

ORIGINAL

Decision No. 13232

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of UNITED STAGES, INC., for a certificate of public convenience and necessity to operate a passenger auto stage and express package service between Santa Monica and Los Angeles, via Pico Boulevard, and all intermediate points.

) Application No. 8765.

In the Matter of the Application of PACIFIC ELECTRIC RAILWAY COMPANY, a corporation, for a certificate of public convenience and necessity to operate an automobile stage service between the intersection of West Boulevard and West 16th Street in the City of Los Angeles and the intersection of Ocean and Utah Avenues in the City of Santa Monica, California.

) Application No. 9391.

In the Matter of the Application of BAY CITIES TRANSIT COMPANY, a corporation, for certificate of public convenience and necessity to operate a passenger bus line from Sherman Drive, Los Angeles, California, to Fourth Street and Santa Monica Boulevard, Santa Monica, California.

) Application No. 9404.

In the Matter of the Application of D.G. HENDERSON for certificate of public convenience and necessity to operate a passenger bus line service on Pico Street between Mullen Avenue, in Los Angeles City (which is the western terminus of the Los Angeles Railway Company's Pico Street car line) and Main Street, Santa Monica, and intermediate points.

) Application No. 9566.

Warren E. Libby, Herbert W. Kidd and F. W. Thompson,
for the United Stages, Inc.
Robert E. Abbott, for the Bay Cities Transit Company.
C. W. Cornell, O. A. Smith and H. O. Marler, for the
Pacific Electric Railway Company.

Dockweiler, Dockweiler & Finch, for D. G. Henderson.

Westover & Emmsberger, by Myron Westover, Tanner, Odell & Taft, by Harris W. Taft, and Mr. George J. Bechtell, for the Santa Monica-Ocean Park Chamber of Commerce.

Chester L. Coffin, City Attorney, for the City of Santa Monica.

T. A. Woods, for the American Railway Express Co.

R. B. Hill, for the Los Angeles Railway Company.

SHORE, Commissioner:

O P I N I O N

Each of the above entitled applications is for a certificate of public convenience and necessity authorizing the operation of automotive stage service in Los Angeles County over what is known as Pico Boulevard, between Los Angeles and Santa Monica.

Public hearings were held in Los Angeles December 4th, 5th, 6th, 18th, 19th and 20th, 1923, evidence introduced, briefs filed and the matters were duly submitted and are ready for decision.

Pacific Electric Railway Company proposes to operate from the terminus of the Pacific Electric Railway line at **Vineyard Station in Los Angeles** via the terminus of the Los Angeles Railway line near West Boulevard on Pico Street, thence along Pico Boulevard to Ocean and Utah Avenues in Santa Monica.

Bay Cities Transit Company, in its application, proposes to operate between Sherman Drive at or near the terminus of the Los Angeles Railway on Pico Street, Los Angeles, over Pico Boulevard to 4th Street and Santa Monica Boulevard in Santa

Monica. This applicant also proposes to give free transfers from the proposed Pico Boulevard line to the other lines now operated by it in Santa Monica. It further offered to amend its application to extend its proposed Pico Boulevard line beyond Sherman Drive to a down town terminus ^{in Los Angeles} at or near 8th and Hill Streets.

United Stages, Inc. proposes to operate a through service from a terminus at 8th and Hill Streets or 8th and Olive Streets in Los Angeles, thence along 8th Street and Norton Avenue to Pico Street and Pico Boulevard to Main Street, Santa Monica. This applicant not only asks for the right to transport passengers but also express matter. Inasmuch, however, as no evidence was introduced with reference to the necessity for the transportation of express matter, that portion of the application of United Stages, Inc. need not be given further consideration.

D. G. Henderson, in his application, proposes to operate between the western terminus of the Los Angeles Railway on Pico Street, Los Angeles, over Pico Boulevard to Main Street, Santa Monica. He later amended his application to cover operation from 8th and Hill Streets in the down town section of Los Angeles, along 8th Street, Norton Avenue, Pico Street and Pico Boulevard to Main Street, Santa Monica.

