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ORIGINAL

Decision No. 92401

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of STUART ALAN MESSNICK, dba, THE CO-ORDINATORS, for a certificate of public convenience and necessity to operate a sightseeing tour service between metropolitan Orange County and Universal Studio in Universal City.

Application No. 59222
(Filed October 18, 1979;
amended February 21, 1980)

John E. deBrauwere, Attorney at Law,
Stuart Alan Messnick, and Ronald
Messnick, for applicant.
Warren N. Grossman, Attorney at Law,
for The Gray Line Tours Company;
and James H. Lyons, Attorney at Law,
for Orange Coast Sightseeing Co.;
protestants.
William Austin and Richard Brozosky,
for the Commission staff.

O P I N I O N

This is an application of Stuart L. Messnick (Messnick), dba The Co-Ordinators, for a certificate of public convenience and necessity to operate as a passenger stage corporation providing sightseeing tour service between metropolitan Orange County points^{1/} and Universal Studios (Universal) in Universal City, city of Los Angeles, a one-way distance of approximately 34 miles. The tour market between metropolitan Orange County and Universal is presently served by The Gray Line Tours Company (Gray Line) and by Orange Coast Sightseeing Company (Orange Coast).

1/ Generally encompassing the cities of Anaheim, Buena Park, Fullerton, Tustin, Fountain Valley, and certain surrounding incorporated and unincorporated areas.

Six days of public hearings were held before Administrative Law Judge Norman Haley at Los Angeles between January 24 and March 7, 1980. The application was protested by Gray Line and Orange Coast. Testimony was received from 20 witnesses, 29 exhibits were received, and there were 713 pages of transcript. The matter was submitted on May 21, 1980, the due date for concurrent briefs.

Messnick's Presentation

Evidence was presented through Messnick and five other witnesses. Two of these were rebuttal witnesses. Messnick testified that he proposes to offer a first-class sightseeing tour with a tour guide on the bus, in addition to the driver, who will narrate en route as to the various points of interest passed and then accompany the group within Universal and direct them to the various exhibits, shows, and accommodations after completion of the studio-directed tram tour. He testified that he has been engaged in the sightseeing business for a total of 13 years, both selling and performing tours, and that passengers appreciate the value of having a separate tour guide.

Messnick contended that the main factor that gave impetus to the filing of his application was that he had received many comments over the years that Gray Line does not provide enough time for the people taking their Universal tours to really see everything there is to see. He testified that his company owns eight or nine large coaches and four minibuses. Insurance is provided through Transit Casualty on all buses, with a \$3 million umbrella in addition to the standard limits set by the Commission. Exhibit 10 represents a copy of the standard insurance certificate of liability filed with the Commission showing the insured as Stuart Alan Messnick dba The Co-Ordinators Charter Buses. Exhibit 12 is a copy of an insurance endorsement issued to

Sturon International, Inc. et al., by Transit Casualty Company. This document names Sturon International, Inc. (Sturon), doing business as Co-Ordinators Travel and Co-Ordinators Sightseeing Tours, and Stuart Alan Messnick dba The Co-Ordinators Charter Buses. Sturon is controlled by Messnick as 75 percent shareholder and chief executive officer. Messnick further testified that for the past six years the California Highway Patrol has given a triple A inspection on every item, including maintenance, drivers' records, and other records.

Exhibit 3 is a financial statement filed by Messnick which listed total assets of \$1,729,200, liabilities of \$95,645, and a total net worth of \$1,633,555.^{2/} Exhibit 9 is a copy of a draft of Messnick's annual report for the year 1979. This report showed revenues of \$410,169 from all passenger stage operations, \$287,598 from charter, and \$212,315 from other operations consisting of tour guide service, transportation management, etc. Total carrier operating revenue and expenses for 1979 were \$910,082 and \$829,350, respectively. Net income after provision for taxes was \$52,460. The operating ratio was 91.1.

Exhibit B to the application shows two proposed departures at 9:15 a.m. and 11:15 a.m., arriving at Universal at 10:15 a.m. and 12:15 p.m., respectively. There would be a stay at Universal of five hours^{3/} on each trip with elapsed time of seven hours from terminal departure to terminal arrival for the entire tour.

^{2/} Part of this financial statement was based upon an allegation of stock valuation of \$1.1 million derived from an offer from an unnamed party. Without this valuation the total assets would still be \$629,200, with an adjusted net worth of \$533,555.

^{3/} In addition to its other tours, Gray Line commenced a tour on April 21, 1980 which permits patrons to spend up to 6½ hours at Universal.

The proposed fares for the tour are set forth in Exhibit D to the application. They are \$14.50 for children, \$19 for juniors, and \$20 for adults. However, it was brought out in testimony that beginning in 1980 Universal has no more junior admissions, so the \$19 fare would no longer be applicable.

Angelo Casserrino, a bellman at the Anaheim Sheraton Hotel for the past nine years, testified that he deals with tourists on a daily basis and provides for the sale of tours by The Co-Ordinators, Gray Line, and Orange Coast in his capacity as a bellman. Casserrino testified that as the seller of tours he has received complaints from tourists as to the quality of tours to Universal. The principal complaint is that there did not appear to be enough time provided by the carrier so tourists could see everything available. It was his opinion that Messnick's proposed 11:15 a.m. departure would be more convenient than Gray Line's 11:00 a.m. departure. However, he did not know whether Messnick's proposed schedule was the time the bus would pick up passengers at the Anaheim Sheraton Hotel or the time it would depart Messnick's terminal. He admitted he was unaware that Orange Coast recently had been authorized to conduct a direct tour to Universal and that the departure time from Anaheim was 12:30 p.m. He agreed that a 12:30 p.m. departure would be more convenient to guests checking into his hotel between 10:00 a.m. and 11:00 a.m. than the 11:15 a.m. schedule proposed by Messnick.

Merylene Dampier, bookkeeper-manager for the Magic Carpet Motel and Magic Lamp Motel in Anaheim for more than three years, testified that she deals with tourists on a daily basis and has become familiar with the sights and attractions offered to them. While not ever having had occasion to place passengers on tours by Messnick, she has had feedback from persons taking such tours and has been asked whether or not Messnick conducts any

other tours since they enjoyed the Tijuana tour they did take. That tour includes a separate tour guide. Dampier also provides for the sale of tours operated by Gray Line and Orange Coast. She does not promote the Gray Line Universal tour because of many complaints received in the past of insufficient time allowed to stop and see the various shows offered. She further testified that the Gray Line tour to Universal occasionally has been unavailable because of the Rose Bowl and Super Bowl games. Dampier has taken various tours and feels safer when there is a separate tour guide than when there is not one. She believes it is worth \$5 extra to have an additional hour or hour and a half at Universal and a separate tour guide.

Max Yergensen, owner and manager of the Covered Wagon Motel in Buena Park, testified that he deals with tourists on a daily basis and has become familiar with the sights and attractions they want to see. He testified that he has placed passengers on Messnick's Tijuana tour and received nothing but favorable comments from the passengers. He stated that he sells tours by both Gray Line and Orange Coast to Universal. He believes that a need exists for a tour of longer duration and that a tour guide on the bus would make a favorable difference. When questioned as to whether or not he would sell such a tour, he indicated he does not recommend anyone. He puts tour advertisements on the rack and lets patrons pick their own tours from the selection.

