

Decision No. 41489

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
WEST COAST BUS LINES, LTD., a corporation, )  
doing business under the firm name of )  
WEST COAST TRAILWAYS, for a certificate of )  
public convenience and necessity to operate )  
a passenger stage business for the trans- )  
portation of passengers and their baggage )  
in the same vehicle with passengers over )  
regular routes between San Francisco, Cali- )  
fornia and the Oregon-California state )  
boundary line at its intersection with U. S. )  
Highway 99 serving certain intermediate )  
points. )

Application No. 28312

GLANZ & RUSSELL, for applicant.  
WILLIAM F. BROOKS, for Santa Fe Transportation Company,  
intervening on behalf of applicant.  
WILLIAM MEINHOLD, for Southern Pacific Company, protestant.  
DOUGLAS BROOKMAN, ALLEN P. MATTHEW and GERALD H. TRAUTMAN,  
for Pacific Greyhound Lines, interested party.  
E. S. LUBFIN, for Safeway Motor Coach Lines, interested  
party.

O P I N I O N

(1)

West Coast Bus Lines, Ltd., by the instant application,  
as amended, seeks a certificate of public convenience and necessity,  
authorizing it to transport passengers and their baggage intra-  
state from San Francisco to the California-Oregon state boundary at  
its intersection with U. S. Highway 99, generally by way of Oakland,  
Sacramento, Woodland, Red Bluff, Redding and Yreka. Permission  
is sought to serve all intermediate points along the route except  
between San Francisco and Sacramento.

A public hearing was held at Redding on March 31, 1948,  
before Examiner Howard. Evidence was introduced and the matter

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(1) Applicant will usually be referred to as West Coast.

was submitted subject to the filing of two exhibits, which have since been received.

West Coast is a California corporation with its principal place of business in San Francisco. It possesses interstate common carrier rights to transport passengers and baggage between San Francisco, Seattle, Washington and intermediate points over what may be termed, for the sake of brevity, the inland route. It also has intrastate operative rights in Oregon between Portland and the California-Oregon state boundary, where it bisects U. S. Highways 99 and 99-E.

The right which West Coast now seeks from this Commission is to carry passengers intrastate along the same route followed in its interstate operations. It is proposed that U. S. Highway 40 be used from San Francisco to Sacramento; State Route 16 to Woodland; U. S. Highway 99-W to Red Bluff; and U. S. Highway 99 to the California-Oregon boundary. An alternate route to be used in connection with that just described is sought from the junction of U. S. Highways 40 and 99-W, near Davis, via the latter highway to Woodland. Applicant does not propose to perform service between San Francisco and Sacramento or points intermediate thereto. However, it does intend to provide service between the restricted area and points north of Sacramento or north of the junction of U. S. Highways 40 and 99-W.

West Coast has in operation nineteen A.C.F. Intercity air-conditioned 37-passenger buses of 1946 and 1947 models. It intends to inaugurate service with such equipment and to add units of a similar type should the service so require. West Coast has established local agencies, terminal facilities, meal and rest

stops along the proposed route in connection with its interstate operations. The same facilities will be utilized for the intrastate service if this application is granted.

It is the plan of West Coast to institute service with three schedules daily in each direction. These will be the present interstate runs. Applicant intends to carry intrastate passengers on the same equipment if the certificate sought herein is received. The President of West Coast testified that another daily schedule in each direction will be added in May of 1948 whether the pending application is granted or denied. He stated, also, that intrastate passengers carried on the present schedules would yield West Coast added revenues, to the extent of such fares received, without any increase in operating expenses. The record shows there are vacant seats available on all buses now in operation on applicant's line.

The fares which West Coast seeks to establish are constructed upon the basis per passenger mile of 1.5 cents for the first 300 miles; 1.4 cents for distances between 301 and 350 miles; 1.3 cents for distances between 351 and 400 miles and 1.25 cents for distances greater than 400 miles. The fares thus proposed are the same as those now in effect by Pacific Greyhound Lines, the only passenger stage corporation rendering service along the entire route which applicant seeks to serve.

West Coast is a member of the National Trailways Bus System and, as such, is the carrier with which the Santa Fe Trail Transportation Co. interchanges traffic in interstate commerce.

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(2) Santa Fe Trail Transportation Co. is the interstate passenger bus subsidiary of The Atchison, Topeka & Santa Fe Railway Company.

