

Decision No. 43305

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
EL CAMINO TRANSIT, INC., for certifi-)	
cate to operate motor coach and bus)	Application No. 30296
service as a common carrier between)	
Redondo Beach and the Hollywood Riviera))	
District of Torrance.)	

In the Matter of the Application of)	
EL CAMINO TRANSIT, INC., for permit)	
and order authorizing the sale and)	Application No. 30297
issuance of stocks.)	

Gordon, Knapp & Hennessy by Hugh Gordon, for applicant.
Collamer A. Bridge, for Sunset Stages, protestant.
Marshall Chamberlain, for City of Torrance Municipal
 Bus Lines.

O P I N I O N

By Application No. 30296, El Camino Transit, Inc., seeks authority to operate a common carrier service for the transportation of passengers between the Hollywood Riviera District, in the City of Torrance, and the City of Redondo Beach. By Application No. 30297, as amended, El Camino Transit, Inc., requests authority to issue 40 shares of its authorized capital stock to Arnold Milton as consideration for the equipment and operative rights held by him in the business known as El Camino Transit. Applicant requests further authority to issue an additional 10 shares to Arnold Milton, the purpose for which will be discussed later.

Application No. 30296 was protested by Sunset Stages. The Torrance Municipal Bus Line appeared but did not protest the granting of the Application No. 30296. Public hearings on both of the above entitled applications were held at Redondo Beach, on June 27 and 28, 1949, before Examiner Rowe, at which time evidence,

both oral and documentary, was adduced and the matter submitted for decision.

According to the witness Arnold Milton, president of applicant, the only operation that company has been conducting is one exclusively within the corporate limits of the City of Redondo Beach, which is rendered pursuant to a permit issued by that city. This operation has been in existence for about five months. Applicant's predecessor served the same general area for a year and a half prior to that time. The area presently served and that covered by Application No. 30296 are substantially the same with the exception of a proposed southerly extension of service from Redondo Beach to Torrance, a distance of approximately three miles.

Many public witnesses residing in the territory along and north of Redondo Beach Boulevard testified that they preferred the services rendered by applicant to that of Sunset Stages. Most of this preference was based upon operating differences in the two lines, especially the courtesy of the drivers. The charges of discourtesy against Sunset Stages' drivers were, for the most part, indefinite and referred to remote instances, frequently as far back as during the war period.

This public prejudice, while it appears to be in most instances unjustified and based upon small grievances, is very real and deep rooted. The evidence of record shows that the public not only desires to have applicant's presently operated service continued, but wants it coupled with the extended service proposed. A substantial number of public witnesses including the Mayor of Redondo Beach expressed a need for such service.

The present city operations of applicant are in competition with Sunset Stages. Protestant's service does not extend into Torrance and they have stated that they do not oppose the granting of this portion of the application. However, protestant does object to the certification of the present operations within the City of Redondo Beach upon the ground that it is now offering a better service over certain lines than that proposed by applicant. The operating time of Sunset buses from Vail Avenue and Redondo Beach Boulevard is 13 minutes, whereas the proposed operating time of applicant between the same points is 18 minutes. Protestant also contends that no requests from either the public, within the City of Redondo Beach, nor from this Commission have been made upon it to improve their service. In these circumstances, protestant contends that in view of Section 50 1/4 of the Public Utilities Act, this application can be granted only after a finding that protestant will not provide service to the satisfaction of this Commission.

A denial of this application would not alleviate the competitive situation that has existed and presently exists within the corporate limits of the City of Redondo Beach, but it would deprive the Hollywood Riviera District in Torrance of a certificated passenger service, for which the record discloses an existing need. From the evidence of record, the Commission finds, as a fact, that the certificated carrier in the territory will not provide service, as proposed by applicant, to the satisfaction of the Commission.

El Camino Transit, Inc. asks permission to issue 40 shares (\$4,000 par value) of its capital stock to Arnold Milton for the assets, business and good will of the bus line operated by him as El Camino Transit. The assets include three buses and all operating authority he now possesses or may hereafter obtain, covering operations within or without the City of Redondo Beach. The corporation also proposes to issue and sell to Arnold Milton 10 shares of capital stock at \$100 per share, for the purpose of paying indebtedness in the sum of \$386 and of providing itself with working capital. He will own all of the stock. The transfer of the buses to the applicant will not result in any change in the operation and conduct of the business.

El Camino Transit, Inc., 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 as to the number of rights which may be given.

O R D E R

The Commission, having considered the evidence submitted at the hearings held on these applications and the briefs filed herein, is of the opinion and finds that public convenience and necessity require the issuance of the certificate of public

convenience and necessity requested in Application No. 30296; that the money and property to be procured or paid for the issue of \$5,000 par value of capital stock by El Camino Transit, Inc., is reasonably required by said El Camino Transit, Inc., for the purposes herein stated, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; and that Application No. 30297 should be granted; therefore,

IT IS ORDERED:

(1) That El Camino Transit, Inc. may, after the effective date hereof and on or before December 31, 1949, issue, sell and deliver to Arnold Milton 40 shares (\$4,000 par value) of its capital stock in exchange for the assets, business and good will of the bus line operated by him as El Camino Transit, including the buses and properties referred to in the foregoing opinion, and may issue and sell 10 shares of its capital stock at \$100 per share, and use the proceeds to pay indebtedness and to improve and maintain its service.

(2) That a certificate of public convenience and necessity be, and it hereby is, granted to El Camino Transit, Inc., authorizing the establishment and operation of a service as a passenger stage corporation, as defined in Section 2 $\frac{1}{2}$ of the Public Utilities Act, for the transportation of passengers between the intersection of Manhattan Beach Boulevard and Johnston Avenue in the City of Redondo Beach, and the intersection of Calle de Arboles and Calle Miramar in the Hollywood Riviera District in the City of Torrance, and intermediate points.

(3) That in providing service pursuant to the certificate herein granted, applicant shall comply with and observe the

following service regulations:

- a. 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.
- b. Within 60 days after 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.
- c. 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:

From Via Pasqual along Via Monte D'Oro, Calle de Arboles, Calle Miramar, Paseo De Granada, Via Pasqual, Via Monte D'Oro, Calle Miramar, Palos Verdes Parkway, Catalina Avenue, Avenue I, Prospect Avenue, Gertruda Avenue, Juanita Avenue, Avenue A, Sapphire Street, Gertruda Avenue, Ruby Street, Camino Real, Juanita Avenue, Garnet Street, Broadway, Torrance Boulevard, Pacific Avenue, Diamond Street, Guadalupe Avenue, Beryl Street, Flagler Lane, Harriman Lane, Rindge Lane, Redondo Beach Boulevard, Vail Avenue, Manhattan Beach Boulevard, Johnston Avenue, Beland Boulevard, McBain Avenue, Inglewood Avenue, Redondo Beach Boulevard to Vail Avenue.

Applicant may turn its motor vehicles at termini or intermediate points either in the intersection of the street, or by operating around a block, in either direction, contiguous to such intersection, or in accordance with local traffic rules.

(4) Within 30 days after the issue, sale and delivery of said shares of stock, or any part thereof, El Camino Transit, Inc. shall file with the Commission a statement showing the number of shares of stock issued, sold and delivered under the authority herein granted, and the purposes for which said shares of stock were issued, sold and delivered.

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

Dated at Los Angeles, California, this 20th
day of September, 1949.

R. E. Zimmerman
Justus J. Craven
Joseph Lawrence
Harold P. Hild
Samuel Patten
COMMISSIONERS