Gray Line's Presentation

It is Gray Line's position that the application should be denied. Operating testimony presented by Gary Ballinger, Gray Line's vice president and general manager, and by Anthony Guion, vice president of operations for Gray Line, was designed to demonstrate that Gray Line has ample terminal facilities,

available equipment, and operating flexibility to accommodate existing and future levels of demand for sightseeing tours originating in Orange County. Gray Line's Los Angeles terminal has a fully equipped maintenance facility, office space to house its administrative personnel, and parking space to accommodate up to 100 buses. Its newly operated Orange County terminal, located in Anaheim, provides a rendezvous point for tours originating in Orange County and has facilities for overnight parking of buses. At the present time, Gray Line picks up passengers on a daily basis at 89 different locations in Anaheim alone, principally at hotels and motels. Gray Line employs 175-180 full-time and 80-100 part-time drivers and has a fleet of 147 buses which it utilizes in its sightseeing tours. It prints in excess of two million brochures advertising its tours and routinely sends its marketing personnel out to trade shows and other potential business sources throughout the United States.

John Sheriff, Gray Line's director of financial planning, introduced a series of exhibits designed to assess the impact of applicant's proposed service on Gray Line's passenger revenues and rate structure. Exhibit 13 contains passenger and revenue data for the 12 months ended December 31, 1979. The exhibit shows that Gray Line transported 66,386 passengers on the Anaheim to Universal tour (Tour 205) during 1979, which was 30.1 percent of the total number of passengers on Gray Line's sightseeing tours originating in Anaheim. The revenue generated from Tour 205 was \$558,576, or 24.6 percent of the total revenues generated from its Orange County operations. The figures are based on Gray Line's historic mix of approximately 67 percent adult passengers, 10 percent juniors, and 23 percent children.

Exhibit 14 is Gray Line's estimate of applicant's 1979 depreciation and interest expense per revenue unit per day. The estimate, which is based on the data furnished by Messnick in his Exhibit 9, shows a depreciation expense of \$11.27 per vehicle per day and an interest expense of \$10.13 per vehicle per day.

Exhibit 15 shows the average number of passengers Messnick would have to carry per bus, given the data furnished by him in his Exhibit F, the fares he proposes to charge, and the 15 percent commission he proposes to pay his agents, in order to break even. The exhibit shows, in the first column, that given applicant's assumption of 25 adult passengers per busload, he would earn a \$33.65 profit per trip. This agrees with Messnick's projection in his Exhibit F. Exhibit 15 shows, in the second column, that given the same assumptions, Messnick would lose \$5.35 per trip should the number of passengers taking the tour decline to 21. The information under the third and fourth columns shows what the revenue would be, given a realistic mix of adult, junior, and child passengers corresponding to Gray Line's experience on its Anaheim to Universal tour. Under this passenger mix 25 passengers are shown to produce a profit of \$17.90 per trip compared to Messnick's projection of \$33.65. At 22 passengers per trip the proposed operation is shown as losing money. In Exhibit 14 Gray Line contends Messnick has wrongly calculated his depreciation expense at \$10 per bus per day, an underestimate of \$1.27, and has failed to take his interest expense into account. Gray Line contends that Exhibit 14 shows that Messnick's expectations of profit are hopelessly unrealistic.

Exhibit 17 shows the inefficiencies which assertedly would develop, both in terms of underutilization of bus capacity and needless consumption of fuel, should the proposed service be authorized. Exhibit 17 assumes a 25 percent passenger diversion from Gray Line to Messnick's proposed tour. The 25 percent figure is derived by taking Messnick's own estimate of two bus trips per day with 25 passengers per bus, multiplied by the number of days he proposes to operate during a single year. Exhibit 17 shows that under 25 percent passenger diversion, Messnick would experience a load factor of 20.5 (some two passengers fewer than would be required for him to break even). The impact on the total market would be a reduction in load factors from Gray Line's average of 40.0 to an average of 31.9. To accommodate the same number of passengers Gray Line served with 1,660 buses in 1979, a combined total of 2,081 buses or 421 additional trips would be required. At 72.8 round-trip miles per trip, 30,649 additional miles would be run, consuming some 6,130 extra gallons of diesel fuel.

Exhibit 18 purports to show the impact of three certificated carriers, i.e., Gray Line, Orange Coast, and Messnick, operating over the same route. Assuming a 50 percent passenger diversion to the two extra carriers, Gray Line's load factors would decline from an average of 40.0 to an average of 29.1. Assertedly, there would be 624 additional bus trips operated, 45,427 additional miles traveled, and 9,085 gallons of diesel fuel wasted.

Exhibit 19 shows the manner in which Gray Line computes its driver payroll cost. Drivers' payroll cost, including payroll taxes and fringe benefits, is approximately \$9 per hour.

Exhibit 20 shows Gray Line's vehicle operating costs per mile, excluding drivers' wages and vehicle ownership costs (e.g., depreciation and interest). The exhibit shows that operating costs averaged 43.82 cents per mile during the last six months of 1979 and 39.43 cents per mile for the year, which represents an 8.3 percent increase over the previous year.

Exhibit 21 assertedly shows the impact of passenger diversion on Gray Line's ability to efficiently utilize its passenger fleet. The first column shows 1,660 buses were utilized during 1979 to transport passengers from Anaheim to Universal. Of the 1,660, the vast majority were buses that had already been used that same day to transport passengers from Los Angeles to Disneyland. Only 416 additional buses had to be brought in to handle the traffic going from Anaheim to Universal. By scheduling its Universal tour in such a manner as to permit the utilization of buses southbound from Los Angeles, which otherwise would have to stand idle for the return trip to Los Angeles, Gray Line achieves a significant operating efficiency. The three remaining columns of the exhibit show the number of buses Gray Line would have to add assuming a 25, 50, and 67 percent diversion of its passengers, respectively.

Exhibit 22 purportedly demonstrates the impact of various levels of passenger diversion on Gray Line's transportation revenues and expenses, the net effect in terms of pretax profits at their 1979 level. Among other things, the first line of the exhibit sets forth the number of passengers that would be lost assuming 25 percent diversion by a single extra carrier, 50 percent diversion by two additional carriers, and 67 percent diversion if the three certificated carriers were to divide the market equally.

The second line of Exhibit 22 shows transportation revenue loss Gray Line assertedly would experience at each level of passenger diversion. A 25 percent diversion, for example, would result in a 25 percent reduction in revenues Gray Line enjoyed in 1979, i.e., 25 percent of the passenger revenue (\$558,576) shown on Exhibit 13, or \$139,688. The diversion would result in some cost savings. Gray Line pays a standard 10 percent commission to its ticket agents. Thus, commissions payable would decline by an amount equal to 10 percent of the revenue loss. Drivers' payroll costs would decline by an amount equal to the cost of employing a driver to a full day (eight hours at \$9 an hour, or \$72) multiplied by the number of saved trips, as shown in Exhibit 21. Operating costs, finally, would fall by an amount equal to the operating cost per mile multiplied by the number of miles per round trip multiplied by the number of saved trips. The total cost savings subtracted from the total transportation revenue loss yields a reduction in pretax profit ranging from \$98,971 at 25 percent diversion to \$297,155 at 67 percent diversion.

