

Decision No. 45017

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
N. J. RADUNICH and BEN F. HAWES,  
copartners, doing business as  
RED LINE CARRIERS, for a certificate  
of public convenience and necessity  
to operate as a highway common carrier  
for general commodities over specified  
routes.

Application No. 31648

Frank Loughran for applicant.

**O P I N I O N**

N. J. Radunich and Ben F. Hawes, copartners, doing business as Red Line Carriers (who collectively will be referred to hereafter as the applicant), seek operating authority as a highway common carrier. The service would be confined to the transportation of general commodities, not intended to be resold, moving from retail stores at San Jose to their customers situated at points within the territory extending generally from San Francisco, Berkeley, Oakland and Livermore, on the north, to Hollister, Monterey, Carmel, Santa Cruz and Boulder Creek, on the south. Returned shipments would also be handled. Intermediate points would be served, as well as those located within a distance of three miles on each side of the highways traversed. Routes are designated, over which the operation would be conducted.

The application was submitted at a public hearing, held before Examiner Austin at San Jose on October 23, 1950. Although the major common carriers serving the affected territory were notified of the hearing, no one appeared in opposition to applicant's proposal.

One of the partners, Ben F. Hawes, described the nature of applicant's existing operations, the service which it proposes to supply, its qualifications to conduct the operation, and the facilities which would be used. In addition, shipper-witnesses were called.

Since 1946, applicant has furnished a service similar to that for which it now seeks certification. In so doing, it has operated, professedly, under radial, contract, and city permits issued by the Commission. The business was purchased from M. J. Nagle, who established it in 1919.

This operation, in its present form and as it would continue to exist if covered by a certificate, is designed essentially to supply a delivery service for retail establishments situated in San Jose. Only goods purchased at retail from these stores would be handled. The service would be limited to the transportation of such goods from the stores to their customers, and to shipments returned to the stores, such as rejected or repossessed merchandise. Since the stores deal in a wide variety of products, applicant contemplates the transportation of general commodities. To facilitate delivery to customers residing in suburban or isolated areas, applicant proposes to serve points located within lateral zones extending three miles on each side of the highways traversed.

Under the proposed time schedule, some points would be served more often than others. Generally, those nearer San Jose would be accommodated more frequently than those situated farther away. For example, deliveries would be made daily, Monday through Saturday, at Santa Clara and Campbell; three times a week at peninsular points, Sunnyvale to Redwood City, inclusive, and also at Los Altos; and once a week at Monterey, Santa Cruz and East Bay

(1)  
points, as well as at San Francisco. A daily pickup service would be furnished at San Jose.

The facilities available to provide the service were described. Applicant would continue to use its present fleet of equipment, comprising some 25 units and consisting largely of panel delivery and furniture trucks. (2) A terminal is located at San Jose, where shipments picked up locally are loaded and routed for delivery in line-haul trucks. Here, applicant also maintains its office, together with shop facilities used for the repair and maintenance of its equipment.

Information was submitted concerning applicant's qualifications. As stated, both partners, for several years, have carried on the existing service as a permitted carrier, thus having gained considerable experience in this specialized field. The record discloses that they are financially capable of conducting the operation, if authorized to do so. (3)

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- (1) Under applicant's proposed time schedule, service would be provided on Monday and Thursday at Cupertino, Monta Vista and Saratoga; on Monday, Wednesday and Friday, at Sunnyvale, Mountain View, Palo Alto and Redwood City, and also at Los Altos; on Tuesday, at points extending south to Carmel, including Gilroy, Salinas, Monterey, Pacific Grove and Watsonville; on Wednesday, at peninsular points extending north to San Francisco; on Thursday, at Los Gatos, Santa Cruz, Soquel, Aptos, Felton, Ben Lomond and Boulder Creek; and on Friday, at East Bay points extending north to Berkeley and Oakland, via Warm Springs and both Centerville and Niles, and also including Sunol, Pleasanton and Livermore.
- (2) This equipment comprises thirteen panel delivery trucks, ten furniture trucks and two flat-bed trucks. Many of these vehicles are especially designed and adapted to meet applicant's requirements.
- (3) Applicant submitted a financial statement indicating assets and liabilities, as of September 30, 1950, as follows:

<u>ASSETS</u>		
Current Assets		\$ 32,516.70
Tangible Property		
Land	\$ 4,548.57	
Building*	33,787.79	
Structures*	470.00	
Trucks*	16,752.66	
Shop Equipment*	<u>783.94</u>	56,342.96
Intangible Property		
Permits		50.00
TOTAL		\$ <u>88,909.66</u>

(\*After deducting reserve for depreciation)

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A statement was offered specifying the rates which would be published. Generally, these either would be the same as, or somewhat higher than, the corresponding minimum rates which have been prescribed by the Commission.

In support of its proposal, applicant called some thirteen shipper-witnesses, representing retail firms engaged in business in San Jose, which have utilized the service. Included among them were some of the largest and oldest establishments in that city. Collectively, they deal in a wide variety of products. All these witnesses related the need of their firms for the continuance of the service which applicant had provided in the past.

This service, they said, is designed to facilitate the distribution to their customers of the products in which they deal, respectively. Goods purchased are delivered direct to customers; merchandise returned, including that rejected for any reason, is brought back to the store. Only minimum packing requirements are observed; however, shipments are delivered in good order. A satisfactory C.O.D. service is provided.