It was stipulated by counsel for all four applicants that whatever testimony was offered in support of public convenience and necessity for the proposed operation would apply on the general principle to all of the applications. Considerable testimony was then offered by various witnesses, showing the rapid development of the entire district bordering Pico Boulevard from Los Angeles to Santa Monica, especially between Prens Avenue and Vineyard and in the area south of Sawtelle. Hundreds of new

homes have been erected in this district within the past few years and many people who have purchased property are awaiting the development of transportation facilities before they build their homes. The indication is that this district will become very populous within the next few years. Ample testimony was given to show that public convenience and necessity require the earliest possible establishment of passenger transportation along Pico Boulevard between Los Angeles and Santa Monica.

It is important to note that Pico Boulevard is one of the main thoroughfares between Los Angeles and Santa Monica, and that with the expanding of the population of Los Angeles in a westerly direction this boulevard will become one of the most heavily traveled and essential thoroughfares, both for vehicular and for street railway transportation. The evidence in this proceeding tends to show that ultimately public convenience and necessity will require the substitution of rail service for the automotive stage service now proposed on this route. In this connection the Pacific Electric Railway Company offered a stipulation that if and when, through appropriate proceedings of the Railroad Commission, it should be established that public convenience and necessity require the establishment of rail service along Pico Boulevard from Vineyard in Los Angeles to Santa Monica, (it being understood that the demand of public convenience and necessity at that time would reasonably show that revenues to be derived from such rail service would equal the operating expenses for the same) the Pacific Electric Railway Company would undertake to seek the necessary franchises for such operation and would extend its railway lines to provide for such service.

All four applicants have had experience of some kind in automotive stage transportation. D. G. Henderson has not heretofore owned or directed any regular motor transportation as a public utility under the Commission's regulation. He has, however, owned and operated a large fleet of busses for use in subdivision business, moving picture operations and in sightseeing tours in and around Los Angeles. Bay Cities Transit Company operates a regular ^{service} stage/along certain routes within Santa Monica and between Santa Monica and Sawtelle. United Stages, Inc. has conducted extensive stage operations in Southern California, including stage lines operating between Santa Barbara and Los Angeles, Los Angeles and San Diego, San Diego and El Centro, Imperial Valley and Los Angeles, and locally in Imperial Valley. Pacific Electric Railway Company has, in recent proceedings before the Railroad Commission, announced a broad policy for the operation of stage lines as feeders to, in extension of, and as an integral part of its present transportation system. It has already established motor stage operations in various sections of Southern California, including an extensive stage service in the city of Los Angeles, where it operates both independently and also in conjunction with the Los Angeles Railway under the name of the Los Angeles Motor Bus Company.

In the matter of carrying through the proposed automotive stage service to the down town section of Los Angeles, United Stages, Inc. having provided for it in its original application; D. G. Henderson having provided for it by an amendment to his application and Bay Cities Transit Company having offered to amend its application to provide for it, the evidence tended to show that owing to the exceedingly congested traffic in the central district of Los Angeles it would be difficult to maintain a regular schedule of motor stage transportation to and from the down town section of

