

ORIGINAL

37931

Decision No. \_\_\_\_\_

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of PETE DRAKE, conducting as sole owner certain automobile passenger stage lines under the name of the TERMINAL ISLAND TRANSIT CO., for certificate of public convenience and necessity to extend the operation of passenger service as common carrier from its eastern terminus on Seaside Avenue on west bank of Long Beach Harbor Entrance Channel on Terminal Island, California, over and across the bridge spanning Long Beach Harbor Entrance Channel, thence easterly on Eldorado Street and South Seaside Boulevard to Fico Avenue, thence north to Ocean Boulevard, thence east to Chestnut Avenue, thence north to West Broadway, thence east to Pacific Avenue, thence South to First Street, being the proposed easterly terminus, thence south to Ocean Boulevard, thence west over Ocean Boulevard and return by the same route.

Application No. 26506

In the Matter of the Application of the LONG BEACH MOTOR BUS COMPANY, a California corporation, for the vacation of Decision No. 36224 which authorized temporary discontinuance of operations as an auto stage line for the transportation of passengers between Long Beach and Terminal Island, and intermediate points.

Application No. 25549  
First Supplemental

BEROL & HANDLER, for LONG BEACH MOTOR BUS COMPANY, Applicant in Application No. 25549; protestant in Application No. 26506; also for LANG MOTOR BUS CORPORATION, intervenor.

WM. N. DEATHERAGE, for PETE DRAKE, applicant in Application No. 26506; protestant in Application No. 25549.

JOS. D. NAILOR, for Office of Defense Transportation, interested party.

IRVING M. SMITH, City Attorney, and JOSEPH B. LAMB, Deputy City Attorney, for City of Long Beach, interested party.

G. W. CORNELL and H. O. MARLER, for Pacific Electric Railway Co., interested party.

WIXON STEVENS, Deputy City Attorney, and JAMES GUNN, for Department of Public Utilities and Transportation, City of Los Angeles.

WHITNEY R. HARRIS, Lieutenant, U.S.N., for U. S. Naval Operating Base, Terminal Island, interested party.

E. D. SEWARD, for San Pedro Chamber of Commerce, interested party.

R. D. SANGSTER, for Los Angeles Chamber of Commerce, interested party.

ROBERT LANDIER, for San Pedro Motor Bus Co., interested party.

J. D. BAYNEAM, for Consolidated Steel Corp., interested party.

M. B. MULHOLLAND, for Long Beach Chamber of Commerce, interested party.

CHAS. A. BLAND, for Board of Harbor Commissioners of Long Beach, interested party.

BY THE COMMISSION:

### O P I N I O N

Applicants Pete Drake, doing business as Terminal Island Transit Co., and Long Beach Motor Bus Company, a California corporation, each seek a certificate of public convenience and necessity authorizing them to operate as a "passenger stage corporation" between Terminal Island and Long Beach. The applications will hereinafter be more fully described.

The matters were consolidated for hearing and decision. Hearings were held at Long Beach on February 1, 2, and 16, and May 16, 1945,<sup>1</sup> before Examiner Chiesa, and having been duly

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(1) Originally submitted on February 16, 1945, the matters were reopened by order dated April 24, 1945, for further hearing on May 16, 1945, on which date they were resubmitted.

submitted on concurrent briefs, which have been filed and considered, they are now ready for decision.

For brevity, Terminal Island Transit Co. will be referred to as "Drake", Long Beach Motor Bus Company as "Bus Company", and Lang Motor Bus Corporation, an intervenor, as "Lang".

At the outset it seems desirable to state that Bus Company and Lang, an intervenor, are controlled by the same interests and have, almost without exception, the same officers, directors, and management. Also, they share terminal facilities, garage, offices, and have other common interests. Bus Company is a certificated carrier under the jurisdiction of this Commission and at present operates several lines between its Long Beach downtown terminal and adjacent areas. Lang is the only bus company providing a service wholly within the City of Long Beach and serves an extensive number of routes. Its city franchise calls for an all-inclusive five-cent fare with full transfer privilege. It also has a transfer arrangement with Bus Company. The latter company owns no operating equipment. By terms of a written agreement (Exhibit No. 23) Lang allows Bus Company the use of certain of its passenger motor buses, "when the same are not needed in the operations of" Lang, for a rental of "one and one-half (1½) cents per mile for each mile travelled by any of said buses while used by" Bus Company "in its operations, and in addition thereto pay all operation and maintenance expense in connection therewith". Said agreement also provides a manner of payment for transfer privileges.

