

Decision No. 22923

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the
GLENDALE AND MONTROSE RAILWAY, for
permission to abandon freight and
passenger service over the lines of said
railroad and for approval of the
cancellation of contract of operation
with the Los Angeles and Salt Lake
Railroad Company.

ORIGINAL

Application
No. 16873

O'Melveny, Tallor & Myers, by William T. Clary; and
by O. T. Halpling and P. E. Campbell, for Applicant.
Herbert A. Adams, for Glendale Advancement Association,
interested party.
Bernard Brennan, City Attorney, for the City of
Glendale, interested party.
A. E. Nelson, for Eagle Rock Taxpayers' Protective
League, Protestant.
E. Gould, for residents of West End of La Crescenta,
Protestants.
Richard T. Eddy, for Pasadena-Ocean Park Stage Line,
interested party.
Chas. A. Butler, for Eagle Rock Chamber of Commerce,
Protestant.
E. G. Weeks, for Los Angeles Railway Corporation,
interested party.
Frank Karr and R. E. Wedekind, by R. E. Wedekind,
for Pacific Electric Railway Company and Motor Transit
Company, interested parties in favor of the application.
F. C. O'Leary, for certain property owners in La Crescenta,
Protestants.
P. A. Slattery, for certain property owners in Montrose,
Protestants.
J. O. Marsh, Chief Engineer, for the Board of Public
Utilities and Transportation of the City of Los
Angeles, interested party.

BY THE COMMISSION -

O P I N I O N

Glendale and Montrose Railway, a corporation, by its amended
application herein petitions the Railroad Commission for an order
authorizing and permitting applicant to abandon all of its
passenger and freight operations and to discontinue all service
as a common carrier.

A public hearing on this application was conducted by Examiner Handford at Los Angeles, at which time evidence was received and the matter is now submitted for decision.

Applicant relies as justification for the granting of the desired order for the discontinuance of all service as a common carrier upon the following alleged facts: (1) that for more than two years last past applicant has been operating as a common carrier of passengers between Verdugo Road on the south end, La Crescenta on the north, Eagle Rock City on the east, and Brand Boulevard, Glendale on the west, all of which points are within the County of Los Angeles; also as a common carrier of freight between Brand Boulevard, Glendale, La Crescenta, and Eagle Rock City in said county; (2) that this applicant has been for many years in the past, and now is operating such common carrier passenger and freight traffic at a financial loss, as shown by the annual reports on file with this Commission; (3) that this Commission by its Decision No. 11212 on Application No. 6605, approved an operating agreement between the applicant and Los Angeles and Salt Lake Railroad Company and by Decision No. 11270, dated March 30, 1935, authorized applicant to advance its freight rates for the purpose of increasing its freight revenue; that neither of the foregoing decisions has enabled applicant to sufficiently increase its revenue to result in operation at a profit; (4) that in the past few months the passenger traffic of applicant has been materially reduced by reason of the extended bus service of its competitor, Pacific Electric Railway Company, into what is known as the Rossmoyne District located on the line of applicant between Glendale and Montrose, and that the augmented bus service of the Pacific Electric Railway Company has contributed to the loss of revenue to applicant to such an extent that the traffic is not and cannot be continued by the applicant without serious financial

loss; (5) that the said Pacific Electric Railway Company has now on file with this Commission an application in which it has applied for additional permission to operate bus service over a route contiguous to the line/^{of} applicant, and such application, if granted, will be fully adequate and sufficient to furnish proper transportation for all passengers now using the railway of applicant; (6) that the Motor Transit Company also serves the La Crescenta-Montrose territory, and in connection with Pacific Electric Railway Company to serve the territory contiguous to the railroad line of the applicant with sufficient passenger service if the application herein is granted; (7) that the transportation of freight over the line of applicant has decreased to the extent that the operation of freight service has shown a great loss; (8) that applicant has never paid any dividends nor interest upon its indebtedness; and (9) that applicant has exhausted every means within its power to operate its railroad efficiently and economically.

Glendale and Montrose Railway, a corporation, was originally incorporated under the laws of the State of California on April 14, 1909, as the Glendale and Eagle Rock Railway Company, the name having been changed by a decree of the Superior Court of the State of California, in and for the County of Los Angeles, as filed March 31, 1914, in Case No. B-9796.

The railroad owned by the applicant consists of two divisions, one the Montrose Division extending from Glendale to La Crescenta; a distance of 6.07 miles, and the other, the Eagle Rock Division extending from Glendale to Eagle Rock, a distance of 2.08 miles, a total of 8.15 miles. Applicant also operates, under lease from the Los Angeles & Salt Lake Railroad Company, trackage owned by the latter company from Glendale to Los Angeles, a distance of 4.50 miles, using same for passenger service and also for the switching of freight. All the trackage, owned and operated, is located in the County of Los Angeles, State of California.