Los Angeles. It was also pointed out that passengers going into the down town section of Los Angeles by street railway from either the terminus at West Pico Boulevard or at Vineyard Station could, by transfers to other railway lines within the city of Los Angeles, reach a great number of points in the down town section that could not be reached by the operation of a motor stage line from Pico Boulevard to a terminus at or near 8th and Hill Streets. Mr. F. A. Lorentz, Chief Engineer of the Board of Public Utilities of the city of Los Angeles, stated in this proceeding that it was not desirable to add to the congestion of vehicular traffic in the down town section of Los Angeles, and particularly on 8th Street, by the addition of through motor stage service from outside suburban points. On the other hand, a number of witnesses from Santa Monica testified that they would prefer to have through motor stage service from Santa Monica to the down town section of Los Angeles. Unquestionably a great majority of all passengers who would use the services herein proposed are well acquainted with the local street railway facilities in the city of Los Angeles, and in view of the problems now involved in the congested street traffic in Los Angeles and of the fact that all of the applicants offer to connect with either or both of the termini of the street railway lines on Pico Boulevard and at Vineyard Station, it does not seem advisable that any of the proposed suburban stage lines should be permitted to operate in the congested district. Accordingly all four applications will be considered solely from the point of view of service from the termini of the electric railway lines and thence over Pico Boulevard to Santa Monica.

All four applicants propose to operate motor busses of 25 passenger capacity or larger, these motor busses being of what is known as the street car type, having a center aisle with double

seats on either side of the aisle.

The matter of public convenience and necessity requiring the proposed operation being established, the proposed equipment being approximately the same, the route and termini (leaving out any proposed operation to the down town section of Los Angeles) being approximately the same, the determination of these applications rests largely upon the questions of proposed rates, time schedules, financial responsibility, availability of equipment and the relation of the proposed service to the present operating lines in Los Angeles and Santa Monica and to the inevitable requirements of the growing district involved. To this may be added consideration of the character of service that should be expected on the route proposed and in relation thereto the experience and standards of the applicants in their existing operations.

The testimony on behalf of all four applicants indicated that approximately a 45 minute headway would be sufficient for present operation but that the operation should be increased to a 15 minute service within a period of from six to twelve months and that it would undoubtedly have to be further increased to a 10 minute or 5 minute service later.

In the matter of rates, Bay Cities Transit Company proposes to charge a through rate of 25 cents between termini, with a round trip rate of 40 cents and a minimum rate of 5 cents between fare breaks and a graduating scale of rates between various intermediate points. This company also proposes to issue free transfers within 5 cent fare zones between its proposed Pico Boulevard line and its local town lines in Santa Monica. The estimate submitted by this applicant with reference to the cost of operation per mile of a 25 passenger street car type motor bus is lower than approved

statistics show it is reasonable to expect, and inasmuch as this applicant has heretofore operated busses not exceeding 18 passenger capacity it would appear that sufficient consideration has not been given by it to the cost of the proposed operation and that its proposed rates would not be sufficient to establish and maintain a satisfactory and profitable operation.

D. G. Henderson proposes rates materially lower in some instances than any of the other applicants. This applicant proposes a through rate from the terminus of the Los Angeles Railway Company on Pico Street to Main Street, Santa Monica, of 25 cents, with a minimum rate between fare breaks of from 2 cents to 5 cents, such minimum rate between breaks proposed being: one rate of 2 cents, three of 3 cents, one of 4 cents and two of 5 cents, with rates between other intermediate points ranging proportionately from 2 cents to 25 cents. While this applicant has had considerable experience in the operation of motor busses in connection with various large subdivisions, moving picture operations and sightseeing tours in and around Los Angeles, he has had no experience in the operation of automotive stage service on regular schedules and over regular routes. There was no substantial evidence to show that he could maintain a service profitably at his proposed rates.

United Stages, Inc. has engaged extensively in stage operation in Southern California for a considerable period of time but has not, up to the present time, operated busses of greater capacity than 18 passengers. This applicant, in presenting its estimate of operating costs in the proposed service, showed that it had given considerable care to the preparation of its estimate of the probable cost of operations and based its proposed rates upon such estimates. It proposes to charge a rate of 30 cents each

way from the terminus of the Los Angeles Railway line on Pico Street to Ocean Avenue and School Street in Santa Monica. It further proposes commutation rates of \$5.80 for school book of 45 rides; \$6.70 for a family book of 30 rides and \$7.75 for a 60 ride, 40 day limit book. Its minimum rate between fare breaks is 10 cents with proportionate rates between other intermediate points. It will be readily seen that this applicant's one-way local and through rates are higher than those proposed by either of the two preceding applicants. It proposes, however, a more complete schedule of multiple ride fares.

