

**ORIGINAL**

Decision No. 24162

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )	
SANTA MONICA TRANSPORTATION CO., a )	
California corporation, for a cer- )	Application No. 24162
tificate of public convenience and )	
necessity to operate motor car serv- )	
ice as a common carrier for hire. )	

FLOYD E. PENDELL, for Applicant.

TUDOR GAIRDNER, for Tanner Motor Tours, Ltd.,  
Tanner Motor Livery, Ltd., Gray Line  
Motor Tours, Protestants.

H. C. LUCAS and H. D. RICHARDS, by H. D.  
Richards, for Pacific Greyhound Lines,  
Interested Party.

E. L. H. BISSINGER, for Pacific Electric  
Railway Company, Protestant.

BY THE COMMISSION:

O P I N I O N

Santa Monica Transportation Co., by the above-entitled application, requests a certificate authorizing it to operate as a passenger stage corporation between Malibu and Santa Monica and between the intersection of State Highway No. 27 with U. S. Highway No. 101A, up Topanga Canyon to the Topanga Canyon Office and Veteran and Mineral Springs. Applicant also seeks a certificate to render certain sight-seeing trips originating and ending at Santa Monica and asks authority to issue stock.

Public hearing was held at Santa Monica May 7, 1941 before Examiner Howard. Evidence was received in the matter, it was submitted and now is ready for decision.

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A number of public witnesses testified at the hearing respecting the need for the services proposed by applicant. It appears from the evidence of record that there is a need for a local passenger service between Santa Monica and Malibu as well as between Santa Monica and Topanga Canyon points. Pacific Greyhound Lines renders service between Santa Monica and Malibu as part of a more extensive operation. This is essentially a through service, however, and does not provide sufficient local transportation to meet the demands of the residents in the territory between Malibu and Santa Monica. There is no authorized common carrier passenger service operated between Santa Monica and points in the Topanga Canyon.

Applicant proposes to operate eleven schedules a day in each direction on both the Santa Monica-Malibu service and the Santa Monica-Topanga Canyon run. The area involved herein is shown on a map attached to the application as Exhibit A. On this map the points which applicant asks authority to serve are shown and fare zones are delineated. The fare would increase 5 cents as each zone is served. The total one-way fare between Santa Monica and Malibu would be 25 cents and between Santa Monica and Topanga Mineral Springs it would be 35 cents. Lesser fares would apply at points intermediate to the above-named termini. If this application is granted, Santa Monica Transportation Co. intends to offer commutation books for sale containing 20 tickets, each one entitling the owner to a single ride between the points specified thereon. It is planned that such books would be sold at a price 15 per cent less than the cost of 20 one-way tickets. Under this proposal, tickets would be honored only for a period of 30 days from the date of sale.

Pacific Greyhound Lines appeared in protest to the granting of this application. However, it withdrew its protest upon being assured by applicant's attorney that the Santa Monica Transportation Co. had no intention of using this operative right as a basis for seeking to extend service beyond Malibu and Santa Monica. Therefore, no opposition was made to the granting of that portion of the application relating to service between Santa Monica, Malibu and Topanga Canyon. Inasmuch as the need for such service has been established, the applicant will be granted a certificate of public convenience and necessity to inaugurate and maintain this transportation operation.

Santa Monica Transportation Co. also requests a certificate to operate, what it terms, sight-seeing transportation service between Santa Monica and (1) Hollywood Park Race Track in Inglewood, (2) Santa Anita, (3) Palos Verdes, San Pedro and Long Beach, (4) Topanga Canyon and Hollywood, (5) Griffith Park Planetarium and Olvera Street, and (6) Movie homes and Bernheimer Gardens.