Terminal Island is approximately four miles long and one mile wide and lies just off the southern shore lines of

the cities of Los Angeles and Long Beach. The eastern third of the Island lies within the City of Long Beach and the western portion is in Los Angeles. Terminal Island is separated from the mainland by two narrow channels, the Main Channel on the west and Cerritos Channel on the north and east. At present there are three ways whereby motor vehicles can get to and from the Island, the San Pedro ferry crossing the Main Channel between Los Angeles (San Pedro) on the mainland and East San Pedro on the Island, the bascule bridge which crosses Cerritos Channel just east of the cities' boundary line, and a temporary Navy pontoon bridge which crosses the entrance to Cerritos Channel at the eastern end of the Island. The principal installations on the Island along and south of Seaside Avenue, beginning just west of the pontoon bridge, are, in order, Naval Drydocks, Naval Operating Base (also known as Roosevelt Base), Naval Air Station (also known as Reeves Field), Naval Receiving Station, Harbor Boat Building Company, Bethlehem Steel Corporation Shipyards, and the Navy Disciplinary Barracks. All of said installations are contiguous or practically so. About a half mile north of Seaside Avenue is a street parallel thereto known as Dock Street. Dock Street is the southern boundary of the California Shipbuilding Corporation yard (also known as Calship) which is on the north shore of the Island directly to the north of the Naval Air Station and the western portion of Naval Operating Base. Also on the north shore, a short distance west of Calship, is the Consolidated Steel Company yard. All of the installations are on the Los Angeles or East San Pedro side of the Island excepting the two most eastern, the Naval Operating Base and Naval Drydocks which are located wholly within the City of Long Beach.

At the Naval Drydocks there are two gates on Seaside Avenue which are used by Navy personnel and civilian employees, but the important one in the consideration of these proceedings is Gate 5, located about a half mile west of the pontoon bridge. Another important gate is located at the Naval Operating Base about a mile west of Gate 5 and is known as Gate 1. As indicated, these gates are in the City of Long Beach. The main gate of the Naval Air Station is located on Ferry Street, about one and a half miles west of Gate 1 and a half mile south of Seaside Avenue. The latter gate is mentioned only because it is the western terminus of the route proposed by applicant Bus Company. West of this terminus are four of the installations previously named, and several smaller ones.

The evidence is clear and substantial that a considerable number of the civilian employees at all of the installations on the Island live in Long Beach and are in need of public transportation from and to their places of employment. Also, the service personnel will require additional public transportation facilities as the Navy desires to discontinue its present bus operations as soon as sufficient public buses are made available. At present, the only direct bus service between Terminal Island and Long Beach is by Navy buses from Naval Air Station, Naval Operating Base, and Naval Drydock, and by Lang buses which also are serving Naval Operating Base and the Drydock. Without this Navy operation, transportation facilities between said installations and Long Beach would be inadequate except at Calship where service to Long Beach is performed by the Maritime Commission-Pacific Electric rail line.

On December 26, 1944, Pete Drake applied for authority to render a direct service between the Island installations and Long Beach by extending his service from the present eastern terminus of Seaside Avenue, across the pontoon bridge, thence easterly two miles to a proposed terminal in downtown Long Beach, to be located at Pacific Avenue and First Street. An alternate route is proposed via the bascule bridge. This applicant proposes a 24-hour service with headways of five to eight minutes at peak periods, and 15 to 30 minutes at other times, depending on demand. His present fare between points on the Island is five cents; he proposes a 10-cent fare between points on the Island west of the Los Angeles-Long Beach boundary and points east of the pontoon bridge, and five cents between points on the Island east of said boundary and points east of said bridge. No transfer arrangements with other carriers are contemplated. No local traffic will be handled in Long Beach having both origin and destination beyond Terminal Island. Drake provides the only local bus transportation service on Terminal Island, his operation serving all installations located thereon. He is also authorized to operate between Naval Drydocks and Wilmington. Bus transportation on Terminal Island has been conducted by the Drake family almost continuously since 1926, the service having been pioneered by Harry Drake, applicant's father and predecessor operator.

Drake now has 14 buses which includes one as a replacement. The capacity of this equipment, which is in good condition, varies from 21 to 45 passengers. Five additional new buses of 27-passenger capacity have been allocated to him by the Office of Defense Transportation and are ready for immediate delivery. His present equipment is not used to

capacity for his regular scheduled operations except for the two heaviest peak periods occurring between 7:20 a.m. and 7:40 a.m., and 4:30 p.m. and 5:15 p.m. when all 13 buses are in use. During other peak periods 9 to 11 buses suffice.