Pacific Electric Railway Company proposes a somewhat different service from any of the three preceding applicants. Its Los Angeles terminus will be the Vineyard Station on the Pacific Electric Railway line, a connection, however, being made on all runs with the terminus of the Los Angeles Railway line on Pico Street, from which point the route will be over Pico Boulevard to Ocean and Utah Avenues in Santa Monica. The rates proposed by this applicant are practically identical with the rates charged by it over parallel electric lines between Los Angeles and Santa Monica, in proportion to the respective mileage.

It proposes to charge 38 cents one way between termini and a minimum of 6 cents between fare breaks. It further proposes a rate of 60 cents for round trips and offers additional multiple rates between termini as follows:

10 ride book	-	\$2.63
Family book	-	6.72
School book	-	5.57
Week-day book	-	5.80
Monthly book	-	6.12
60 ride book	-	7.60

This applicant claims that while its rate for one way trips between termini is higher than the single rates of any of the other appli-

cants, it applies such additional benefits through its round trip and other multiple rates that its general schedule of rates is thereby considerably diminished. In this connection it further claims that the great majority of the traffic on the proposed route will be of the nature that will avail itself of the benefits derived from these multiple trip rates.

All four applicants are of the opinion that the operations in any event would be maintained at a loss for a period of 6 months to a year. In this connection and also in view of the early prospect of a greatly increased traffic demand on this route, the matter of financial responsibility and ability to provide any necessary additional equipment that may be required to take care of the growing traffic is deemed by the Commission to be of great importance.

Bay Cities Transit Company claims to be operating at a substantial profit in its present operations in Santa Monica and Sawtelle. An analysis of this applicant's financial statement, however, shows that in estimating its profits it has not given due consideration to depreciation. The testimony given by its officers in this proceeding did not show the existence of available funds for the purchase of the equipment that would be required of this operation but showed that they relied mainly upon the speculative prospect of selling stock to secure the funds for the purchase of said equipment.

United Stages, Inc. has been successful in its operations in Southern California and by the possible sale of certain securities or by arranging a loan on same could probably raise the necessary funds with which to begin the proposed operations. It appears, however, that the growth of the traffic on the proposed route will develop so rapidly from the increasing population in the district surrounding it that this applicant would have to devise

some new means of financing the purchase of the equipment that would be required to meet the growing traffic other than relying upon its present resources and the funds that could be made immediately available by the members of this corporation.

D. G. Henderson, both by his own testimony and by the testimony of the cashier of one of the leading banks of Los Angeles, was shown to be in a strong financial position, and with his present resources is capable not only of sustaining any temporary loss in the development of these operations but of providing any necessary additional equipment for years to come.

Applicant Pacific Electric Railway Company, however, appears to be in unquestionably the best condition of these four applicants as regards financial ability and responsibility. It has engaged in the electric transportation business in this region for many years and would undoubtedly be able not only to finance the purchase of needed equipment in the first instance but to meet such future conditions as might develop and stand such incidental losses as may be expected during the period in which the business of this new transportation route is being built up.

As stated above, it seems clear that the territory along Pico Boulevard from Los Angeles to Santa Monica will, within a few years, become a thickly settled and populous section. The only rail transportation service now rendered between Los Angeles and the Santa Monica region is that of the Pacific Electric Railway Company, along its Hollywood-Sherman-Beverly Hills line, which parallels Pico Boulevard at some distance to the north and west, and along its Vineyard-Culver City-Venice line, which parallels Pico Boulevard at some distance to the south and east. An ultimate demand and need for rail transportation along Pico Boulevard would therefore appear inevitable. Such service, if and when commenced,

should be closely inter-related to street car service within the city of Los Angeles. It is, of course, not the primary purpose of these proceedings to investigate this matter of future rail transportation in this region, but the Commission must recognize that in a growing territory of this nature the continuing needs must be considered, and it must further recognize the fact of the great development now going on in this territory, together with the implications which such development involves.