Their shipments, it was shown, move frequently and in substantial volume. In these respects, there is some variance, of course, among the shippers represented. These stores market

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(3)		
cont.	<u>LIABILITIES</u>	
	Current Liabilities	\$ 11,387.75
	Equipment Obligations	3,033.94
	Real Estate Mortgages	21,355.34
	Capital	<u>53,132.63</u>
	TOTAL	\$ 88,909.66

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their merchandise throughout the territory involved, some points being reached more frequently than others. On the whole, there has been, and would continue to be, a substantial movement from San José to all of these points. The return movement is much lighter.

All of these shippers, it appears, have used applicant's service, for varying periods, and have found it dependable and satisfactory. Some witnesses stated that they considered it essential, and even indispensable, to the conduct of their business. All testified they would continue to use the service, if it were certificated.

In view of the showing made, the application will be granted. Thus, applicant will be enabled to continue this highly specialized service, which has been tailored to meet the needs of these retail dealers. Accordingly, the certificate sought will be issued.

N. J. Radunich and Ben F. Hawes, copartners doing business as Red Line Carriers, are 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

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(3)  
 concl. Revenues and expenses for the nine-month period, January 1 to September 30, 1950, were reported as follows:

Operating Revenues	\$139,859.15
Expenses	<u>128,623.55</u>
Net Operating Revenue and Carrier Operating Income)	\$ 11,235.60
Income from Non Carrier Operations, Net	<u>1,787.01</u>
Gross Ordinary Income	\$ 13,022.61
Less Interest	<u>1,377.09</u>
Net Ordinary Income	\$ 11,645.52

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

Application as above entitled having been filed, a public hearing having been held thereon, the matter having been duly submitted, the Commission being duly advised and now finding that public convenience and necessity so require,

IT IS ORDERED:

(1) That a certificate of public convenience and necessity be, and it hereby is, granted to N. J. Radunich and Ben F. Hawes, copartners (presently engaged in business under the trade name of Red Line Carriers), authorizing the establishment and operation of a service as a highway common carrier (as defined by Section 2-3/4, Public Utilities Act), for the transportation of general commodities between the following points, viz:

Between San Jose, on the one hand, and the following named points, on the other hand, viz: San Francisco, Berkeley, Livermore, Pleasanton, Newark, Los Altos, Monta Vista, Hollister, Salinas, Monterey, Carmel, Santa Cruz and Boulder Creek; including all intermediate points along and upon, and all points and places situated within a lateral zone extending three miles on each side of, the routes over and along which applicant is, or may be, authorized to operate.

The operating authority herein granted is limited to the transportation of merchandise: (a) which is not designed or intended, either by the seller or by the purchaser thereof, to be resold by the latter in the ordinary course of business; and (b) which may be sold by retail stores and establishments situated in San Jose, and may move from such stores

to retail customers thereof, located at any of the points or places hereinabove designated, who may have purchased such goods from said stores; or (c) which may be returned by or from such customers to the stores in San Jose from which such goods may have been purchased, including rejected, reclaimed or repossessed merchandise, and merchandise traded in on subsequent purchases from such stores.

(2) 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 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. 80 and Part IV of General Order No. 93-A, by filing, in triplicate, and concurrently making effective, appropriate tariffs and timetables.
- (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:
  1. Over U. S. Highways Nos. 101 and 101-A, between San Jose and San Francisco.
  2. Over unnumbered highway, between San Jose and Monta Vista, via Cupertino.
  3. Over unnumbered highway, between its intersection with U. S. Highway No. 101, near Mountain View, and Los Altos.
  4. Over State Highway No. 17, Foothill Boulevard and U. S. Highways Nos. 50 and 40, between San Jose and Berkeley.
  5. Over unnumbered highway, between its intersection with State Highway No. 17, at Centerville, and Newark.

6. Over State Highway No. 21, between Mission San Jose and Dublin, via Sunol; over unnumbered highway, between its intersection with State Highway No. 21 at Sunol, and Livermore; over unnumbered highway between its intersection with State Highway No. 21 at Old Hearst Ranch, and Livermore; over U. S. Highway No. 50 between Hayward and Livermore, via Dublin.
7. Over U. S. Highway No. 101, between San Jose and Salinas, via Gilroy, and Prunedale.
8. Over State Highway No. 25, between its intersection with U. S. Highway No. 101 near Gilroy, and Hollister; over State Highway No. 156, between its intersection with U. S. Highway No. 101 near San Juan, and Hollister.
9. Over unnumbered highway between Salinas and Monterey, via Del Monte; over unnumbered highway, 17-mile Drive and State Highway No. 1, between Monterey, Pacific Grove and Carmel, returning thence to Monterey.
10. Over State Highway No. 1, between Santa Cruz and Monterey, via Watsonville, and Castroville.
11. Over unnumbered highway, between Castroville and Salinas, via Del Monte Junction.
12. Over U. S. Highway No. 156 between Castroville and Prunedale.
13. Over unnumbered highway between its intersection with State Highway No. 1, near Watsonville, and its intersection with U. S. Highway No. 101, 5 miles north of Prunedale.
14. Over State Highway No. 152, between Watsonville and Gilroy.
15. Over unnumbered highway, between Sequel and Santa Cruz, via Capitola.
16. Over State Highway No. 9, between Santa Cruz and Boulder Creek.
17. Over State Highway No. 17, between San Jose and Santa Cruz, via Los Gatos.
18. Over unnumbered highway between Los Gatos and Saratoga, and over State Highway No. 9 between Saratoga and Sunnyvale, via Cupertino.
19. Over any and all public streets and highways, located within the lateral zone described above, affording access to points or places within said zone to or from which traffic may move in the course of applicant's operations.



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

Dated at San Francisco, California, this 21<sup>st</sup> day of November, 1950.

R. F. [Signature]  
Justus J. Calver  
[Signature]  
Harold P. Kula  
[Signature]  
COMMISSIONERS