The fare necessary to maintain the 1979 pretax profit level is calculated, for each level of passenger diversion, by dividing the number of passengers retained into the reduction in pretax profit, which yields the reduction in pretax profit per retained passenger. At 25 percent diversion the number of passengers retained is 49,790, i.e., 75 percent of the 66,386 passengers actually carried during 1979. Dividing this number into the reduction in pretax profit of \$98,971 yields a reduction in pretax profit per retained passenger of \$1.99. The average transportation rate per passenger is calculated by dividing the transportation revenue actually generated during 1979, \$558,576

(Exhibit 13), by the number of passengers carried, 66,386, or \$8.42. When the reduction in pretax profit per retained passenger is added to the average transportation rate per passenger, the resultant figure assertedly is the fare necessary to maintain pretax profits at the 1979 level.

Exhibit 22 shows that at 25 percent passenger diversion, a fare of \$10.41 would have to be charged to maintain the 1979 pretax profit level. This is an increase of \$1.99, or 23.6 percent, over the average fare charged in 1979. At 50 percent diversion, the fare would have to be increased \$6.47, or 76.2 percent. At 67 percent diversion, the fare would have to be increased to \$13.56, or 161 percent, to maintain pretax profit levels.

In compiling its statistics, Gray Line did not speculate as to future passenger growth but used the actual data available for the most recent operating year. Assertedly this is a defensible procedure inasmuch as long-term growth projections for this industry have proven to be unreliable. Gray Line contends that the sightseeing tour industry, by its very nature, is highly sensitive to the business cycle, that during periods of economic recession consumers tend to curtail their travel with a consequent adverse impact on passenger growth and transportation revenues. Assertedly, we are in a recessionary period and it is highly unrealistic for Messnick to assume that passenger growth will increase significantly over the next few years.

The Universal tour operated by Gray Line caters, in the main, to tourists dependent on air travel to southern California. Gray Line contends that the volume of air traffic into and out of Los Angeles International Airport (LAX) is a significant indicator of the size of the potential market for sightseeing tours. Dale Dullabaun, president of Gray Line, testified in this connection. On the basis of figures obtained from reports issued by LAX, passenger traffic in and out increased 14.5 percent for the calendar year 1978 as compared with 1977. Passenger traffic increased only 4.6 percent during 1979 as compared with 1978. During the month of October 1979, passenger traffic increased only 1.6 percent over October 1978. During November, the increase was 1.8 percent, and during December, passenger traffic actually decreased by 6.1 percent. Assertedly the data suggest that little, if any, growth can be expected.

Gray Line's president explained Exhibit 29, which shows that since 1976, Gray Line's fares for its tours originating in Orange County have increased an average of 4.5 percent per year. By contrast, fares in the highly competitive charter bus industry assertedly have risen an average of 18.8 percent over the identical four-year period; the consumer price index has risen an average of 11.0 percent per year; and the prime interest rate, to which Gray Line is particularly sensitive inasmuch as it finances its buses through variable term notes, has risen 54.1 percent over a period of 3.25 years.

Robert Collegeman, formerly an executive with Gray Line's Washington, D.C. affiliate, testified that during his tenure with the company there were a number of certificated per capita sightseeing carriers operating in the nation's capital, all competing for the same business. Assertedly, the fierce competition for a limited number of passengers caused commissions paid to hotels and motels to soar to as much as 50 percent of ticket prices. This increased cost of doing business was, in turn, passed on to the patrons in the form of higher fares. Gray Line states that the competition caused the affiliated company to sell its operating authorities and Gray Line membership for the Washington, D.C. area in 1978.

Gray Line contends that Messnick's amended Exhibit E to the application for 10 months ended January 31, 1980 (filed February 21, 1980), his balance sheet as of January 25, 1980 (Exhibit 3), portions of his annual report to the Commission purportedly covering activities conducted pursuant to his existing authorities (Exhibit 9), and supporting testimony, do not demonstrate he has the requisite financial strength and resources to perform adequately under the requested authority.

Gray Line contends that applicant styles himself "Stuart Alan Messnick dba The Co-Ordinators". The record discloses the de facto operator of existing authorities, and presumably the entity that will be operating the subject tour, should this application be granted, is not Messnick as an individual or sole proprietor, but a corporation controlled by him (Sturon) as 75 percent shareholder and chief executive officer. Gray Line points out that the 1978 annual report obtained from the Commission's files (Exhibit 2) lists Sturon as the operating entity of Messnick's authorities and is signed by Messnick as president and owner of Sturon. Gray Line points

out that Sturon was not a mere holding company receiving passive investment income, but according to Messnick's testimony, Sturon was the entity which operated his certificates during the period covered by the report. Gray Line states that Sturon, not Messnick as an individual, leased the building on College Avenue out of which the operations were conducted and out of which he proposes to conduct the proposed studio tour; that Sturon paid the salaries of the employees involved in the business, including Messnick's own salary; and that Sturon held title to the buses used in the business.

Exhibit G to the application shows that Messnick owns and operates 11 buses. Messnick testified he transferred the equipment listed in that exhibit to Sturon during the past two years. Gray Line states that since approval for the assignment was not obtained from the Commission, it is void as a matter of law (Section 851 of the Public Utilities Code). Messnick testified that his attorney was in the process of preparing an application to transfer existing certificates to Sturon, but no decision had yet been made as to whether he would also seek to transfer the certificate sought in this proceeding.

Exhibit 2, which is the annual report covering operations conducted pursuant to Messnick's authorities in 1978, lists Sturon as the operating entity and is signed by Messnick as president and owner of Sturon. Exhibit 2 also states that the assets of the sole proprietorship were transferred to the corporation and operations were carried on by the corporation during all of 1978. Gray Line states that from an accounting standpoint Sturon has been enjoying the revenues generated by the transportation business and bearing the items of expense allocable thereto.

Gray Line states that amended Exhibit E to the application is not a statement of Messnick's operations as an individual or sole proprietorship, but of the sightseeing and charter portion of Sturon's operations conducted pursuant to Messnick's authorities. Messnick testified that, in addition to operating his certificates, Sturon is engaged in a number of other business endeavors. Gray Line asserts that amended Exhibit E, which shows a modest profit of \$24,000 for the 10-month period, is completely consistent with the possibility that Sturon has been suffering huge losses in connection with its other activities. Gray Line contends that Sturon was not shown to be a viable entity, and that the exhibits and supporting testimony offered by Messnick are patently inadequate to establish his financial fitness to perform in a satisfactory manner.

On January 24, 1980 Gray Line filed a motion (Exhibit 1) to require Messnick to comply with the California Environmental Quality Act (CEQA); the State Guidelines; and related Rule 17.1, etc. of the Commission's Rules of Practice and Procedure. Protestant contends the Commission is required as a matter of law to prepare and consider an environmental impact report (EIR) prior to any decision to grant the requested authority.