The record shows that Drake has been carrying approximately 180,000 passengers a month but recently the volume has decreased considerably. The Navy is now carrying between 66,000 and 96,000 passengers monthly between its installations on Terminal Island and Long Beach. With the withdrawal of most of the Navy service, this load must be borne by other carriers. Without the operation of Navy buses, service at Drydock and Naval Operating Base would be inadequate, particularly during peak periods. The record indicates that the greater portion of the anticipated Terminal Island to Long Beach traffic will originate at the two last-named installations and the remainder elsewhere on the Island. It appears that Drake could accommodate between 60,000 and 80,000 additional passengers a month with the additional five buses and a more advantageous use of his present equipment. The evidence shows that this applicant has drivers for this equipment and garage facilities to keep it in repair. His financial condition is satisfactory.

Long Beach Motor Bus Company in its application, filed January 3, 1945, requested authority to reestablish service between Calship yard and Long Beach, which service it operated from June of 1942 to March of 1943, via the bascule bridge. Said service was temporarily discontinued at the request of the Office of Defense Transportation coincident with the establishment of rail service between Calship and Long Beach by the Maritime Commission in conjunction with the Pacific Electric Railway. Bus Company did not offer any evidence to

justify the reestablishment of this service and there is no evidence in the record that would justify this Commission's granting the request. Bus Company was permitted to amend its application to request the establishment of a direct service between the intersection of Ferry Street and Terminal Way on the Island and downtown Long Beach, serving the Naval Air Station, Naval Operating Base, and Naval Drydock. The regular route proposed by this applicant is almost identical with that which is proposed by Drake for the same installations. It also proposes an alternate route via the bascule bridge to be used on occasions when passage over the pontoon bridge is not possible.

The record shows that Bus Company does not propose any service to installations west of the Naval Air Station; that its proposed fares are identical with those proposed by Drake except that its passengers will have the benefit of a transfer privilege with Lang buses. Although the schedules proposed by this applicant appear adequate, the limited service it intends to operate would not serve the needs of the employees and service personnel at installations west of the Naval Air Station. It is suggested by this applicant and Lang that traffic from this part of the Island could be handled by Drake through an interchange arrangement with Lang, transfer to be made on the Island somewhere east of the cities' boundary line and that this would be the logical solution to the transportation requirements of personnel west of Naval Operating Base. In view of the heavy character of the traffic at Gates 1 and 5, which traffic is expected to increase materially, it does not appear that the suggested interchange operation would be in the best public interest. There was testimony to the effect that



congestion and confusion would result from such an arrangement, particularly at peak hours and liberty periods. Viewing the situation from a practical operating standpoint, we are of the opinion that a direct service between Island installations and downtown Long Beach is preferable.

It was shown that Bus Company does not own any buses or other operative equipment. It presently leases from Lang the equipment which it now uses in the operations hereinabove mentioned. No additional equipment from Lang can be expected as that operator is in need of more buses for its present and proposed Island service. Bus Company has not ordered, nor filed application with the Office of Defense Transportation for equipment in anticipation of establishing this service. The record is clear that because of the lack of equipment, this applicant could not establish and operate the service it proposes, and that the service, as proposed, would not meet the public's need.

The position of Lang is, as indicated, that it is the logical operator to serve Naval Drydock and Naval Operating Base because they are located within the confines of Long Beach, and because the public would benefit from the five-cent fare with full transfer privileges to all of Lang's other lines and the lines of Bus Company; that the proposed service by Drake and Bus Company is not necessary and would result in dual operations between the Island and Long Beach; that both applications should be denied and that Drake should be required to exchange passengers at Gate 5 or some other convenient place on the Long Beach side of the Island. At present, Lang is taking care of approximately two-thirds of the traffic at the Drydock and Naval Operating Base. The evidence shows that the need for

public transportation at those two installations is expected to increase materially as ship repair facilities are in the process of expansion.

We are of the opinion that the expected increase in demand for transportation which will result from increased employee and service personnel at Naval Operating Base and Drydock and the withdrawal of service now performed by the Navy, as well as the additional requirements of passengers employed west of the city boundary, justifies the establishment of a direct bus service for all installations on Terminal Island including an additional service at the two principal points, Naval Operating Base and Naval Drydocks.

