

Decision No. 20529.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application  
of LOS ANGELES RAILWAY CORPORATION,  
a corporation, and PACIFIC ELECTRIC  
RAILWAY, a corporation, operating  
under the name of the LOS ANGELES  
MOTOR COACH COMPANY, for a certifi-  
cate of public convenience and  
necessity to extend operation of  
the Sunset Boulevard line, and for  
an order granting permission to  
increase passenger rates between  
points on said line in the City of  
Los Angeles, State of California.

Application No. 14,628.

ORIGINAL

Frank Karr, R. E. Wedekind,  
O. A. Smith and  
Woodward M. Taylor, for Applicant.

Carl Bush, for Hollywood Chamber  
of Commerce, Protestant.

Milton Bryan, J. L. Ronnow and  
F. F. Ball, for City of  
Los Angeles and Board of Public  
Utilities and Transportation.

BY THE COMMISSION:

OPINION AND ORDER ON REHEARING.

Applicant herein, having filed a request for a re-  
hearing on Decision No. 20,004 dated July 9th, 1928, in this  
proceeding, the Commission reopened the proceeding for further  
public hearing.

Further hearings were held before Examiner Williams  
on October 11, 1928 and November 5, 1928, the matter again  
having been submitted on the latter date.

The applicant presented additional evidence concerning the revenues and expenses of its Sunset Boulevard line, bringing the former figures down to July 31, 1928; and also evidence to the effect that it would be impracticable to issue transfers between this line and the lines of the Los Angeles Railway Company in connection with the sale of a round trip ticket. Applicant amended its application so as to request an increase in fare from ten cents to fifteen cents between points west of Sunset Boulevard and LaBrea Avenue, and points east of First Street and Vermont Avenue.

The Board of Public Utilities and Transportation of the City of Los Angeles has indicated that it is in favor of increased fares west of LaBrea Avenue provided that the applicant unifies the bus and rail systems in such a manner as to secure better services at equal rates on both the rail and bus lines.

The Hollywood Chamber of Commerce on rehearing expressed its attitude as protesting the extension into the downtown district on the ground that no public necessity had been shown for such extension. This organization, however, did not protest the proposed increase in fare west of La Brea Avenue provided that a minimum fare of five cents was established on substantially the same basis as to present Pacific Electric fares in the Hollywood district, but did protest an increase in fares without the five cent minimum fare. This protest was based on the ground that the Commission could not lawfully consider the earnings and expenses of the Sunset Boulevard Motor Coach Line alone, but must also consider all of the local lines operated by the Los Angeles Motor Coach Company, Los Angeles Railway, or Pacific Electric Railway.

The Commission's Engineering Department presented evidence showing that under present operation the lines would earn a return of but 3.1% or 3.3%, depending upon the basis used for depreciation.

We have carefully reviewed all of the evidence in this proceeding, as well as our former decision in this matter, and are of the opinion that the order in the former proceeding should be reaffirmed, with the understanding that the round trip fare of twenty-five cents, as authorized therein, will not carry transfer privilege to the lines of the Los Angeles Railway but will carry transfer privilege to the Pacific Electric Railway Los Angeles local lines at Gardner Junction.

In reaching this conclusion, we have given weight to the arguments presented by Counsel for the Hollywood Chamber of Commerce and concurred in by the City of Los Angeles.

The records of this Commission show that neither the Los Angeles Railway nor the local lines of the Pacific Electric Railway are earning in excess of a fair and proper return on the investment. The attitude expressed by the representative of the Hollywood Chamber of Commerce, to the effect that one line of a local system should not be picked out and considered separately of the others, is correct in principal. It would appear that the particular circumstances, however, in this case have already worked to the contrary to this rule, in that the earnings and return on both of the local lines have been considered by the Railroad Commission and appropriate orders entered without a consideration of the fares on the Los Angeles Motor Coach line,

such fares not having been technically before the Commission in the proceedings referred to.

In view of the fact that the two parent railways are not earning in excess of a fair return on investment, that this line is earning less than a fair return, and that the rates of this line were not before the Commission in the proceedings affecting the parent companies, we believe it proper in this particular case and under these particular circumstances to authorize the rate adjustment.

O R D E R

Los Angeles Railway Corporation and Pacific Electric Railway Company, operating under the name of the Los Angeles Motor Coach Company, having filed an application for rehearing of the order contained in Decision No. 20,004 dated July 9, 1928, in this proceeding, the matter having been reopened, further hearings having been held, and the matter having been submitted, therefore

IT IS HEREBY ORDERED that the application for rehearing filed July 19, 1928, by applicant be, and the same is hereby denied.

IT IS HEREBY FURTHER ORDERED that the order in said Decision dated July 9, 1928, in this proceeding be, and the same is hereby affirmed with the provision that the round trip fare of twenty-five cents therein authorized, shall not carry transfer privilege with lines of the Los Angeles Railway Corporation but shall carry transfer privilege to lines of Pacific Electric Railway, Los Angeles local lines at Gardner Junction, and with the further provision that the limits of time mentioned in said order shall be determined from the date hereof.

The Commission reserves the right to make such further

orders in this proceeding as may appear just and reasonable.

Dated at San Francisco, California, this 31<sup>st</sup> day of  
November, 1928.

Leon Whitely

C. Leary

M. Lee

Commissioners.