On February 21, 1980 Messnick responded by filing a petition for amendment to the application, etc., which included, among other things, a 13-page document entitled "Proponent's Environmental Assessment-Significant Effects". A lengthy series of questions relative to various categories of possible environmental impacts were contained in an environmental checklist. All questions were answered in the negative by Messnick. Proponent's discussion of environmental evaluation reads in part as follows:

". . . The equipment will carry at least 40 passengers, will be diesel powered and will result in the overall elimination of many passenger vehicles from the road in a cost efficient (quantity of fuel consumed/passenger) method. The elimination of private vehicles by this tour will diminish overall traffic congestion both from the highways and parking lots at the Universal Studio facilities. Finally, pollution of the air from one bus carrying 40 persons should be less than the accumulated pollution from 10 automobiles carrying 4 persons. (See summary attached)"

The summary referred to is a vehicle emission standards summary using 1980 standards taken from the Air Resources Board fact sheet, revised September 20, 1979, pages 2 and 7. The summary contains assumptions and a series of calculations leading to the following conclusion:

"1 Diesel powered bus carrying 40 persons for a total of 68 miles would emit 1.53 gm. of hydrocarbons per person. 10 Gasoline powered vehicles carrying 4 persons for a total of 68 miles would emit 6.625 gm. of hydrocarbons per person."

Based upon the environmental presentation and evaluation, Messnick contends the proposed project will not have a significant effect on the environment. He requests negative declaration status and asserts that an EIR by the Commission is not necessary.

As stated above, Gray Line contends that its tour from metropolitan Orange County points to Universal caters in the main to tourists dependent on air travel to southern California. It asserts Messnick's proposed service will have an adverse impact on the environment by increasing air pollution with addition of more buses traveling to and from Universal without any offsetting decrease in passenger automobile traffic. Gray Line asserts that Messnick's hydrocarbon comparison has meaning only on the assumption patrons would drive automobiles if his proposed tour were not available, and that they would not simply be diverted from existing carriers.

As stated above with respect to Exhibits 17 and 18, Gray Line endeavored to demonstrate that with 25 percent diversion of passengers from its buses 421 unnecessary bus trips would be required resulting in hydrocarbon emissions from 6,130 gallons of wasted fuel. With 50 percent diversion by two additional carriers Gray Line contends there would be 624 unnecessary bus trips using 9,130 gallons of wasted fuel. It is Gray Line's position there would be little offsetting decrease in hydrocarbon emissions from passenger automobile traffic because most Universal tour patrons arrive by air. Gray Line contends that CEQA mandates the preparation by the Commission of an EIR assessing the extent of possible damage to the environment which might result from granting the application, and any mitigation measures that might be feasible, such as a restriction in the certificate forbidding Messnick from operating with fewer than a specified number of passengers.

Gray Line contends the great bulk of the evidence suggests that certificating an additional carrier to operate in a market adequately served by the two existing carriers would not contribute anything to consumer welfare, but would merely result in three carriers running their buses up and down the freeway with reduced load factors. Assertedly, this would destroy efficiencies resulting in increased costs to consumers and increased air pollution. Gray Line contends it has done an especially good job holding down fares on its tour from metropolitan Orange County to Universal in the face of rising costs and, at the same time, maintaining very good service. It believes nothing can be gained by throwing this limited market open to further competition.

Gray Line states that Messnick continues to operate in defiance of law, including prior decisions of the Commission. Protestant cites D.84186 (1975) whereby Messnick was granted a passenger stage certificate to operate a sightseeing tour service between certain points in Buena Park, Anaheim, and Santa Ana and the Mexican border at San Ysidro. A new certificate in Appendix A of D.87034 (1977) provided that no passengers shall be transported, except those having point of origin at nine designated hotels and motels within Messnick's service area. Gray Line also cites D.89069 (1978) wherein the Commission admonished Messnick to comply with the provision in his certificate limiting pickup authority to the designated locations. On pages 16 and 17 of that decision we commented:

"Applicant's operating authority allowed pickups at described points, not the area-wide service offered. The advertising used by applicant should have set forth the limited nature of visits to intermediate points, including whether passengers debark. It did not. The advertising used should have indicated that service was subject to cancellation if there were less than eight passengers. It did not. Applicant was required to employ his own drivers in conducting his operations (a service regulation which clearly prohibits chartering buses with drivers employed by others). Buses with drivers were chartered. Charter operations were conducted without regard to the restrictions applicable to larger GMC vehicles under Section 5384(a) of the Public Utilities Code. Applicant is admonished to conform to the terms of its certificate.

"Protestants would have us declare applicant unfit to operate passenger stage service. Certain facts persuade us that such a conclusion is too drastic at this time. Applicant's service to the public has been good. The public safety has been protected by adequate vehicle maintenance procedures and driver training programs. Insurance requirements have been met."

Gray Line points out that in the instant proceeding Messnick testified that, notwithstanding the express limitation of his pickup authority contained in the certificate authorizing him to conduct the San Ysidro tour, and notwithstanding the Commission's admonition that he comply with that restriction, he continues to pick up passengers throughout Orange County. Gray Line submits that, having admitted to a continuing willful violation of the terms of his existing authority, Messnick is in a poor position to come before the Commission now seeking an expansion of that authority.

Orange Coast's Presentation

As stated above, Orange Coast is authorized, among other things, to transport passengers as a common carrier on tours between metropolitan Orange County points and Universal.

Donald Boyles, president of Orange Coast, introduced five exhibits. Exhibit 23 is the company's list of equipment. Exhibits 24 and 25 show tours and rates, including the new direct tour from metropolitan Orange County points to Universal. Exhibit 26 is a seven-page list of Orange Coast's agents in Orange County (company and other agents). Exhibit 27 is Orange Coast's daily reservation chart showing, among other things, the names of hotels and motels, approximate times of pickup, whether pickups are at the curb or on the premises, and the addresses. Exhibit 28 shows the number of buses operated to Universal in 1979. It shows, among other things, that the company transported 54,305 passengers in 1,549 busloads, and that there were 21,562 empty seats.

It is Orange Coast's position that the application should be denied. It contends that this is not a new or different service. Assertedly, if there had been any deficiency in the Gray Line tour to Universal, it has been cured by the recent authority granted to Orange Coast, and also by Gray Line's new tour which permits patrons to stay up to 6½ hours at Universal. It asserts that eight public witnesses in opposition have proven conclusively that the existing services of Orange Coast and Gray Line are satisfactory and there is no need for another carrier to institute still another service from metropolitan Orange County points to Universal. Orange Coast states that confusion exists for patrons at the present time with two tour companies operating from the same points. A new operator assertedly would cause more confusion.

Orange Coast points out there are already eight schedules a day to Universal offered by Orange Coast and Gray Line. It asserts that there is no evidence how Messnick would market his tours other than to simply rely on patronage generated world-wide by Orange Coast and Gray Line and try to skim the cream from that market. Through two Box Office outlets (ticket agency operated by Messnick) he assertedly would attempt to get the unsuspecting public to pay \$20 for the same tour it could get from Orange Coast for \$15.40. Messnick's Box Office also is an agent for both Orange Coast and Gray Line.^{4/} Orange Coast contends it is Messnick's intention to compete directly with it and Gray Line with complete disregard for the general principle of law that an agent is under a duty not to compete with his principal on matters connected with the agency, unless principal and agent otherwise agree.

