

Decision No. 33933

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
MENDOCINO TRANSIT COMPANY, a corpor-
ation, for certificate of public
convenience and necessity to operate
a passenger and baggage service, as a
common carrier, between Fort Bragg and
Santa Rosa, California, and intermedi-
ate points, and for authority to issue
stock.

ORIGINAL

Application No. 23616

(Amended Application)

ALLAN P. MATTHEW, for applicant.

H. C. LUCAS and E. D. RICHARDS for Pacific
Greyhound Lines, Protestant.

A. J. GAUDIC for Northwestern Pacific
Railroad, Protestant.

CLAIR MacLEOD for California Western
Railroad & Navigation Company,
Protestant.

MARVIN HANDLER, for Coast Line Stages,
Inc., Protestant.

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION AND ORDER

By an amended application filed on March 6, 1941 in this proceeding, the Mendocino Transit Company, a corporation, seeks authority to render a passenger stage service between Fort Bragg and Santa Rosa via California Highway No. 26 and U. S. Highway No. 101, excluding local service between Cloverdale and Santa Rosa and intermediate points. ⁽¹⁾ The application, as amended, also seeks authority to issue 1,000 shares of common stock to provide

(1) By Decision No. 33933 of February 18, 1941, upon the former record herein, the Commission found that public convenience and necessity justified the establishment of passenger stage service between Fort Bragg and Santa Rosa and intermediate points, but not locally between Cloverdale and Santa Rosa. The Commission found, moreover, that applicant's proposed operation, as applied for, would be uncompensatory and authority to establish the service was denied without prejudice to the filing of an amended application.

money to purchase equipment and for working capital.

A public hearing was had in this matter at San Francisco before Examiner Broz on March 21, 1941 at which time evidence was received, the application was submitted and it is now ready for decision. The Pacific Greyhound Lines, Northwestern Pacific Railroad, California Western Railroad & Navigation Company, and Coast Line Stages, Inc. appeared as protestants to the granting of the authority sought, but only the Pacific Greyhound Lines and Coast Line Stages offered testimony in support of their protests. Applicant's attorney moved that the record made at the former hearings herein be incorporated in the present record by reference. There being no objection, the motion was granted.

The applicant's president testified in behalf of the amended proposal stating that while authority is sought to operate between Fort Bragg and Santa Rosa and intermediate points, no service would be rendered locally from or to points between Cloverdale and Santa Rosa. However, applicant does propose to transport passengers between Cloverdale and Santa Rosa and intermediate points, on the one hand, and points between Fort Bragg and Cloverdale, exclusive of the latter point, on the other hand. The witness submitted a revised schedule of fares based on three cents per passenger mile for service to be rendered locally between Fort Bragg and Cloverdale, and two cents per mile for that portion of through service to be performed beyond Cloverdale to Santa Rosa.⁽²⁾

Applicant proposes to operate three 9-passenger Ford station wagons. One wagon is to be purchased new at a cost of

(2) The applicant's original proposal contemplated a flat one-way fare structure of 2 cents a mile over the entire route and 1.8 cents a mile for round-trip movements. A tariff naming revised point to point fares was attached to the amended application as Exhibit "A".

\$1,250; the other two would be used cars to be purchased for \$650 each. (3) The new vehicle would be used in regular service and the two used cars would be placed in "standby" service, one at Mendocino City and the other at Santa Rosa, to be used in the event the new vehicle breaks down or there is need for additional equipment to accommodate the demands of the traveling public.

The service schedules offered by applicant between Fort Bragg and Santa Rosa contemplate a connection with the Pacific Greyhound Lines at Santa Rosa for the convenience of persons traveling to or from San Francisco. The southbound schedule proposes a departure from Fort Bragg at 7:15 A.M., arriving at Santa Rosa at 10:45 A.M. The northbound schedule would depart from Santa Rosa at 5:45 P.M. and arrive at Fort Bragg at 9:15 P.M. These schedules would also connect with the Pacific Greyhound Lines at Cloverdale for passengers traveling between Ukiah and Fort Bragg.

Under the application, as amended at the hearing, the company proposes to issue 1,000 shares of stock of the par value of \$1.00 each, at par for cash, and to use \$750 of the proceeds to provide the initial payments on the purchase of the three cars, and \$250 for working capital. The stock, it appears, will be purchased by applicant's president and his associates.

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- (3) The applicant's president stated that he has made arrangements to finance the cost of the vehicles by the payment of \$350 as an initial installment on the new station wagon and \$200 on each of the two used cars, and by the execution of a conditional sale contract for the remainder of the purchase price, to be paid in monthly installments of \$77, or over a period of approximately twenty-four months. It is recited in the application that the company will apply to the Commission for authority to enter into such a contract in the event its request for a certificate is granted.

A statement of estimated revenues and expenses introduced by the witness shows a potential revenue of \$25.16 per day, based on a load factor of 50 per cent, which is equivalent to 45 passengers in the bus throughout the entire trip at .0243 cents per mile; operating expenses are estimated at \$22.05 including driver's wages, repairs, gas, oil, tires, depreciation, taxes and overhead expense (but not return on investment), leaving an estimated net profit of \$3.11 per day.