P. L. Hesch, general manager of applicant company, testified that notwithstanding a raise in freight rates and the existence of an operating agreement with the Los Angeles & Salt Lake Railroad Company, both of which were duly authorized and approved by this Commission, the revenue from operation of the applicant's railway was not sufficient to meet the expense of operation, and that the traffic was steadily declining. Witness attributes the declining patronage to the privately owned automobile, the encroachment of truck operation which causes a decrease in freight revenue, and to the establishment of passenger stage service into the territory served, such stage service being operated by competing carriers and materially affecting the volume of passenger traffic formerly available for and carried by the railroad of applicant. This witness estimates that a considerable expenditure will be immediately required if the road is to be continued in operation, to rehabilitate the track and equipment and to provide for safe operation, his estimate of the expense so required being \$259,000.00, which is to be expended on the following portions of the line:

Montrose Division

From Monterey Road north to La Canada Boulevard, track rehabilitation	\$ 9000.00
From Verdugo Spur to north end of La Canada Boulevard, track rehabilitation	30000.00
Montrose Line, to end of Pennsylvania Avenue, track rehabilitation	70000.00

Earle Rock Line

East Wilson Avenue, track rehabilitation	30000.00
Balance of line, track rehabilitation	12000.00

General

New Equipment Passenger cars	52000.00
Total	\$ 259000.00

The railway has been operated under the management of the witness with every possible economy, one-man cars being used for the passenger operation, and the witness is unable to suggest any manner in which the operating expenses may be decreased or the volume of passenger or freight traffic increased.

A. L. Goethals, auditor of the applicant company, presented statements showing receipts and expenditures for the past five years and for the seven months of the calendar year 1930,

(Exhibit No.2). These statements show the following data:

	Year <u>1925</u>	Year <u>1926</u>	Year <u>1927</u>
<u>OPERATING REVENUE</u>			
Passenger Revenue	\$ 71492.62	73307.49	76820.66
Freight Revenue	16922.16	15671.94	12974.15
Station car privileges	605.01	692.29	1121.58
Rent of Equipment	147.09	49.41	127.75
Switching Revenue	10.00		
Rent of Tracks and Facilities	<u>139.69</u>		<u>341.31</u>
Totals	\$ 89612.59	92243.13	91575.45
<u>OPERATING EXPENSE</u>			
Maintenance, Way and Structures	16826.82	21912.90	18851.56
Maintenance of Equip- ment	15778.17	15114.41	15193.73
Power, Operating Conducting transpor- tation	20450.24	20035.08	17384.87
Traffic	23531.17	23912.01	22836.07
General and Miscel- laneous	273.96	317.60	447.34
	<u>24224.46</u>	<u>26373.23</u>	<u>25081.73</u>
Totals	101022.82	109571.23	99797.32
<u>SURPLUS</u>			
Operating Profit	11470.25 *	17326.10 *	2321.87 *
Taxes Accrued	<u>5678.50</u>	<u>5589.90</u>	<u>6056.27</u>
	17148.75 *	22916.00 *	14278.14 *
Min. Rents, Income Income from Unfunded Accounts	3436.00	1139.00	1037.33
	<u>66.01</u>	<u>103.90</u>	<u>187.16</u>
	16816.72 *	21669.10 *	15064.23 *
Miscellaneous Debits	8.46		
Miscellaneous Rents	<u>1140.00</u>		
Net Surplus	24795.16 *	21669.10 *	15064.23 *

Note: - (*) indicates deficit.

	Year <u>1928</u>	Year <u>1929</u>	January to <u>July, Inc.</u> <u>1930</u>
<u>OPERATING REVENUE</u>			
Passenger Revenue	\$ 74241.07	66926.42	31996.19
Freight Revenue	12426.74	11579.48	6620.12
Demurrage Revenue	18.00	44.00	10.00
Station & Car Privileges	1105.46	977.13	564.76
Rent of Equipment	199.00	371.30	44.61
Rent of tracks and facilities	<u>156.80</u>	<u>120.12</u>	<u>55.44</u>
Total	\$ 88749.09	80018.46	39291.12
<u>OPERATING EXPENSE</u>			
Maintenance, Way and Structures	19833.00	16062.70	5488.96
Maintenance of Equipment	14442.23	13304.74	7326.75
Power Operating	12426.96	19131.06	3524.60
Conducting Transportation	22008.97	12789.91	9403.56
Traffic	495.90	193.60	20.04
General Miscellaneous	<u>27080.21</u>	<u>25493.70</u>	<u>15189.34</u>
Total	\$ 102237.26	92976.31	46753.25
<u>SURPLUS</u>			
Operating Profit	15532.17 *	12957.85 *	7462.13 *
Taxes Accrued	<u>3201.51</u>	<u>4452.57</u>	<u>2965.05</u>
	17339.68 *	17410.42 *	10427.18 *
Miscellaneous Rent Income	1187.53	1424.00	604.00
Income from Unfunded Accounts	<u>135.12</u>	<u>135.13</u>	<u>93.76</u>
	16037.27 *	15850.29 *	9727.42 *
Miscellaneous Credits		<u>53.97</u>	
Net Surplus	\$ 16037.27 *	15796.32 *	9727.42 *