Orange Coast contends that Messnick's tour guide proposal is merely a gimmick because the trip is only 34 miles one way and lasts only 45 to 50 minutes, and also because Universal has its own tour guides inside the studio for the tram ride (principal attraction). In other respects, the other attractions are very close to the tram ride and readily accessible by walking. Orange Coast contends that Messnick's Tijuana tour with a separate guide is substantially different because (1) it is of much longer duration; (2) the guide walks across the border and accompanies the group into Tijuana; and (3) the guide speaks both Spanish and English as required.

4/ Gray Line and Orange Coast have a total of 284 sales outlets.

Orange Coast states that this is not a case where Messnick is developing a different tour in territory already served by it and Gray Line. Assertedly, Messnick is attempting to obtain authority to run essentially the same tour on similar schedules with approximately 700 more bus trips than presently are run by the two existing carriers in a market already more than adequately served. Orange Coast contends this would not be for the benefit of the public because people who would purchase sightseeing tickets at one of Messnick's agencies would pay about 30 percent more for essentially the same tour than they would for the direct tour operated by Orange Coast. It contends that for the additional \$4.60 the only thing the patron would get would be a tour narrated by a host or hostess for approximately 45 minutes rather than one narrated by an especially trained bus driver. These tours would be sold through the enticement of a higher commission (15 versus 10 percent) to be paid to bell captains and owners of motels, and ultimately by consumers. Assertedly, this would be a great disservice to the public and would not tend to hold down fares.

Orange Coast contends, substantially as Gray Line did, that Messnick's presentation demonstrates (1) ignorance of the basic fundamentals of the law as it applies to himself, as an individual, and to Sturon, his corporation; (2) a refusal to supply information which is essential to the Commission in order to make an intelligent determination of this case; and (3) disregard for the Commission's orders and requirements of the Public Utilities Code. Orange Coast states that Messnick has admitted to illegal operations, illegal and void attempts to transfer assets of a certificated operator, illegal and void attempts to transfer operating rights, and shows no inclination to correct any of these illegalities.

Orange Coast points out that the Commission has stated that in the sightseeing field a policy of fostering limited competition under regulation would have a beneficial effect on the public. It contends that in the instant case there presently exists almost unlimited competition between Orange Coast and Gray Line which has resulted in a total of eight schedules (some consisting of several sections) to Universal between the hours of 8:15 a.m. and 12:30 p.m. It asserts that if the Commission believes limited competition under regulation would, in the public interest, tend to lead to development of a territory and improved methods, forms, or routes of transportation, such is not the case in this application. It points out that Messnick would serve the same hotels and motels as Orange Coast and Gray Line, follow the same routes, and offer essentially the same service.

Discussion

The main issue here is whether public convenience and necessity require a third passenger stage corporation to provide direct tour service between metropolitan Orange County points and Universal. On April 27, 1980 Orange Coast commenced direct service pursuant to D.90936 (1979) subject to the restriction that such service shall not commence from Orange County earlier than 12:00 noon. Orange Coast also has authority, previously granted, to provide service between the points involved providing a stop is made en route at NBC Studios. Gray Line has unrestricted authority pursuant to D.90844 (1979).

Most of Messnick's evidence was presented to show need for a tour that would permit patrons to stay longer at Universal. That need, to the extent it exists, has now been satisfied. Gray Line commenced a schedule from metropolitan Orange County to Universal beginning April 1, 1980, which permits patrons to spend

up to 6½ hours at Universal. Gray Line and Orange Coast operate a total of eight schedules daily (some consisting of several sections) from metropolitan Orange County to Universal, departing between 8:30 a.m. and 12:30 p.m. These tours are narrated en route by especially trained bus drivers.

Messnick proposes two schedules a day with a separate tour guide who would narrate the trips en route and accompany passengers during the Universal tour. Messnick's fares would be higher than the other two carriers to cover the cost of the tour guide.

It is Gray Line's position that Messnick's proposed operation could take sufficient business to make one of its most profitable tours originating in Orange County unprofitable; that if Gray Line is forced to abandon some or all of its Universal tours, other tours will be adversely affected, such as the Los Angeles to Orange County tours where the same buses are used on the Universal tours. If such efficiencies are eliminated, higher fares on tours to Orange County assertedly will result.

It is the position of both protestants that one purpose of regulation is to see there is some chance for a new operator succeeding without driving out one or more existing operators, particularly where good service is being performed. Gray Line and Orange Coast have invested substantial assets and manpower in tours between metropolitan Orange County points and Universal. Protestants contend they easily can handle any further expansion of business with their fleets of buses and ongoing organizations.

Tourists on vacation and people on business trips come to the extensive hotel and motel facilities in Orange County from throughout the nation and foreign countries. Many of the people who visit the area each year are either unfamiliar or relatively unfamiliar with locations of relatively distant tourist attractions. A number of them fly to southern California. They do not bring automobiles and/or are reticent to drive private or rental automobiles in unfamiliar, heavily congested surroundings particularly over a relatively long distance of 34 miles one way as is involved here. Some do not read or speak English. There are parking problems and other expenses; in addition, motor vehicle fuel is expensive. For many tourists common carrier sightseeing bus service is the only feasible method of transportation to a relatively distant attraction. Sightseeing transportation is acquired either directly or through agents as part of package tour arrangements. Package arrangements frequently are made before the travelers leave home. In any event, travelers expect to receive good, dependable sightseeing bus service at reasonable rates.

We agree with protestants that we are in a recessionary period; that a high percentage of patrons desiring to take tours from metropolitan Orange County to Universal arrive in southern California by air; that air passenger traffic at LAX is temporarily down; that Gray Line and Orange Coast can handle any additional traffic that may develop; and that Messnick's proposed tours may take some business from both protestants. However, we do not subscribe to Gray Line's general forecast that tour business from Orange County will remain static in the foreseeable future. Neither is the record convincing that Gray Line

would lose 25 to 50 percent of its business from its Orange County to Universal tours to the two round trips per day proposed by Messnick at substantially higher fares to cover cost of a separate tour guide. Among other things, this presupposes there will be little or no future expansion of convention and tourist business as the recession gradually comes to an end. It also presumes that Messnick cannot generate some new business. It may be possible for Messnick to attract a substantial amount of business with addition of a separate tour guide, by paying higher commissions, and by engaging in other aggressive marketing activities.

Messnick's financial showing was vague and incomplete. He transferred buses and operating authorities to Sturon, his corporation, without obtaining authority under Section 851 of the Public Utilities Code. These transfers are void, but financial statements reflect the transfers as if they had taken place. Messnick has engaged counsel for the obvious purpose of straightening out these and other problems. In spite of the inadequacies of Messnick's financial showing, it can be seen from amended Exhibit E and Exhibits 3 and 9 that he has the financial ability to perform the proposed service, which would be in addition to sightseeing services already being performed.

