

Decision No. 23829

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the
 PACIFIC ELECTRIC RAILWAY COMPANY, a
 corporation, for permission to reduce
 service on the Beverly Boulevard Motor
 Coach Line. } Application
 No.17209 }

C. W. Cornell, for Applicant.
 R. L. Mc Nitt, for Committee of Palisades Improvement
 League, Protestant.
 C. E. Dodds, for University of California at Los
 Angeles, Protestant.

BY THE COMMISSION -

OPINION ORIGINAL

Pacific Electric Railway Company, a corporation, has petitioned the Railroad Commission for an order authorizing the reduction of service on its Beverly Boulevard Motor Coach Line in the County of Los Angeles.

Public hearings on this application were conducted by Examiner Handford at Los Angeles, the matter was duly submitted and is now ready for decision.

The Beverly Boulevard motor coach line of applicant operates between Pershing Square in the City of Los Angeles and Castellammare, a distance of approximately 23.8 miles, principally along Beverly Boulevard through the cities of Los Angeles, Beverly Hills, Bell Aire, University of California at Los Angeles, Pacific Palisades, Huntington Palisades, California Rivera and Castellammare.

The present service on this line is operated between the hours of approximately 5:00 A.M. to 1:00 A.M. on a headway of one hour during the major portion of the day.

Applicant was granted a certificate of public convenience and necessity to operate motor coach service on its Beverly Boulevard line by this Commission's Decision No.18336 on Application No.13056, decided May 6, 1927. Service was commenced on June 25, 1927, and has been operating continuously since that time, with practically the same frequency of service.

The financial results from the operation of this line for the period June 25, 1927, to January 31, 1931, both dates inclusive, are as follows:

| | <u>June 25-December 31</u> | | |
|-----------------------------------|----------------------------|-------------------|-------------------|
| | <u>1927</u> | <u>1928</u> | <u>1929</u> |
| Passenger Revenue | \$ 20,440.27 | \$ 37,702.39 | \$ 42,331.98 |
| Operating Exp. (Out of pocket) | 25,250.77 | 56,257.05 | 49,291.31 |
| Net Loss | <u>4,809.90*</u> | <u>18,554.66*</u> | <u>6,959.33*</u> |
| Taxes | <u>1,833.75</u> | <u>3,545.62</u> | <u>3,681.79</u> |
| Motor Coach Operating Loss | \$ 6,643.65* | \$ 22,100.28* | \$ 10,641.12* |
| | <u>January 1-31</u> | | |
| | <u>1930</u> | <u>1931</u> | <u>Total</u> |
| Passenger Revenue | \$ 39,276.54 | \$ 3,277.33 | \$143,029.11 |
| Operating Exp. (Out of pocket) | 49,499.89 | 3,752.94 | 184,051.96 |
| Net Loss | <u>10,223.35*</u> | <u>475.61*</u> | <u>41,022.85*</u> |
| Taxes | <u>3,621.30</u> | <u>301.64</u> | <u>12,984.10</u> |
| Motor Coach Operating loss | \$ 13,844.65* | 777.25* | 54,006.95* |

* Indicates loss.

The record shows that during June, 1927, applicant entered into an agreement with the Alonzo Bell Corporation whereby said corporation was to pay to applicant the sum of \$1250.00 per month as a subsidy for the operation of said motor coach service for a period of two years. On June 24, 1929, this subsidy agreement was renewed for a further two year period ending June 24, 1931. O. A. Smith, passenger traffic manager of the applicant, testified that his company had been notified by the Alonzo Bell Corporation that the subsidy above mentioned will be discontinued at the time of the termination of the presently existing agreement.

It will be noted from the above showing of operating statistics that, including the subsidy, applicant since the establishment of the line has barely made out-of-pocket operating expenses, there being no return for general overhead or as interest on the investment.

If applicant is required to operate the present service on this line after June 24, 1931, it will incur an out-of-pocket loss of approximately \$10,000 to \$12,000 annually.