Note:- (*) indicates deficit.

The granting of the application is protected by a number of individuals and civic organizations in the territory in which service is proposed to be discontinued. The evidence offered by these protestants indicates their desire for some substitute service to be provided in the event of the abandonment of the rail service, and that such substitute service enable the former patrons of the railroad to reach both the cities of Glendale and Los Angeles by direct service which will not require transfer enroute. The need for substitute service will, in the

event of the abandonment of the rail service of the applicant be cared for by the stage facilities of the Motor Transit Company or the Pacific Electric Railway Company, both companies having made application to this Commission for a rerouting or extension of stage service in the territory in which rail service is proposed to be discontinued by the applicant. The Los Angeles Railway Corporation also proposes to make application for an extension of its stage service to serve a portion of the territory in conjunction with its street railway service. The Pasadena-Ocean Park Stage Line also proposes, in the event of the granting of the application, to make certain rate adjustments which will facilitate the movement of passengers between Glendale and Eagle Rock.

After full consideration of the evidence and exhibits herein we are of the opinion and hereby find as a fact that the present and future public convenience and necessity do not require the continued operation of the freight and passenger service of the applicant, it being apparent that the operation cannot be conducted except at a material loss; that no reduction in operating expenses can be made to enable profitable operation; that the line of railroad has never paid any dividends upon the investment devoted to the public as a common carrier; that to continue operation safely would require an investment of approximately \$259,000 to rehabilitate the line and procure new equipment; that there is no prospect of any increase in the volume of freight and passenger traffic which would warrant continued operation; and that the patrons of the railway as now served in the handling of freight and passenger traffic will be reasonably served by stage and truck lines and by the lines of presently operated mail carriers.

O R D E R

A public hearing having been held on the above entitled application, the matter having been duly submitted, the Commission being now fully advised and basing its order on the findings of fact as appearing in the opinion which precedes this order,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that the public convenience and necessity do not require the continuance of the operation of the Glendale and Montrose Railway, a corporation, as a common carrier of passengers and freight over the railroad heretofore operated by such company, all in the County of Los Angeles, State of California, it being evident from the record herein that the cost of operation exceeds the revenue derived from passenger and freight traffic and has never yielded any return as dividends or interest upon the amount invested in property dedicated to the business of a common carrier; that immediate expenditure of approximately \$259,000 is necessary to rehabilitate the property that operation may be safely conducted; and that there is no prospect of any increase in passenger and freight traffic which would justify the continued operation of the line of the applicant as a common carrier or the additional expenditure necessary to rehabilitate the railroad.

IT IS HEREBY ORDERED that this application be granted and that applicant Glendale and Montrose Railway, a corporation, be and the same hereby is granted authority to suspend operation as a common carrier of freight and passengers over its line of railway in the County of Los Angeles, State of California, in accordance with the following conditions:

1- Applicant is hereby required to post notice of the date of suspension of operation of its railway as a common carrier of passengers and freight at all stations on its line at which freight or passengers have been received or discharged at least ten (10) days prior to the date upon which discontinuance of service as a common carrier, as herein authorized, is effective .

2- Applicant is hereby required to cancel by effective supplement all rates, tariffs, rules and regulations, in accordance with tariff regulations of this Commission, and covering the freight and passenger service herein authorized to be discontinued, such cancellation of rates, tariffs, rules and regulations to be effective coincidentally with the suspension of service herein authorized.

3- The order herein shall not be effective until applicant, Glendale and Montrose Railway, a corporation, shall have obtained from the Interstate Commerce Commission an order or other effective authority permitting the abandonment of freight and passenger service as a common carrier of interstate passengers and freight over its line of railway.

Dated at San Francisco, California, this 29th day of September, 1930.

W. S. Sawyer
W. S. Sawyer

David L. Smith

COMMISSIONERS.