Because of the unauthorized transfers and because Messnick admits he regularly exceeds his Orange County pickup authority in connection with his Tijuana tour, protestants contend he is unfit to be awarded the sought additional operating authority. Messnick has been a common carrier long enough to know his responsibilities, duties, and what is expected of him in that capacity. By exhibiting lack of concern for requirements of the Public Utilities Code and orders of the Commission, he lays himself open to formal complaints, which could be very serious. Messnick apparently has

done a good job on his existing tours. We will not find him unfit on this record. As noted above, he has engaged counsel to straighten out the technical aspects of his common carrier business. He is expected to cease and desist from exceeding his existing operating rights. If he feels additional operating rights are needed, he should file an appropriate application.

Contrary to Gray Line's contention, the Commission is not required as a matter of law to prepare and consider an EIR prior to any decision to grant the requested authority. Although the record shows that many tour patrons would not likely drive automobiles between metropolitan Orange County and Universal, it is obvious that Messnick's proposed tours would replace some automobile traffic. In any event, the addition of only two more tour buses a day would represent a minuscule amount of additional traffic on Interstate 5 and the other thoroughfares here involved where tens of thousands of vehicles operate each day.

Rule 17.1(4)(d)(1) of the Commission's Rules of Practice and Procedure reads, in part, as follows:

"Form and Content. If it can be seen with certainty that there is no possibility that the project in question may have a significant adverse effect on the environment, the project PEA should be limited to a statement of this conclusion and any additional explanation or information which may be necessary for an independent assessment of such issue by the Commission..."

Two more tour buses a day between metropolitan Orange County and Universal could not have a significant adverse effect on the environment involved. An EIR or negative declaration is not necessary.

In several recent decisions involving passenger stage sightseeing applications, we have clarified the underlying concept of public convenience and necessity (see, for example, O'Connor Limousine Service, Inc., D.90154 (1979), mimeo. pages 10 and 11). We have adopted a policy of fostering limited competition under regulation. It is beneficial and in the public interest. The ultimate objective of this policy is to promote good service and to hold down fares. The Commission may grant a number of certificates covering the same route or routes. Authorization for a third carrier to provide two more scheduled round trips a day between metropolitan Orange County and Universal, including a separate tour guide as proposed, comports with our policy. It provides the public more options and may enhance service. Messnick has been in the sightseeing business for 13 years both selling and performing tours. He has the ability and experience to perform the additional tours as sought.

Findings of Fact

1. Messnick is engaged, among other things, as a common carrier passenger stage corporation providing sightseeing service between central Orange County points and the international border, and between certain other points. He also is engaged as a charter-party carrier.

2. By this application, Messnick seeks authority to provide certain common carrier sightseeing service between his terminal in Anaheim and Universal with pickup authority at hotels and motels in described areas of Orange County.

3. Gray Line and Orange Coast are authorized and provide common carrier sightseeing service between central Orange County points and Universal and protest the application.

4. Gray Line and Orange Coast operate a total of eight tour schedules daily (some consisting of several sections) from metropolitan Orange County to Universal, departing between 8:30 a.m. and 12:30 p.m. Some of these schedules are seasonal.

5. The eight daily tour schedules now provided by Gray Line and Orange Coast between metropolitan Orange County and Universal permit patrons to spend varying amounts of time at Universal ranging up to as long as 6½ hours.

6. Orange Coast, which had not commenced authorized direct nonstop sightseeing service between central Orange County points and Universal prior to hearing in this application, will take some business from Gray Line (Finding 13 of D.90936).

7. Messnick's proposed service will take some business from Gray Line and Orange Coast.

8. The evidence does not show that the sought authority would impair the ability of either Gray Line or Orange Coast to continue to provide service to their customers.

9. Messnick has the ability, financial resources, equipment, insurance, and experience necessary to perform the proposed service.

10. The two tours daily to Universal proposed by Messnick differ materially from those offered by competitors with respect to inclusion of a separate tour guide to narrate bus trips en route and to accompany patrons inside Universal.

11. Public convenience and necessity require that Messnick be authorized to provide common carrier passenger stage sight-seeing service between central Orange County points, as proposed, and Universal with not to exceed two bus schedules a day that include a separate tour guide on each schedule.

12. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Conclusions of Law

1. The application should be granted as set forth in the ensuing order because public convenience and necessity have been demonstrated.

2. The tours proposed by Messnick are sufficiently different from those offered in the same areas by protestant tour companies so as to render inapplicable the competitive clause of Section 1032 of the Public Utilities Code.

Applicant is placed on 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, such rights extend to the holder a full or partial monopoly of a class of business. This monopoly feature may be modified or canceled 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

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Stuart Alan Messnick, dba The Co-Ordinators, authorizing him to operate as a passenger stage corporation, as defined in Section 226 of the Public Utilities Code, between the points and over the routes set forth in Appendix A.

2. In providing service pursuant to the authority granted by this order, applicant shall comply with the following service regulations. Failure to do so may result in a cancellation of the authority.

- (a) Within thirty days after the effective date of this order, applicant shall file a written acceptance of the certificate granted. Applicant is placed on notice that if he accepts the certificate he will be required, among other things, to comply with the safety rules of the California Highway Patrol, the rules and other regulations of the Commission's General Order No. 98-Series, and the insurance requirements of the Commission's General Order No. 101-Series.

- (b) Within one hundred twenty days after the effective date of this order, applicant shall establish the authorized service and file tariffs and timetables, in triplicate, in the Commission's office.
- (c) The tariff and timetable filings shall be made effective not earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and the public, and the effective date of the tariff and timetable filings shall be concurrent with the establishment of the authorized service.
- (d) The tariff and timetable filings made pursuant to this order shall comply with the regulations governing the construction and filing of tariffs and timetables set forth in the Commission's General Orders Nos. 79-Series and 98-Series.
- (e) Applicant shall maintain his accounting records on a calendar year basis in conformance with the applicable Uniform System of Accounts or Chart of Accounts as prescribed or adopted by this Commission and shall file with the Commission, on or before March 31 of each year, an annual report of his operations in such form, content, and number of copies as the Commission, from time to time, shall prescribe.

3. Applicant is directed to bring his operations and accounting practices into conformity with requirements of the Public Utilities Code and orders of the Commission, as specified in Finding 15.

A.59222 ALJ/EA

4. Applicant's petition to set aside submission, filed June 23, 1980, is denied.

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

Dated NOV 4 1980, at San Francisco, California.

John E. Byrnes
President

Wesley L. Sturgeon

Richard D. Howell

Clare T. ...

Donald W. ...
Commissioners

CERTIFICATE
OF
PUBLIC CONVENIENCE AND NECESSITY
PSC - 964

Showing passenger stage operative rights, restrictions,
limitations, exceptions, and privileges applicable thereto.

All changes and amendments as authorized by the Public Utilities
Commission of the State of California will be made as revised
pages or added original pages.

Issued under authority of Decision No. **92401**,
dated NOV 4 1980, of the Public Utilities Commission
of the State of California, in Application No. 59222.

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Issued by California Public Utilities Commission.