(3)  
Santa Fe Transportation Co. entered an appearance in this proceeding in support of the application. If the authority sought is granted, Santa Fe Transportation Co. and West Coast intend to interchange intrastate passengers at San Francisco and to establish joint through fares in California which will be the same as those charged by Pacific Greyhound Lines. Passengers whom Santa Fe Transportation Co. interchanges with Pacific Greyhound Lines must now pay the combination of local fares, which is higher than the through fares of Pacific Greyhound Lines.

The evidence of record shows that on March 1, 1948, Santa Fe Trail Transportation Co., Dixie Motor Coach Corporation and Continental Bus System merged to form Transcontinental Bus System, Inc. The latter has a contract to purchase 100 per cent of the stock of West Coast. An application for approval of this acquisition is pending before the Interstate Commerce Commission. It is planned that West Coast will be integrated with and operated as a part of Transcontinental Bus System. Transcontinental now owns approximately one-third of the stock of West Coast. It was acquired as a result of the merger, from Continental Bus System and Santa Fe Trail Transportation Co., each of which owned 15.8 per cent of the stock of West Coast.

Transcontinental operates some 21,000 route miles in fourteen states. It has a route between Chicago and San Francisco through Los Angeles, Northern Arizona and New Mexico, Western Kansas and Kansas City. Another route from Chicago to Denver is

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(3) Santa Fe Transportation Co. is the California intrastate passenger bus subsidiary of The Atchison, Topeka & Santa Fe Railway Company.

operated through Kansas. A third route is operated between Denver and El Paso. Extensive local service is rendered in Kansas, Missouri, Arkansas, Oklahoma and Texas.

Transcontinental, through its general counsel, who testified in this matter, offered to provide whatever financial assistance West Coast might need to conduct the proposed operation. A balance sheet introduced in evidence shows that Transcontinental has in excess of \$1,365,000 in current assets, with current liabilities of \$11,690. Total assets are shown as \$8,733,964.51.

The granting of this application is opposed by Southern Pacific Company, which provides rail passenger service between Portland and San Francisco, via the Sacramento Valley. A special rate clerk from the General Passenger Traffic Department of Southern Pacific Company was a witness. He testified that Southern Pacific Company operates four trains daily in each direction through the territory under consideration. Two of such trains supply transportation at most of the points West Coast plans to serve. The other trains stop at only a few of the communities along the contemplated route. This witness stated that Southern Pacific Company expects to receive additional equipment in October of this year to be used on its proposed "Shasta Daylight" trains between San Francisco and Portland. He advised that such trains will be comparable to the "Daylights" now in operation between San Francisco and Los Angeles. They will be limited, high-speed trains making few stops en route. On cross-examination the witness acknowledged that such trains are not designed to provide local service through the territory in which they are operated. He said the basic coach fare of Southern Pacific Company is two and one-half cents per

passenger mile. This charge is much higher than the basic fare proposed by West Coast of one and one-half cents per passenger mile.

Pacific Greyhound Lines entered an appearance at the hearing as an interested party. It did not oppose granting of the application. Counsel for Pacific Greyhound Lines, in expressing the position of that company, stated that several conferences were held between its representatives and those of West Coast to ascertain if an understanding could be reached which would preclude protest on the part of Pacific Greyhound Lines. The application, as originally filed, among other things, sought local rights between San Francisco, Sacramento and intermediate points. Pacific Greyhound Lines felt compelled to oppose the application as so drawn because of the amount of service already provided by it between San Francisco, Sacramento and points intermediate thereto. There are 56 round trips daily between San Francisco and Sacramento, as well as 97 daily schedules between Vallejo and San Francisco and 96 in the reverse direction. North of Sacramento along the proposed route there are presently eight schedules operated daily in each direction by Pacific Greyhound Lines. In addition, over the river route between San Francisco and Sacramento, Gibson Lines, Inc. runs five round trip schedules a day with an extra schedule on Fridays and two extra schedules on Saturdays and Sundays. It was agreed that if West Coast would incorporate in its application a restriction against performing local service between San Francisco and Sacramento, Pacific Greyhound Lines would refrain from protesting the application as amended. Counsel for Pacific Greyhound Lines stated that his company is opposed to needless duplication of existing transportation service, not only because of the injury to

the existing operators, but also because of the detrimental effect upon the public with respect to service or fares or both. It believes that West Coast service, as contemplated by the amended application, will result in some diversion of traffic and revenues from Pacific Greyhound Lines but that such diversion will not be so substantial as to cause appreciable detriment to the public in the matter of either service or fares. Having concluded that the advent of West Coast service would not produce deterioration of Pacific Greyhound Lines service or contribute materially to a need for an increase in fares, no protest was made.

