

Decision No. 23576

ORIGINAL

RICHMOND W. ARMSTRONG,
WILLIAM J. STADLEMAN and
OLIVER C. CONLEY,

Complainants,

vs.

Case No. 457

PACIFIC ELECTRIC RAILWAY COMPANY,

Defendant.

Hutton, Jensen and Fogel, for Complainants.

Frank Kerr, for Defendant.

EDGERTON, Commissioner:

O P I N I O N

The complainants in this case attack as excessive and unreasonable various passenger rates of the defendant between the City of Los Angeles and beach resorts, Santa Monica to Venice, inclusive.

Originally, there was filed with the Commission a complaint by what was known as the Los Angeles Rate Association, which was assigned Case No. 459 and which was set down for hearing at the same time as these proceedings inasmuch as the complaint of the Los Angeles Rate Association called into question the entire scheme of rates of the Pacific Electric Railway Company. At the time of the hearing the complainant, Los Angeles Rate Association, through its attorney, advised that it had no evidence to introduce and stood on the allegations contained in the complaint. The Commission thereupon dismissed this complaint and these proceedings were continued at a later date

comprehending only the rates between Los Angeles and the northern beach resorts. The City of Venice was at one time party to the proceedings but at the request of the City Attorney proceedings were dismissed as far as the city authorities of Venice were concerned.

The issues are somewhat confused. It is alleged by complainants that the rates between Los Angeles and Venice and Santa Monica are excessive and discriminatory and as a basis for the support of such allegations the rates of the defendant carrier in effect between Los Angeles, Long Beach and Anaheim Landing are shown in comparison.

The complainants contend that between Los Angeles and Venice and Santa Monica a round trip rate of 25 cents should be published and that such rate is reasonable based entirely on the fact that on certain days the Pacific Electric Railway Company has had in effect such a rate. The records of the Commission approving the publication of this rate indicate that the same was published on certain days, particularly Saturdays, during the summer months for the accommodation of poor people at the request of municipal and charitable officials. When a rate of this kind is published to enable the poor to reach the beaches, who might otherwise be precluded from taking the trip, I do not feel that this Commission should use such a rate as a measure of comparison to determine the reasonableness of other rates. Defendant, of course, would not publish such a rate if by so doing it became liable to an attack on its entire rate structure. When a carrier has, as appears to have been done in this case, published a rate as a charitable proposition such rate should not be used as is here proposed.

The complainants stated that the reasonableness of the rate is not under consideration at all (page 509 of Transcript of February 15, 1915); and I also might refer to pages 232

and 233 of Transcript of January 7, 1914, particularly testimony as follows:

"Q. I will take the mileage. I understand
" that you ask for a mileage basis.

"A. We don't ask for a mileage basis. We
" ask for a certain ticket and base our re-
" quest on discrimination.

"Q. What is the element that enters into
" your asking for a 25 cent rate? Dis-
" crimination?

"A. Discrimination.

"Q. On what do you base the 25 cents? Is
" it a reasonable rate?

"A. Well, as to that, we took this position,
" that the railroad company, of its own voli-
" tion, has asked permission from the Rail-
" road Commission from time to time to have
" special days on which they sold tickets to
" this point for 25 cents a round trip".

In other words, the complainants allege that the rates to Long Beach and Anaheim Landing are unduly discriminatory against the interests of the beach resorts between Venice and Santa Monica and because of this discrimination they ask the Commission to cut the rate in half because at different times the carrier sees fit to make low rates for charitable purposes.

It is most difficult indeed to determine how to reconcile the various statements of witnesses for complainants. At one time the testimony is to the effect that the reasonableness of the rates is not under consideration at all and in other parts of the testimony we are asked to lower the rates because of discrimination existing in favor of some other community. Discrimination may be removed by either reducing the high rate or raising the low rate. Of course the complainants desire the rates to Venice reduced because the mileage may be somewhat shorter to the northern beach resorts than to those in the vicinity of Long Beach.

The only theory upon which the Commission can or should reduce a rate is that it is unreasonable, and here we are confronted with statements of witnesses for complainants that the

question of the reasonableness of the rates is not involved at all. It is apparent that the real issues in this case are whether or not the Commission should disturb the blanket arrangement of rates which has been in effect between Los Angeles and the various beach resorts, regardless of distance, for many years.

The following table indicates the distances between Los Angeles and the various beach resorts via the numerous lines of the defendant serving the same:

NORTHERN BEACH RESORTS

Rate of 50 cents for round trip applies going and returning via any of these lines.

	<u>Miles</u>
Los Angeles to Windward Ave., Venice (via Short Line ...	14.81
" to Utah Ave., Santa Monica " " "& Venice	17.02
" to " " " " " Vineyard and Beverly Hills	17.12
" to " " Hollywood-Sawtelle.....	19.23
" to Windward Ave., Venice, via Hollywood-Sawtelle.....	21.43
" to " " " via Vineyard, Beverly, Utah Ave.....	19.33
" to Santa Monica, Utah Ave., via Del Rey.....	21.98
" to Del Rey via Vineyard, Beverly Hills, Santa Monica.....	21.70
" to " " Hollywood " "	23.80
" to " " Short Line.....	17.2

SOUTHERN BEACH RESORTS

Los Angeles to Long Beach.....	20.33
" to Anaheim Landing.....	24.83

It will be noted that the short line mileage between Los Angeles and Venice (Windward Ave.) is 14.81 miles and to Utah Ave., Santa Monica, via this same route and continuing along in a northerly direction from Venice it is 17.02 miles. The distance to Santa Monica via what is known as the main line from Los Angeles via Windward Avenue and Beverly Hills is 17.12 miles. The complainants urge that a rate of 25 cents for the round trip be established to Santa Monica via these two lines but also want the privilege of permitting passengers to ride to Venice when

traveling via the Vineyard-Beverly Hills line through Santa Monica, a distance of 19.33 miles. The evidence is somewhat confusing on this point because at times it was testified to that the greatest possible distance a person should travel on the proposed round trip ticket would be 17.12 miles, but on page 516 of Transcript of February 15, 1915, witness for complainants admits that the greatest possible mileage would be 19.33 miles. We may, therefore, assume that the complainants would not be satisfied with anything less than the privilege of traveling via this route and covering this distance.