Decision No. 92401, Application No. 59222.

SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS,
AND SPECIFICATIONS.Superseded Operative Authorities

The certificate hereinafter noted supersedes all operative authority hereto for granted to Stuart Alan Messnick, doing business as the Co-Ordinators. The operative authorities superseded include, but are not restricted, to the following:

<u>DECISION</u>		<u>APPLICATION</u>		<u>Brief Description</u>
<u>Number</u>	<u>Date Signed</u>	<u>Number</u>	<u>Date Filed</u>	
D84186	Mar. 11, 75	A54963	Jun 13, 74	Orange Cty/San Ysidro
D87034	Mar. 1, 77	A56634	Jul 22, 76	Newport Beach
D89010	Jun 27, 78	A57858	Feb 8, 78	Anaheim Stadium (Rams)
D90599	Jul 31, 79	A58542	Dec 19, 78	Rose Bowl

General Authorizations

Stuart Alan Messnick, doing business as The Co-Ordinators, by the certificate of public convenience and necessity granted by the decision noted in the margin, is authorized to transport passengers (Route 1) between certain points named herein in Buena Park, Anaheim, and Santa Ana, on the one hand, and San Ysidro, California, on the other hand, and intermediate points for tour stops only, over and along the routes described

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Appendix A

STUART ALAN MESSNICK
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SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS,
AND SPECIFICATIONS. (Continuation)

herein; and (Route 2) between points in the "Newport Beach Tour" Service Territory as herein described, on the one hand, and Newport Beach, on the other hand; and (Routes 3 through 8) between certain points in Los Angeles County, on the one hand, and Anaheim Stadium, on the other hand, for the limited purpose of transporting passengers to and from Los Angeles Rams football events; and (Route 9) between points in the "Rose Bowl" Service Territory and the Rose Bowl stadium in Pasadena; and (Route 10) between areas in areas of Buena Park, Anaheim, Santa Ana, Fullerton, Costa Mesa, and Garden Grove, on the one hand, the Universal Studios in the North Hollywood area of Los Angeles, on the other hand.

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Appendix A

STUART ALAN MESSNICK
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(PSC-964)

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SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS
AND SPECIFICATIONS. (Continuation)

Restrictions, Limitations and Specifications:

All of the routes described in the General Authorizations are subject to the authority of this Commission to change or modify the authority at any time and subject to the following provisions:

1.0 Provisions Applicable to All Routes

- 1.1 Motor vehicles may be turned at termini and intermediate points, in either direction, at intersections of streets or by operating around a block contiguous to such intersections, in accordance with local traffic regulations.
- 1.2 When route descriptions are given in one direction, they apply to operation in either direction unless otherwise indicated.
- 1.3 All service herein authorized shall be limited to the transportation of round-trip passengers only.
- 1.4 For all service the availability of seats shall be predicated upon advance reservations.
- 1.5 Carrier shall not transport any baggage except handcarried items of the passengers.

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Decision No. 92401, Application No. 59222.

SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS
AND SPECIFICATIONS. (Continuation)

Restrictions, Limitations and Specifications:

2.0 Minimum number of passengers for service:

- 2.1 Service on Route 1 shall be performed subject to a minimum of eight (8) passengers.
- 2.2 Service on Route 2 shall be performed subject to a minimum of thirty (30) passengers.
- 2.3 Service on Routes 3 through 8 shall be performed subject to a minimum of twenty four (24) passengers per route with combining of routes permitted, provided current timetables filed with the Commission reflect actual service offered.
- 2.4 Service on Route 9 shall be performed subject to a minimum of eight (8) passengers.
- 2.5 Service on Route 10 shall be performed subject to a minimum of eight (8) passengers.

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SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS
AND SPECIFICATIONS. (Continuation)

Restrictions, Limitations and Specifications

3.0 Provisions Applicable to Route 1

3.1 No passengers on Route 1 shall be transported except those having point of origin and destination at one of the following points:

3.1.1 Buena Park Hotel and Holiday Inn, Buena Park.

3.1.2 Sheraton Motor Hotel, Disneyland Hotel, Quality Inn Hotel, Hyatt House Hotel, The Boxoffice, and Howard Johnson's Hotel, Anaheim.

3.1.3 Saddleback Inn, Santa Ana.

This restriction shall not prevent stopovers for the purpose of permitting sightseeing passengers to visit various points of interest along the route as noted herein.

3.2 Carrier on Route 1 shall make stopovers at San Juan Capistrano, San Clemente, and San Onofre as points of interest.

3.3 Carrier on Route 1 is permitted to make a stopover at San Diego for rest and meals only.

4.0 Provisions Applicable to Route 2

4.1 Carrier shall not pick up or discharge passengers on Route 2 except within the limits of the specified service area as hereinafter set forth. This restriction shall not prevent stopovers for the purpose of permitting sightseeing passengers to visit various points of interest along the route as noted herein.

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SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS
AND SPECIFICATIONS. (Continuation)

Restrictions, Limitations and Specifications

5.0 Provisions Applicable to Routes 3 through 8

- 5.1 Service on Routes 3 through 8 shall be limited to the transportation of passengers to and from football games of the Los Angeles Rams when such games are scheduled at Anaheim Stadium.
- 5.2 No service on Routes 3 through 8 shall be provided to passengers whose origin and destination are both wholly within Los Angeles County or wholly within Orange County.

6.0 Provisions Applicable to Route 9

- 6.1 Service on Route 9 shall be limited to the transportation of passengers to and from the Rose Bowl football game or to the Super Bowl football game.

7.0 Provisions Applicable to Route 10

- 7.1 Applicant shall not pick up or discharge passengers except within the limits of the specified service areas for Route 10 as hereinafter set forth.
- 7.2 Service will be rendered on a year-round basis daily including Thanksgiving Day, Christmas Day and New Year's Day.

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Decision No. 92401, Application No. 59222.

SECTION 2. DESCRIPTION OF SERVICE POINTS AND/OR TERRITORIES.

1.0 Route 1 Origin and Destination Points

1.1 No passengers on Route 1 shall be transported except those having point of origin and destination at one of the following points:

1.1.1 Buena Park Hotel and Holiday Inn, Buena Park.

1.1.2 Sheraton Motor Hotel, Disneyland Hotel, Quality Inn Hotel, Hyatt House Hotel, the Boxoffice, and Howard Johnson's Hotel, Anaheim.

1.1.3 Saddleback Inn, Santa Ana.

2.0 Route 2 Pickup Service Area

2.1 Newport Beach Tour Pickup Service Area

The portion of Orange County bordered by Los Angeles County on the north, State Highway 55 on the east, Knott Avenue in Orange County on the west, and the Pacific Ocean on the south.

3.0 Routes 3 through 8

3.1 Pickup points for Routes 3 through 8 are stops on the routes themselves.

4.0 Route 9 Pickup Service Area

4.1 Rose Bowl Pickup Service Area

Beginning at the intersection of State Highway 1 (Pacific Coast Highway) and Sunset Boulevard, northeasterly on Sunset to Interstate 405, north on Interstate 405 to Highway 101 (Ventura Freeway), east on 101 and State Highway 134 to Interstate Route 5, southeasterly on Interstate Route 5 to Interstate Route 10, east on Interstate Route 10 to State Route 57, southerly on State Route 57 to Interstate Route 5, southeasterly on Interstate Route 5 to Intersection with State Highway 1 (Pacific Coast Highway), northerly on State Highway 1 to Sunset Boulevard, point of beginning.