The witness stated that he made a survey of the district between Fort Bragg and Santa Rosa between March 4 and March 20, 1941, interviewed residents, local groups and civic organizations, many of whom testified or were represented at the former hearing in this matter. He said he explained to them the revised plan of the operation proposed herein, both with respect to the restricted service and the increased fares; that he was informed that they had no objection to the changes in fare structure or service, and that, if called upon, they would reaffirm their endorsement of applicant's proposed service. In support of the latter statement, the witness offered in evidence copies of new resolutions passed by the City Council of Fort Bragg, the Boards of Supervisors of Mendocino County and Sonoma County, Fort Bragg Chamber of Commerce, Fort Bragg Junior Chamber of Commerce, Mendocino Coast Chamber of Commerce, Cloverdale Chamber of Commerce, Healdsburg Chamber of Commerce, Santa Rosa Chamber of Commerce, Fort Bragg-Mendocino Farm Center, Healdsburg Kiwanis Club and letters from private individuals urging the Commission to authorize the establishment of the proposed service on the revised basis between Fort Bragg and Santa Rosa.

(4)

Resolutions of the Anderson Valley Farm Bureau, the Anderson Valley Grange and Fort Bragg Grange endorsing the proposed service were also received in evidence, together with testimony of representatives of these organizations. The witnesses pointed out that Coast Line Stages, Inc. (one of the protestants herein) made no effort to render passenger stage service between Fort Bragg and Cloverdale via the Anderson Valley until the Mendocino Transit Company had made a survey of the transportation needs of the Valley and had filed its original application. (5)

The chief protestant herein, Coast Line Stages, Inc., moved to incorporate in this record, by reference, the record in Application No. 23698, which motion was granted. (6) The Pacific Greyhound Lines, through its superintendent of transportation, offered testimony in opposition to the granting of the instant application, reasserting the position it took at original hearing in this proceeding that Coast Line Stages would give a better public service than than would be obtained under applicant's proposal, for the reason that the Coast Line Stages, an established carrier, is

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- (4) The Anderson Valley is a district approximately 15 miles in length, located 20 miles west of Cloverdale on California Highway No. 28. It is a part of the territory proposed to be served by the applicant. The towns of Philo, Boonville and Yorkville are located in the Valley, as well as several vacation resorts. The Anderson Valley Farm Center has about 70 members. There is no public transportation service available within 20 miles of this district at the present time.
- (5) Mendocino Transit Company filed its original application herein on August 3, 1940. Coast Line Stages, Inc. filed its application on September 18, 1940.
- (6) By Application No. 23698 Coast Line Stages, Inc. seeks authority (among other things) to extend its passenger stage operation from Navarro River Bridge to Cloverdale over the same line and route as that here proposed by the applicant Mendocino Transit Company. Hearings have been had in that matter, the application was submitted, and now awaits decision. That proceeding and the instant application are being disposed of concurrently.

in a better position to render this public service than would be the case with a new and inexperienced carrier entering the field. On cross-examination, the Greyhound witness agreed that while the present schedule of joint service of the Coast Line Stages and Pacific Greyhound Lines between Fort Bragg and Santa Rosa via Monte Rio now consumes six and one-half hours, the applicant would render a direct through service between the same points without transfer in three and one-half hours.

A witness for the Coast Line Stages testified that any diversion of traffic from that company to the applicant would impair the revenues of Coast Line Stages and result in possible abandonment of its passenger service if so much as one passenger per day were so diverted. However, upon cross-examination, the witness retracted somewhat from this position and conceded that any diversion would be due chiefly to applicant's superior service between Fort Bragg and Santa Rosa.

The Northwestern Pacific Railroad and California Western Railroad and Navigation Company offered no testimony in support of their protest.⁽⁷⁾

The question of public convenience and necessity was answered in the affirmative by our Decision No. 33933 of February 18, 1941 herein. At the present time there is no direct through service by passenger stage between Fort Bragg and Santa Rosa via California Highway No. 28 and U. S. Highway No. 101. There is no

(7) The California Western Railroad & Navigation Company operates from Fort Bragg to Willits and the Northwestern Pacific Railroad connects at that point for service to Santa Rosa and San Francisco. The California Western operates a rail passenger service daily between Fort Bragg and Willits. Connection is made at Willits with the northbound and southbound rail services of the Northwestern Pacific Company, operating between San Francisco and Eureka.

public service of any kind on California Highway No. 28 between Navarro River Bridge and Cloverdale for a distance of 59 miles. The need for service in this district and the desire of the residents of Anderson Valley for the establishment of a public passenger service to Fort Bragg and Santa Rosa is adequately expressed in the record by oral testimony of private individuals and by letters and resolutions of farm bureaus and civic organizations. We, therefore, reaffirm our former finding that public convenience and necessity justify and require the establishment of a passenger stage service by the applicant between Fort Bragg and Santa Rosa and intermediate points, exclusive, however, of local service between Cloverdale and Santa Rosa.