The protest of Pacific Electric Railway Company was practically satisfied when applicant Bus Company decided to abandon its request to reinstate service between Calship and Long Beach. This protestant, whose fare between Calship and Long Beach is 10 cents, nevertheless objects to the granting of any rights which would permit either applicant to operate between Naval Operating Base and Long Beach at a fare of 10 cents or less, with transfer privileges. It contends that if this were permitted it might result in a diversion of passengers from rail to buses. As the evidence shows that the shortest distance between any of the Calship gates and Gate 1 is approximately a half mile, it is difficult to believe that protestant would suffer a material loss of patronage.

The City of Long Beach and the Long Beach Chamber of Commerce, interested parties, favored a five-cent fare for rides wholly within the city limits. It is also urged by the former, that in case either applicant is granted authority to operate,

a restriction limiting the service to the duration of the present hostilities should be imposed.

The record shows that the need for additional transportation arises from the war emergency, and as the postwar need for public transportation between the Island and Long Beach is not now clearly discernible, a time limitation appears advisable.

Upon consideration of the entire record we find that public convenience and necessity require the establishment of a direct bus service between Terminal Island and Long Beach and that the service as proposed by applicant Pete Drake will more adequately meet this public need. Therefore, an order will be entered granting the application of Pete Drake, Application No. 26506, and denying the application of Long Beach Bus Company, Application No. 25549, First Supplemental.

Pete Drake is hereby placed upon notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate-fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. 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 given.

O R D E R

A public hearing having been had herein and the Commission now being fully advised, and it having been found that public convenience and necessity so require,

IT IS ORDERED as follows:

I

(1) That a certificate of public convenience and necessity be and it is hereby granted to Pete Drake, doing business as Terminal Island Transit. Co., authorizing the establishment and operation of service as a passenger stage corporation, as defined in Section 23 of the Public Utilities Act, for the transportation of passengers between Terminal Island and Long Beach and intermediate points, as an extension and enlargement of applicant's existing right and consolidated therewith, subject to the following restrictions:

- (a) No passengers shall be carried locally between the eastern entrance to the pontoon bridge, over Cerritos Channel, and applicant's terminus in the City of Long Beach.
- (b) When using the alternate route hereinafter described no passengers shall be carried locally between the intersection of Henry Ford Boulevard and Ocean Avenue on Terminal Island and applicant's terminus in the City of Long Beach.
- (c) That the authority granted by the foregoing certificate shall terminate one year from the effective date of this order unless further time is granted by subsequent order.

(2) That in providing service pursuant to the certificate herein granted, Pete Drake shall comply with and observe the following service regulations:

- 1. Applicant 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.

2. Applicant shall comply with the provisions of General Order No. 79 and Part IV of General Order No. 93-A by filing, in triplicate, and concurrently making effective, appropriate tariffs and time schedules within sixty (60) days from the effective date hereof and on not less than one (1) day's notice to the Commission and the public.
3. Subject to the authority of this Commission to change or modify such at any time, Pete Drake shall conduct said passenger stage operation over and along the following described routes:

Regular Route

Leaving the eastern terminus of Seaside Avenue on Terminal Island, thence easterly across the pontoon bridge, thence along Seaside Boulevard, Pico Avenue, Ocean Boulevard, Chestnut Avenue, Broadway, Pacific Avenue to terminus at First Street, thence continuing along Pacific Avenue to Ocean Boulevard, thence to Chestnut Avenue.

Alternate Route

The following alternate route is to be used only when passage over the pontoon bridge spanning Cerritos Channel is not possible:

Beginning at the juncture of Henry Ford Boulevard and the emergency Terminal Island cut-off road, thence along said road, Anaheim Street, Santa Fe Avenue, 9th Street, Pico Avenue, Broadway, Pacific Avenue to terminus at First Street, thence continuing along Pacific Avenue, Ocean Boulevard, Chestnut Avenue to Broadway.

Applicant is authorized to turn his motor vehicles at termini or intermediate points by operating around a block in either direction, contiguous to such intersection or in accordance with local traffic rules.

II

(1) That Application No. 25549, First Supplemental, of Long Beach Motor Bus Company, a corporation, be and it is hereby denied.

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

Dated at Los Angeles, California, this 24<sup>th</sup> day of May, 1945.

David Anderson

Justin F. Casper

Richard L. Clarke

Frank A. Clark

Scott J. Fawcett

Commissioners

CERTIFIED AS A TRUE COPY

Secretary, Railroad Commission  
of the State of California