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SECTION 2. DESCRIPTION OF SERVICE POINTS AND/OR TERRITORIES. (cont.)

5.0 Route 10 Nonexclusive Pickup Territories

Passengers may be picked up and discharged at any point within the following described areas, subject to local traffic regulations:

5.1 Buena Park

That territory bounded by a line described as follows:

North - Rosecrans

South - Cerritos (Between Valley View & Knott)
Orange (Between Walker & Dale)

East - Magnolia

West - Valley View & Walker

5.2 Anaheim

That territory bounded by a line described as follows:

North - Orangethorpe

South - Chapman

East - Weir Canyon Road

West - Holder

5.3 Santa Ana

That territory bounded by a line described as follows:

North - Garden Grove Fwy & Main Street

South - Main Street & Newport Beach Fwy.

East - First Street & Newport Beach Fwy.

West - First Street & Cooper

5.4 Fullerton

That territory bounded by a line described as follows:

North - Imperial

South - Riverside Fwy.

East - Placentia

West - Section Line

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Appendix A

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SECTION 2. DESCRIPTION OF SERVICE POINTS AND/OR TERRITORIES. (cont.)

5.0 Route 10 Nonexclusive Pickup Territories

5.5 Costa Mesa

That territory bounded by a line described as follows:

North - Sunflower Street

South - Sixteenth Street

East - Irvine Blvd.

West - Santa Ana Riverbed

5.6 Garden Grove

That territory bounded by a line described as follows:

North - Katella Ave.

South - Hazard

East - Orange County Flood Control Channel

West - Louis Street

5.7 Newport Beach

That territory bounded by a lined described as follows:

North - Campus Drive

South - Pacific Coast Highway

East - Coyote Canyon Road

West - Santa Ana River

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SECTION 3. ROUTE DESCRIPTION.

Route 1. Anaheim - Santa Ana - San Ysidro.

Beginning at Buena Park Hotel, 7675 Crescent Avenue, Buena Park, over the most appropriate and convenient streets and freeways to pick up passengers at Holiday Inn, Buena Park; Sheraton Motor Hotel, Disneyland Hotel, Quality Inn Hotel, Hyatt House Hotel, The Boxoffice, and Howard Johnson's Hotel, Anaheim; and Saddleback Inn, Santa Ana, continue over the most appropriate streets and freeways to San Juan Capistrano, San Clemente, San Onofre, San Diego, and to San Ysidro.

Route 2. Anaheim - Newport Beach.

From the Route 2 Pickup Service Area to the beginning at the terminal located at 304 East Katella Way, Anaheim; thence, east on Katella Way, south on Interstate Highway 5, California Highway 55 and to the junction of California Highway 55 and Washington Street in Newport Beach where the passengers will disembark from the buses and board a vessel for an evening sightseeing tour of the Newport Beach Harbor.

Route 3. San Fernando - North Hollywood - Hollywood - Anaheim.

Beginning at Sherman Way and Topanga Canyon Boulevard, where passengers are boarded; south on Topanga Canyon Boulevard to U.S. 101 (Ventura Freeway); east on U.S. 101 to Tujunga Avenue; north on Tujunga to Riverside Drive, where passengers are boarded; return southerly on U.S. 101 (Hollywood Freeway) to Hollywood Boulevard off ramp, where passengers are boarded; southerly on U.S. 101 to Interstate 5 (Golden State Freeway); southerly on Interstate 5 to State Highway 91 (Artesia Freeway); east on State Highway 91 to State Highway 57 (Orange Freeway); south on State Highway 57 to Orangewood Avenue in Anaheim; west on Orangewood Avenue to Anaheim Stadium parking lot. This route may be operated as three sub-routes.

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SECTION 3. ROUTE DESCRIPTION. (Continuation)

Route 4. West Los Angeles - Anaheim.

Beginning at Avenue of the Stars and Olympic Boulevard, where passengers are boarded; east on Olympic to La Cienega Boulevard; south on La Cienega Boulevard; south on La Cienega to Interstate 10 (Santa Monica Freeway); east on Interstate 10 to Interstate 5 (Golden State Freeway); southerly on Interstate 5 to State Highway 91 (Artesia Freeway); east of State Highway 91 to State Highway 57 (Orange Freeway); south on State Highway 57 to Orangewood Avenue in Anaheim; west on Orangewood Avenue to Anaheim Stadium parking lot.

Route 5. South Bay - Anaheim.

Beginning at Hawthorne and Manhattan Beach Boulevards, where passengers are boarded; southerly on Interstate 405 (San Diego Freeway) to State Highway 91 (Artesia Freeway); east on State Highway 91 to State Highway 57 (Orange Freeway); south on State Freeway 57 to Orangewood Avenue in Anaheim; west on Orangewood Avenue to Anaheim Stadium parking lot.

Route 6. Central Los Angeles - Anaheim.

Beginning at Santa Barbara and Vermont Avenues, where passengers are boarded; south on State Highway 11 (Harbor Freeway) to State Highway 91 (Artesia Freeway); east on State Highway 91 to State Highway 57 (Orange Freeway); south on State Highway 57 to Orangewood Avenue; west on Orangewood Avenue to Anaheim Stadium parking lot.

Route 7. Pasadena - Anaheim.

Beginning at Colorado Boulevard and Arroyo Parkway, where passengers are boarded; north on Arroyo to Interstate 210 (Foothill Freeway); east on Interstate 210 to State Highway 57 (Orange Freeway); south on State Highway 57 to Orangewood Avenue in Anaheim; west on Orangewood Avenue to Anaheim; west on Orangewood Avenue to Anaheim Stadium parking lot.

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SECTION 3. ROUTE DESCRIPTION. (Continuation)

Route 8. Pomona - Anaheim.

Beginning at Diamond Bar Avenue and State Highway 57 (Orange Freeway), where passengers are boarded; south on State Highway 57 to Orangewood Avenue in Anaheim; west on Orangewood Avenue to Anaheim Stadium parking lot.

Route 9. Orange County - Rose Bowl, Pasadena.

Beginning at any point within Route 9 Rose Bowl Pickup Service Area, then along the most convenient and direct routes to the Rose Bowl in Pasadena.

Route 10. Anaheim - Universal Studios.

From the Route 10 non exclusive pickup territories to the beginning at 2045 State College Boulevard in the City of Anaheim, north on College Boulevard to Katella Avenue, west on Katella Avenue to Interstate Highway 5 (I-5), thence, north on Interstate Highway 5 (I-5) to U.S. Highway 101 (and State Highway 170), continue in a northerly direction to Lankershim Boulevard, northeast on Lankershim to the Universal Studios located at Lankershim Boulevard, and Tour Road located in North Hollywood, thence, return to point of beginning via the most appropriate direct route.

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