The protestants have failed to show a good or sufficient reason why the applicant should not be permitted to establish its proposed service. The protest of Coast Line Stages is based primarily upon the fact that it has a similar application pending before the Commission but we cannot seriously question the fact that the Mendocino Transit Company, the applicant herein, was the first to see the need for a direct service between Fort Bragg and Santa Rosa, was the first to make a survey looking toward the establishment of such a service, was the first to file its application to render the service and now offers to establish lower fares than Coast Line Stages.

(8) The proposed fares of Mendocino Transit Company and Coast Line Stages, for service between competitive points are as follows:

| <u>Between</u> <u>Fort</u> <u>Bragg</u> | <u>And</u> | <u>Boonville</u> | | <u>Yorkville</u> | | <u>Cloverdale</u> | | <u>Santa Rosa</u> | |
|---|------------|--------------------------|-----------------------------|--------------------------|-----------------------------|--------------------------|-----------------------------|--------------------------|-----------------------------|
| | | <u>One</u> <u>Way</u> | <u>Round</u> <u>Trip</u> | <u>One</u> <u>Way</u> | <u>Round</u> <u>Trip</u> | <u>One</u> <u>Way</u> | <u>Round</u> <u>Trip</u> | <u>One</u> <u>Way</u> | <u>Round</u> <u>Trip</u> |
| Mendocino Transit | | \$1.60 | \$2.90 | \$2.00 | \$3.60 | \$2.50 | \$4.50 | \$3.10 | \$5.60 |
| Coast Line Stages | | 1.90 | 3.55 | 2.45 | 4.45 | 3.20 | 5.80 | 3.80* | 6.90* |

*Combination fares with Pacific Greyhound Lines via Cloverdale.

Upon consideration of the record we are of the opinion and find that public convenience and necessity require the establishment of a passenger stage service by the Mendocino Transit Company for the transportation of persons and their baggage between Fort Bragg and Santa Rosa via California Highway No. 28 and U. S. Highway No. 101, except that no service may be rendered locally between Cloverdale and Santa Rosa, both points inclusive. The application will be granted and a certificate as prayed for in the amended application will be issued.

O R D E R

Based upon the foregoing opinion and the findings set forth therein which declare that public convenience and necessity so require:

IT IS ORDERED that a certificate of public convenience and necessity be and it hereby is granted to the Mendocino Transit Company to operate an automotive service as a passenger stage corporation, as that term is defined in Section 2-1/4 of the Public Utilities Act, for the transportation of passengers and their baggage, between Fort Bragg and Santa Rosa and intermediate points, exclusive of local service between Cloverdale and Santa Rosa and intermediate points.

IT IS FURTHER ORDERED that the foregoing certificate be and it hereby is made subject to the following conditions:

1. No local service may be rendered for the transportation of passengers and baggage between Cloverdale and Santa Rosa, nor between Cloverdale and Santa Rosa, on the one hand, and intermediate points between Cloverdale and Santa Rosa, on the other hand, provided that service may be rendered between Fort Bragg and Cloverdale, and

intermediate points (exclusive of Cloverdale) on the one hand, and points between Cloverdale and Santa Rosa, both inclusive, on the other hand.

2. Subject to the authority of the Commission to change said route at any time, the service herein authorized shall be conducted over and along the following route:

Commencing at Fort Bragg on California State Highway No. 1, thence southerly on said highway to Navarro River Junction to the intersection of California State Highway No. 28; thence southeasterly along California State Highway No. 28 to Cloverdale and to the intersection of U. S. Highway No. 101, thence southerly along U. S. Highway No. 101 to Santa Rosa, and returning over the same route to point of beginning.

IT IS FURTHER ORDERED that Mendocino Transit Company shall comply with the following service regulations:

1. File a written acceptance of the certificate herein granted within fifteen (15) days from the effective date of this order.
2. File on not less than five (5) days notice to the Commission and to the public an appropriate tariff and time schedule in accordance with the passenger fares and time schedules set forth in Exhibits "A" and "B" attached to the application, and prepared in a manner satisfactory to the Commission.
3. Commence the operation of the service herein authorized within thirty (30) days from the effective date of this order.
4. 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.
5. No vehicle may be operated by applicant herein unless such vehicle is owned by said applicant or is leased by applicant under a contract or agreement on a basis satisfactory to the Railroad Commission.
6. Applicant shall, prior to the commencement of service authorized herein, and continuously thereafter, comply with all of the provisions of this Commission's General Order No. 91.

IT IS FURTHER ORDERED that Mendocino Transit Company be and it hereby is authorized to issue and sell, after the effective date hereof, and on or before July 31, 1941, not exceeding \$1,000 of its common capital stock, at par for cash, and to use \$750 of the proceeds to finance in part the cost of the equipment to be acquired by it, and \$250 to provide working capital, it being the opinion of the Commission that the money, property or labor to be procured or paid for through the issue and sale of said stock is reasonably required 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. Upon the issue of the stock herein authorized, applicant shall file a report, or reports, as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

The effective date of this order shall be ten (10) days from the date hereof.

Dated at San Francisco, California, this 10th day of

June, 1941.

Ray L. Reed
Justin F. Cramer
Frank R. Hoover
Arthur J. Clarke
 COMMISSIONERS