bragg and Monte Rio via Point Arena over State Highway No. 1. It connects with Pacific Greyhound Lines at Monte Rio for passengers going to or from Santa Rosa and San Francisco. By Application No. 23698 filed on September 18, 1940, Coast Line Stages, Inc. seeks, in part, an extension of its existing operative rights for the transportation of persons between Navarro River Junction and Cloverdale via State Highway No. 28, to connect at the latter point with Pacific Greyhound Lines for through service to Santa Rosa and San Francisco. A preliminary hearing has been held in this application which seeks to render passenger service over the same route as the instant proceeding, insofar as the points between Navarro River Junction and Cloverdale are concerned. These points are Navarro, Philo, Boonville, Yorkville, and McDonalds.
- (6) Applicant calculates depreciation on the Ford station wagon on a 6-year life. Protestant contends that the vehicle would be rebuilt at least once during the 6 years so that the depreciation period should be calculated at 3 years instead of 6 years.
- (7) Applicant anticipates fuel consumption at the rate of 18 miles per gallon of gasoline. Protestant estimates the operating experience would more nearly approximate 11 miles per gallon.

conclusions with respect to the questions of public convenience and necessity and the feasibility of the proposed operations.

The question of public convenience and necessity appears to divide the proposed operation into two segments, one between Fort Bragg and Cloverdale, the other between Cloverdale and Santa Rosa. Considering first that portion of the route between Fort Bragg and Cloverdale, the testimony demonstrates beyond doubt that the residents of Anderson Valley need and should have reasonable and adequate passenger transportation service to Fort Bragg and to Cloverdale. Today, the Valley is an isolated population of about 2,000 persons wholly dependent upon private transportation for distances of between 25 and 35 miles before reaching State Highway No. 1 or U. S. Highway No. 101 for regular stage service. The testimony of public witnesses substantiates the fact that the residents of Anderson Valley would support a for-hire passenger service such as the one here proposed if it were established. Likewise, residents of Fort Bragg and Mendocino desire faster and more economical passenger service to Santa Rosa and San Francisco than the present service which takes the better part of a day going or coming via Coast Line Stages, Inc. along the Coast route. The proposed short route via Highway No. 28 through Anderson Valley would cut the one-way running time between Fort Bragg and Santa Rosa about three hours. Admittedly, therefore, the record supports a conclusion that public convenience and necessity justify and require the establishment of for-hire passenger stage service between Fort Bragg and Cloverdale via California State Highway No. 28, and to that extent, the applicant has made a good and sufficient presentation of evidence.

The evidence with respect to the proposed passenger

service between Cloverdale and Santa Rosa, serving the intermediate points of Geyserville and Healdsburg, however, is somewhat different. Both the Pacific Greyhound Lines and Northwestern Pacific Railroad Company operate locally between these points. The Greyhound operates four northbound and four southbound schedules daily between Cloverdale and Santa Rosa at fares the same or lower than those proposed by the applicant; this service appears to be adequate to handle the passenger transportation needs of the public in that district. Moreover, there is ample testimony that in spite of these services, the traveling public of Cloverdale, Geyserville, and Healdsburg prefer to use their own private automobiles in going to and from Santa Rosa. Unquestionably, therefore, the same reasons which cause the public to refrain from patronizing the existing Greyhound service would deter them from using the applicant's proposed service. While it is true that chambers of commerce of Healdsburg and Santa Rosa and the Board of Supervisors of Sonoma County presented resolutions endorsing the proposed service, the record is devoid of any testimony of individual citizens to show that the existing passenger service between Cloverdale and Santa Rosa is inadequate or insufficient to care for the demands of the traveling public, locally, between these points. Conversely, there is no testimony of public witnesses to support an affirmative finding of public convenience and necessity in favor of the applicant's proposed service between Cloverdale and Santa Rosa.

In our opinion, therefore, the record supports a finding of public convenience and necessity as to that portion of applicant's proposed service between Fort Bragg and Cloverdale, but not with respect to service between Cloverdale and Santa Rosa.

Turning now to a consideration of applicant's potential

revenue, expenses, and net profits, we find that any operation which might be authorized would have to be restricted to service between Fort Bragg and Cloverdale, with a consequent reduction in operating revenue and expenses. Allowing for a proportionate reduction in the estimated cost of operation between Fort Bragg and Cloverdale, the daily operating expense, using applicant's own formula, would amount to approximately \$16.95 and assuming the daily revenue would be reduced to about \$14.76⁽⁸⁾, applicant would sustain a deficit of approximately \$2.19 per day.

The rendition of adequate and dependable passenger service requires that a carrier who proposes to dedicate his service to the public should furnish reasonable evidence in support of the financial success of his contemplated operation. In the absence of such evidence the dependability of the service would be questionable, the public would be inconvenienced, and the operator would probably sustain a financial loss. While public convenience and necessity, therefore, require the establishment of passenger transportation service between Fort Bragg and Cloverdale via State Highway No. 28, the record before us fails to support a finding that the applicant would be able to render the proposed service on a compensatory basis. The application will be denied, without prejudice to the filing of an amended application.

(8) This revenue is calculated upon carrying an average of 5 passengers in the station wagon, traveling 164 miles daily instead of 230 miles, at the proposed round-trip fare of 1.8 cents per passenger mile.

O R D E R

Public hearings having been held in the above-entitled application, the matter having been submitted and the findings of fact and conclusions thereon having been fully considered by the Commission, and the Commission being fully advised:

IT IS HEREBY ORDERED that the application of Mendocino Transit Company for a certificate of public convenience and necessity to operate an automotive passenger stage service (as that term is defined in Section 2½ of the Public Utilities Act) between Fort Bragg and Santa Rosa, serving intermediate points via California State Highway No. 28, be and it is hereby denied without prejudice.

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

Dated at ^{Los Angeles} ~~San Francisco~~, California, this 18th day of February, 1941.

[Signature]
[Signature]
[Signature]
James J. Coakley
Frank R. Havenner
COMMISSIONERS