

Decision No. 25079

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
SOUTHERN PACIFIC RAILROAD COMPANY
and PACIFIC ELECTRIC RAILWAY COMPANY
to abandon and remove rail line from
Ocean Avenue near Colorado Street to
the end of the line near Santa Monica
Canyon.

ORIGINAL

Application No. 17999.

Frank Karr for applicants.
Chester L. Coffin, City Attorney, for City of
Santa Monica, protestant.
Arthur A. Weber for Palisades Beach Improvement
Association, protestant.

BY THE COMMISSION:

O P I N I O N

Southern Pacific Railroad Company and Pacific Electric Railway Company, joint applicants herein, filed the above entitled application with this Commission requesting authority to abandon and remove a portion of the so-called Santa Monica Air Line in the Cities of Santa Monica and Los Angeles, County of Los Angeles.

Public hearings on this application were conducted by Examiner Handford at Santa Monica and the matter was duly submitted.

Applicants propose to abandon and remove that portion of the so-called Santa Monica Air Line from the northeasterly line of Ocean Avenue near Colorado Street, in the City of Santa Monica, to the end of the line northwesterly of and near Santa Monica Canyon, in the City of Los Angeles, a distance of approximately 2.17 miles. The Southern Pacific Railroad Company is the owner of, and Pacific Electric Railway Company operates, under lease, said line.

Since September 25, 1931, the passenger service on said line has consisted of two round-trips daily. Applicants allege

that in 1928 an attempt was made to increase patronage on this line by giving additional service, but it did not result in any material increase; that this line has been operated at a loss for many years and their experience therewith and changes made from time to time demonstrated that there is no possibility of its ever being made to pay out-of-pocket expenses of operation; that the financial condition of the Pacific Electric Railway Company is such as to require the effecting of all reasonable economies, and that public convenience and necessity no longer require the operation of said line.

The financial results of operation of this line during the period January 1 to April 30, 1932, inclusive, are as follows:

Passenger revenues,	\$7.80
Station and Car Privileges,	2.44
Total operating revenue,	<u>\$10.24</u>
Railway operating expenses (out of pocket)	563.40
Net loss, railway operation,	<u>553.16</u>
Taxes assignable to railway operation,	.44
Net loss	<u>553.60</u>

The record shows that the freight business on said line during the past few years has declined to a small amount.

No one appeared to protest the abandonment of service on the basis that present public convenience and necessity warranted its continued operation. The City of Santa Monica and the Palisades Beach Improvement Association do, however, protest the granting of the application on the grounds that the Pacific Electric Railway Company had known for some years that the line could not be made a profitable venture, and in 1931 reduced the service to a negligible amount, instead of complete abandonment, in order to retain the right of way for this line for speculative purposes. It appears that a part of the right of way of this line was secured with a reversionary clause in the deeds, and it is the contention of protestants that the applicants have negotiated with these interests for settlement in the event of abandonment.

It also appears that this right of way is desired for the purpose of widening the highway along the beach, and protestants desire the application be denied so as to afford the City an opportunity to condemn or secure the right of way at a cost much less than would be the case in the event of abandonment. It was also the contention of the City of Santa Monica that the highway adjacent to the right of way of said line was narrow and now carries a large volume of vehicular traffic and that there was a likelihood of this rail line becoming necessary in the future to serve the beach frontage should congestion on the highway reach the point of saturation. It appears from the record that the State Highway Commission, the County of Los Angeles and the City of Los Angeles have had negotiations with applicants relative to the securing of the right of way of said line for highway purposes. Applicants herein have also filed application (Finance Docket 9340) with the Interstate Commerce Commission seeking authority to abandon and remove the line herein sought to be abandoned.

After full consideration of the evidence and exhibits herein, we are of the opinion and hereby find as a fact, that public convenience and necessity do not require the continued operation of the freight and passenger service herein proposed to be discontinued, it being apparent that the operation cannot be conducted except at a material out-of-pocket loss; that no reduction in operating expenses can be made to enable profitable operation and that the amount of revenue, in comparison to the operating costs, places an undue and unwarranted burden on applicants and their patrons in the continued maintenance of the unprofitable service herein proposed to be abandoned.

O R D E R

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

IT IS HEREBY ORDERED that Southern Pacific Railroad Company and Pacific Electric Railway Company are hereby authorized to discontinue service and abandon and remove that portion of their so-called Santa Monica Air Line from the northeasterly line of Ocean Avenue near Colorado Street, in the City of Santa Monica, to the end of the line, northwesterly of and near Santa Monica Canyon, in the City of Los Angeles, subject to the following conditions:

1. Applicants shall afford the public at least five(5) days' notice of such discontinuance of service and abandonment of facilities by posting notice of such discontinuance and abandonment at all stations on said line and in all passenger cars or trains operating over said line.

2. Applicants shall notify this Commission, in writing, within thirty (30) days after said ^{dis-}contin~~uance~~ance and abandonment has become effective.

3. The order herein shall not be effective until applicants shall have obtained from the Interstate Commerce Commission an order or other effective authority permitting the abandonment of passenger and freight service herein sought.

4. If said service has not been discontinued within one(1) year from the date of this order, the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

5. The Commission reserves the right to issue such other and further orders in this proceeding as it may appear just and proper or as, in its opinion, may be required by public convenience and necessity.

For all other purposes, the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 29th day of August, 1932.

C. L. Sewery
Leon Whitney
M. J. [unclear]
M. B. Harris
Commissioners.