Applicant proposes to operate four through motor coach trips, daily except Sunday, during peak hours from Castellammare to Los Angeles, and five through motor coach trips, daily except Sunday, during peak hours, from Los Angeles to Castellammare, and to operate motor coach service on a headway of approximately one hour and thirty minutes between Beverly Hills and Castellammare, during off peak hours, with a direct connection at Beverly Hills with the Pacific Electric Railway Company's rail service between Beverly Hills and Los Angeles. Applicant also proposes to operate on Sundays a through motor coach service between Los Angeles and Castellammare on a frequency of one hour and thirty minutes.

It is the contention of applicant that there is not sufficient patronage on the Beverly Boulevard Motor Coach Line to justify the operation of the present service; that the service proposed, together with the connecting rail service between Los Angeles and Beverly Hills station, will provide adequate service between Los Angeles and the territory along Beverly Boulevard, west of Beverly Hills, which the Beverly Boulevard Motor Coach Line was primarily destined to serve, and that the territory adjacent to Beverly Boulevard, east of Beverly Hills, is adequately served by the present local transportation service of the Los Angeles Railway Corporation.

The record shows that applicant will voluntarily reduce the fares on this line, in the event of the granting of this application. Applicant proposes to reduce the fare to correspond with the fares on its other rail and motor coach interurban lines.

The following tabulation shows a comparison of some of the present rates and the rates which will be made effective if the service is reduced:

| | <u>Present Rates</u> | | | | <u>Proposed Rates</u> | | | |
|--|----------------------|-------------|-------------|-------------|-----------------------|-------------|-------------|-------------|
| | <u>O.W.</u> | <u>R.T.</u> | <u>46-R</u> | <u>60-R</u> | <u>O.W.</u> | <u>R.T.</u> | <u>46-R</u> | <u>60-R</u> |
| Between Los Angeles and Beverly Hills | \$.35 | \$.60 | \$9.65 | \$12.60 | \$.20 | \$.40 | \$6.00 | \$9.00 |
| University of Calif. at Los Angeles | .35 | .60 | 9.65 | 12.60 | .25 | .50 | 8.05 | 11.50 |
| Brentwood | .45 | .80 | 12.40 | 16.20 | .35 | .60 | 8.45 | 12.70 |
| Pacific Palisades | .50 | .90 | 13.80 | 18.00 | .45 | .80 | 9.75 | 14.60 |
| Castellammare | .60 | 1.00 | 16.55 | 21.60 | .55 | 1.00 | 10.85 | 16.25 |

After carefully considering all the evidence in this proceeding it appear that the continued operation of that portion of the service on applicant's Beverly Boulevard Motor Coach Line as herein proposed to be discontinued is not justified by the patronage offered by the traveling public in that the amount of revenue received, when compared with the operating costs does not result in any return on the investment and in the absence of the subsidy, which is shortly to be discontinued at the expiration of the existing agreement, will not produce a revenue equivalent to the out-of-pocket expense. This would place an undue and unwarranted burden on the applicant and its patrons in the continued maintenance of the unprofitable service herein proposed to be discontinued. The patrons of this motor coach line will be reasonably served by the remaining through motor coach service and by the combination of the motor coach service and rail service of the applicant.

ORDER

Public hearings having been held on the above entitled application, the matter having been duly submitted, and the Commission being now fully advised,

IT IS HEREBY ORDERED that permission and authority be and it is hereby granted to Pacific Electric Railway Company, a corporation, to reduce service on its so-called Beverly Boulevard Motor Coach Line, operating between Los Angeles and Castellammare, in accordance with the time schedule filed in this proceeding as "Amended Exhibit C", and subject to the following conditions:

1. Applicant shall afford the public at least ten (10) days' notice of such reduction of service, by posting notice of reduction of service at the termini of said line, at all stations affected, and on all motor coaches operating on said line.

2. If the service has not been reduced, as authorized herein, within one (1) year from the date of this order, the authorization herein granted shall lapse and become void unless further time is granted by subsequent order of this Commission.

3. The Commission expressly reserves the right to make such other and further orders in this proceeding as to it may appear just and proper, or as the public convenience and necessity may require.

For all other purposes, the effective date of this order is hereby fixed as twenty (20) days from the date hereof.

Dated at San Francisco, California, this 27th day of April, 1931.

C. J. Scully
Leon C. ...
M. J. ...
M. B. Harris
Fred G. Stewart
COMMISSIONERS.