A number of public witnesses were present and ready to testify. However, the parties, in lieu of hearing them, stipulated as to 35 witnesses, that, if called, they would testify substantially to the effect: that they know of the pending application; that they have occasion to travel by bus in the territory involved; that they are familiar with the interstate service of applicant; that they would have occasion to use the proposed service and that the additional schedules of applicant would be advantageous and a convenience to them. Augmenting this evidence was a resolution of the Mount Shasta Chamber of Commerce favoring the authority sought by West Coast for the reasons that the augmented facilities for travel by bus would result in more business for the city and greater convenience for its residents and visitors. This resolution was read into the record. The parties then stipulated as to 19 witnesses representing different civic or quasi-civic bodies, that, if called to the witness stand they would testify: that the matter of the application was presented to their organization; that a resolution was adopted urging the California Public Utilities Commission to grant such application and that the form of the

resolution is substantially the same as that adopted by the Mount Shasta Chamber of Commerce.

It is apparent from this record that the rail service offered by Southern Pacific Company, the only protestant, is not comparable to that proposed by West Coast. The service it offers is not co-extensive with that contemplated by applicant and Southern Pacific Company fares are considerably higher than those planned to be charged by West Coast. It seems unlikely that Southern Pacific Company would be noticeably affected whether this application is granted or denied.

There is uncontroverted evidence that the public would be better served by the granting of this application. Greater schedule frequency and increased freedom of selection would result, at fares on a parity with those of the existing passenger stage common carrier in the field.

The record shows that West Coast has good bus equipment, terminals and other facilities, necessary for the proper functioning of the service it seeks authority to provide and in addition that it has sufficient financial backing to conduct the contemplated operation.

After carefully reviewing the evidence of record in this proceeding, the Commission is of the opinion and finds that public convenience and necessity require that this application be granted.

West Coast Bus Lines, Ltd. 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

West Coast Bus Lines, Ltd. having filed an application with the Public Utilities Commission of the State of California for authority to operate as a passenger stage corporation, as defined in Section 2½ of the Public Utilities Act, a public hearing having been held upon said application, the matter submitted and the evidence having been fully considered by this Commission, and basing this order upon the conclusions and findings contained in the foregoing opinion,

IT IS ORDERED that a certificate of public convenience and necessity be and it is hereby granted to West Coast Bus Lines, Ltd. authorizing it to establish and operate a service as a passenger stage corporation, as defined in Section 2½ of the Public Utilities Act, for the transportation of passengers and their baggage between San Francisco and the California-Oregon state boundary at its intersection with U. S. Highway 99 and points intermediate thereto; subject to the restriction that no service shall be rendered between San Francisco and Sacramento and intermediate points or between San Francisco and the junction of U. S. Highways 40 and 99-W near Davis and intermediate points; but provided that passengers and their baggage may be carried from points inside of the restricted area to points outside thereof or from points outside of the restricted

area to points inside thereof.

IT IS FURTHER ORDERED that in providing service pursuant to the certificate herein granted, applicant 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 30 days from the effective date hereof.
2. Within 60 days from the effective date hereof and on not less than 5 days' notice to the Commission and the public, applicant shall establish the service herein authorized and 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 tables.
3. Subject to the authority of this Commission to change or modify them by further order, applicant shall conduct operations pursuant to the certificate herein granted over and along the following routes:

Between San Francisco and Sacramento via U. S. Highway 40; between Sacramento and Woodland via California Highway 16; between Woodland and Red Bluff via U. S. Highway 99-W and between Red Bluff and the California-Oregon state boundary line via U. S. Highway 99.

As an alternate to be used in connection with and as a part of the above route; between Woodland and the junction of U. S. Highways 40 and 99-W near Davis via U. S. Highway 99-W.

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

Dated at San Francisco, California, this 20<sup>th</sup> day of April, 1948.

R. J. [Signature]  
Justice J. Casper  
Isaac [Signature]  
[Signature]  
 COMMISSIONERS