Several apartment-hotel managers from Santa Monica testified in support of this proposal. It appears from their testimony that a substantial number of requests have been received from guests staying at their hotels for sight-seeing service. The witnesses stated that many guests moved to Hollywood or Los Angeles because no such service was available from Santa Monica. Other witnesses said that they had received numerous inquiries from tourists in Santa Monica as to what trips could be taken to points of interest. The above witnesses also testified that many people desire transportation from Santa Monica to the race tracks during the season when racing is in progress. The evidence shows

that from ten to twelve requests a week, on the average, are made for such service. Applicant proposes to use station wagons for these trips. No regular schedule would be followed and the service would operate "on call" only. The trips to Santa Anita and Hollywood Park would be operated during the racing season. It is proposed to run the equipment only when a minimum of seven passengers desire transportation. The proposed round-trip fare to Hollywood Park is \$1.25 per passenger and to Santa Anita the fare would be \$2.00 per round trip for each person. Applicant intends to operate the two race track trips in such a manner as to leave Santa Monica in time to reach the track before the first race is run, remain until the day's running is completed, and then bring the passengers back to Santa Monica. The other four tours would be continuous trips beginning and ending in Santa Monica but would not be operated unless a minimum of five passengers desired to make a tour. It is estimated that the Palos Verdes-San Pedro-Long Beach trip would take four hours and cover a distance of 60 miles. Two dollars and fifty cents per passenger would be charged. The Topanga Canyon-Hollywood tour would be about 53 miles in length and would consume approximately three hours' time. The cost per passenger would be two dollars. It is planned to operate the Griffith Park Planetarium-Olvera Street excursion at night. The round-trip distance is 41 miles and it would require five hours to complete the ride. Two dollars and twenty-five cents would be charged for each passenger. The shortest tour is that to the Movie Homes and Bernheimer Gardens, an estimated distance of 17 miles, with an over-all time of approximately two hours required. This trip would cost each passenger one dollar and twenty-five cents.

Pacific Electric Railway entered an appearance at the hearing to protest the granting of the two race track tours. Tanner Motor Tours, Ltd., Tanner Motor Livery, Ltd., and Gray Line Motor Tours also appeared as protestants to oppose the granting of all six of the proposed sight-seeing tours.

Pacific Electric Railway contends that the race track tours are not properly characterized as sight-seeing trips because they are not continuous but permit stopovers while the races are run. Also, it was argued that Pacific Electric Railway affords transportation facilities from Santa Monica to the race tracks which can carry all passengers desiring to ride.

Even though the proposed services to Santa Anita and Hollywood Park are incorrectly designated as sight-seeing trips rather than on-call passenger stage operations, this is immaterial as the evidence shows that there is a public demand for such transportation. While it is true that persons desiring to reach either race track may do so via the facilities of Pacific Electric Railway, the type of service rendered is quite different from that which applicant desires to perform. The fare of the Pacific Electric Railway is only about one-half of the cost of traveling by the vehicles of applicant. The trip on the railway is somewhat longer than that proposed by applicant and would necessitate at least one transfer en route which would not be necessary under applicant's service. It seems obvious that the two types of operation will attract different classes of patrons. Pacific Electric Railway's service will appeal to those desiring to reach the track at a minimum of expense, while applicant's operation will attract those who wish a more personalized service even though the cost is greater.

Although Tanner Motor Tours, Ltd., Tanner Motor Livery, Ltd., and Gray Line Motor Tours objected to the granting of the sight-seeing tours which applicant seeks to render, no comparable operations are performed by these protestants. All of the sight-seeing trips which they offer originate either at Los Angeles or at Hollywood. No trips, such as those which applicant here proposes, commence at Santa Monica. Therefore, as the testimony and evidence of record show a need for such transportation, authority to operate the so-called sight-seeing trips will be granted.

To finance its operations initially, applicant requests permission to issue and sell up to \$15,000 of its common capital stock, for cash, for the following purposes:

To pay selling expenses	\$ 1,500
To provide working capital	4,500
To pay for two new 22-passenger buses	6,800
To pay for one new station wagon	1,500
To pay for additional equipment for cars and office	<u>700</u>
Total	<u>\$15,000</u>

The testimony is not conclusive that applicant should be authorized to use 10 per cent of the par value of stock sold to pay commissions or expenses incident to the sale thereof. It appears from the record that there will be no underwriting of the stock nor a public offering, but that such sales as are made to those outside the organization of the company will be undertaken by its officers. Neither does the testimony warrant the issue of \$4,500 of stock for working capital. The order herein will authorize the issue of \$2,000 of stock for working capital and the payment of organization expenses and expenses incident to estab-

lishing applicant's business. It will further authorize the issue of not exceeding \$9,000 of stock to acquire equipment needed by applicant to conduct the transportation business to which reference is made herein.