Tickets are sold between Los Angeles and the northern beach resorts, namely, Santa Monica, Ocean Park, Venice and Del Rey, via all of the routes indicated in the statement of mileages heretofore mentioned. In some instances the one-way passage may be made to Venice in 14.81 miles and the return trip may cover the route via Hollywood 21.43 miles. The real question to be determined is, whether the maintenance of a blanket rate of 50 cents to all of those resorts, the distance to some of which may be longer from Los Angeles than to others, unduly discriminates against the resorts near to the City of Los Angeles. It stands to reason that in any blanket rate adjustment a passenger destined to a point at the near end of the blanket always pays a higher rate per mile than a passenger destined to the farther end of the blanket.

It is true that the rate of fifty cents for the round trip from Los Angeles extends to Anaheim Landing, a distance of 24.83 miles. There is nothing at Anaheim Landing to attract excursionists and there is little or no travel to that point. I would not recommend that because of the desire of the carrier to treat all beaches alike within a reasonable radius that we should find that a rate of fifty cents for the round trip to Anaheim Landing constituted such an undue preference over the

northern resorts of Venice and Santa Monica as to warrant an arbitrary reduction in the rates to those points. If we assumed that the rate between Los Angeles and Anaheim Landing were reasonable per se for that distance, we would have a rate at Venice via Beverly Hills and Utah Avenue, Santa Monica, a distance of 19.33 miles, of 39 cents. However, the real competition between the northern resorts, consisting of Santa Monica, Venice and Ocean Park, is with Long Beach - a distance of 20.33 miles from Los Angeles.

The complainants ask that any rates established be applied via what is known as the main line through Santa Monica to Venice, a distance of 19.33 miles, and on this basis the discrimination existing in favor of Long Beach on a round trip ticket of 50 cents is two cents. In other words, if we should assume that the rate of 50 cents is a just and reasonable rate for the round trip between Los Angeles and Long Beach, the rate to Venice and other northern beach resorts would be, according to the complainants contention, 48 cents. On the other hand, if we should accede to the complainants desires and establish a round trip rate of 25 cents to Venice, the rate to Long Beach would be 26 cents and to Anaheim Landing 31 cents.

It must be apparent that this discrimination, if it may be called such, is not enough to warrant any disturbance of the blanket system of rates between Los Angeles and the beach resorts. The complainants allege that the rates to Anaheim Landing unduly discriminate against the northern beaches, but the mere fact that to Anaheim Landing there is little or no travel proves conclusively that the difference in rates has not been worked to the disadvantage of Venice and Santa Monica. It is also noted that the total traffic to Venice, Santa Monica and the northern beach resorts is over three times as great as the

traffic to Long Beach, and this indicates that the present adjustment of rates has not worked to the material disadvantage of the northern beaches.

It might well be urged that because of the greater density of traffic between Los Angeles and the northern beaches that they would be entitled to a lower rate, but it must be remembered that there are over three times as many miles of railroad serving the northern beach region.

The question of blanketing of rates has been passed on a number of times by commissions and courts, and it has been definitely decided that the proper blanketing of rates does not create an unlawful preference in favor of one community as against another. It is quite impossible for the Commission to order a reduction in the rates to Venice and Santa Monica without finding them to be excessive and unreasonable, and notwithstanding the complainants' numerous statements that the reasonableness of the rates is not in question and discrimination is the only matter in issue, I am inclined to believe that what was meant was that the rate to Long Beach should be adjudged reasonable for the distance and therefore unreasonable for the shorter distance to Venice and Santa Monica.

From the evidence in this case it would appear that the defendant carrier can stand a material shrinkage. On the contrary, the records indicate that except for the fiscal year ending June 30, 1912 and 1913, the Pacific Electric Railway did not earn sufficient to pay operating expenses, taxes and interest on bonded indebtedness, to say nothing of a dividend on any investment represented by stock issues.

The discrimination complained of, in my judgment, is not of enough consequence to warrant the Commission finding that it amounts to an undue preference in favor of Long Beach or that the rate to Venice by reason of the somewhat longer mileage to Long Beach is unduly high.

After careful and thorough consideration, I find no

evidence in this case which warrants disturbing the present blanket rate adjustment or for finding that the present rates are unduly high. The complaint should be dismissed, and I so recommend.

O R D E R

Richmond W. Armstrong, and others, having filed complaint with this Commission alleging that passenger fares of the Pacific Electric Railway Company between Los Angeles on one hand, and Venice and Santa Monica on the other, are excessive, unjust and discriminatory and a regular hearing having been had and the Commission being fully apprised in the premises,

IT IS HEREBY ORDERED that the complaint be and the same is hereby dismissed.

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 ^{5th} - day
of ^{May} ~~April~~, 1915.

Max Thelen
A. H. ...
...
Edwin O. Edgerton
...
Commissioners.