After careful consideration of the proven present need of automobile bus transportation in the territory covered by the above mentioned applications, and of the evidence now before us concerning the financial ability and transportation experience of the various applicants, and of other matters above referred to,

THE RAILROAD COMMISSION HEREBY FINDS AS A FACT that public convenience and necessity require the operation by Pacific Electric Railway Company, a corporation, of an automobile stage service for the transportation of passengers between the intersection of West Boulevard and West 16th Street in the city of Los Angeles (end of Pacific Electric West 16th Street-Vineyard line) and the intersection of Ocean Avenue and Utah Avenue in the city of Santa Monica, via Pico Boulevard, giving through service between said points and local service to intermediate points, including the westerly terminus of the Los Angeles Railway line on Pico Street, in accordance with the conditions provided for in the Order herein made.

I submit the following form of Order.

ORDER

Public hearings having been held in the above entitled proceedings, evidence introduced, briefs filed, the matters having been submitted and the Commission being fully advised,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require the operation by Pacific Electric Railway Company, a corporation, of an automotive transportation service as a common carrier of passengers, over and along the following route; commencing at the intersection of West Boulevard and West 16th Street in the city of Los Angeles, thence along West Boulevard to Pico Street, then in a general westerly direction along Pico Street and Pico Boulevard to Ocean Avenue in the city of Santa Monica, then northerly along Ocean Avenue to Utah Street, and

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be, and the same hereby is, granted to said Pacific Electric Railway Company, subject to the following conditions:

(1) Applicant Pacific Electric Railway Company shall file, within a period not to exceed thirty (30) days from and after the date hereof, its written acceptance of the certificate herein granted, which written acceptance shall be accompanied by a resolution of the Board of Directors of said Pacific Electric Railway Company, duly certified by the Secretary thereof, in form approved by this Commission, declaring that said Pacific Electric Railway Company does declare its intention to serve the section of territory here in question with electric/^{rail} transportation service as a part of its electric rail transportation system as a common carrier within the general region in which this territory is located, if and when public convenience and necessity will be conserved by the undertaking of such service, and agreeing for said Company to seek the necessary franchises therefor and thereafter to construct and operate an electric rail service over

and along or near Pico Boulevard from Los Angeles to some suitable terminus in Santa Monica, at such time as this Commission, in the exercise of its regulatory jurisdiction over said Company, shall find, after public hearing and investigation, that traffic conditions and population have so developed along this route that public convenience and necessity require the establishment of electric railway service therethrough in lieu of or in addition to the automobile bus service here in question; and shall also find that the returns from traffic which might then reasonably be expected would reasonably meet the operating costs and a return upon the necessary investment.

(2) Applicant Pacific Electric Railway Company shall file, within a period not to exceed twenty (20) days from the date hereof, in duplicate, tariff of rates identical with the tariff of rates submitted as Exhibit "B" attached to its application herein; and shall file, in duplicate, within a period not to exceed twenty (20) days, time schedules providing for a headway of not to exceed 45 minutes, leaving Pico Street and Windsor Boulevard not later than 6:00 a.m. each morning and continuing to not later than 11:00 p.m. each evening.

(3) Service under the above certificate to commence within a period of not to exceed forty (40) days from date hereof.

(4) The rights and privileges herein authorized may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad

Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

(5) No vehicle may be operated by applicant Pacific Electric Railway Company unless such vehicle is owned by it or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.

IT IS HEREBY FURTHER ORDERED that Applications Nos. 8765, 9404 and 9566 be, and the same hereby are, denied.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 1st
day of March, 1924.

C. Seaver

H. B. ...

Dwight Masters
Egerton Shore

Commissioners.