The record indicates that applicant was organized and will be controlled by those interested in Santa Monica Cab Company, an unincorporated organization engaged in the taxicab business in Santa Monica. Eventually, it is proposed to cause the transfer of the assets and business of the cab company to applicant corporation, although the present record does not show when, or under what conditions, this transaction will be accomplished. In the meantime, however, it was promised at the hearing that the equipment of the cab company, consisting of seven sedans and two station wagons, would be made available to applicant for use in its public utility operations should the need for such equipment arise. In this connection applicant's attention is directed to the provisions of the Commission's General Order No. 93-A relating, among other things, to the use by a passenger stage corporation of equipment owned by others.

Santa Monica Transportation Co. 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 the above-entitled proceeding, the Commission being fully apprised in the premises, and it being found as a fact that public convenience and necessity so require:

IT IS ORDERED that a certificate of public convenience and necessity be, and it is, granted to Santa Monica Transportation Co. authorizing it to operate an automotive passenger stage service, as that term is defined in section 2½ of the Public Utilities Act, for the transportation of passengers and their baggage between Santa Monica, Topanga Mineral Springs and Malibu serving all intermediate points, including Sylvia Park Country Club which is an off-route point; between Santa Monica and Hollywood Park Race Track in Inglewood, without the right to serve intermediate points; between Santa Monica and Santa Anita Race Track in Arcadia, without the right to serve intermediate points; and to operate an automotive sight-seeing transportation service "on call" between Santa Monica and (1) Palos Verdes, San Pedro and Long Beach, (2) Topanga Canyon and Hollywood, (3) Griffith Park Planetarium and Olvera Street, and (4) Movie Homes and Bernheimer Gardens, as a common carrier of passengers.

IT IS FURTHER ORDERED that in the operation of said passenger stage services pursuant to the foregoing certificate, Santa Monica Transportation Co. shall comply with and observe the following service regulations:

1. File a written acceptance of the certificate herein granted within a period of not to exceed thirty (30) days from the date hereof.



2. Subject to the authority of this Commission to change or modify such at any time by further order, conduct said passenger stage service over and along the following routes:
  - a. Between Santa Monica, Topanga Mineral Springs and Malibu via U. S. Highway No. 101A and Stage Highway No. 27.
  - b. Between Santa Monica and Hollywood Park Race Track and between Santa Monica and Santa Anita, via the most appropriate routes between such points.
  - c. Between Santa Monica and the various points of interest on the sight-seeing trips, via the most appropriate routes from Santa Monica to such points of interest and return to Santa Monica.
3. Comply with the provisions of General Order No. 79 and Part IV of General Order No. 93-A by filing tariffs and time schedules in conformance with the offer of service set forth in Application No. 24162, in triplicate, within sixty (60) days from the effective date of this order and upon not less than five (5) days' notice to the Commission and the public.

The Commission being of the further opinion that the issue of \$11,000 of stock is reasonably required by applicant for the purposes specified herein, and that the expenditures for such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS FURTHER ORDERED that Santa Monica Transportation Co. be, and it hereby is, authorized to issue and sell, after the effective date hereof, and on or before December 31, 1941, not exceeding \$11,000 of its common capital stock, such stock to be sold at its par value thereof and the proceeds used as follows:

To pay for buses and other transportation equipment, to pay for additions to said buses and equipment, and to pay for office equipment which applicant needs to conduct the transportation business herein authorized, about - \$9,000

To provide working capital, organization expenses and expenses incidental to establishing applicant's business, about \$2,000

IT IS FURTHER ORDERED that the request to issue the remaining \$4,000 of stock be, and it hereby is, denied without prejudice.

IT IS FURTHER ORDERED that Santa Monica Transportation Co. shall file with the Commission monthly reports, as required by General Order No. 24-A, of the issue of its stock under the authority herein granted and the disposition of the proceeds.

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

Dated at San Francisco, California, this 3rd day of June, 1941.

Ray L. Riley  
Justus F. Creever  
Francis R. Havenner  
Richard H. Hulse  
Commissioners