

ORIGINAL

Decision No. 4062

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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CITY OF LOS ANGELES (a Municipal Corporation))
Complainant.)

vs.)

CASE NO. 891.)

PACIFIC ELECTRIC RAILWAY COMPANY,)
Defendant,)
(Fares to Palms Addition))

CITY OF LOS ANGELES (a Municipal Corporation))
Complainant.)

vs.)

CASE NO. 892.)

PACIFIC ELECTRIC RAILWAY COMPANY,)
Defendant,)
(Fares to Bairdstown district))

CITY OF LOS ANGELES (a Municipal Corporation))
Complainant.)

vs.)

CASE NO. 911.)

PACIFIC ELECTRIC RAILWAY COMPANY,)
Defendant,)
(Fares to Hollywood))

CITY OF LOS ANGELES (a Municipal Corporation))
Complainant.)

vs.)

CASE NO. 912.)

PACIFIC ELECTRIC RAILWAY COMPANY,)
Defendant,)
(Fares to Edendale-Richardson)
district - Glendale line).)

Albert Lee Stephens and Howard Robertson, for
City of Los Angeles, Complainant.
Frank Kerr, for Pacific Electric Railway Company.
Defendant.
Willis I. Morrison, for Northeast Los Angeles
Improvement Association, Intervener.

DEVLIN, Commissioner:

O P I N I O N

The complaints in these cases were instituted by the City of Los Angeles against the Pacific Electric Railway Company, hereinafter referred to as the Company, and attack as unjust and unreasonable the

one-way fares between Los Angeles, central or business district, hereinafter referred to as Los Angeles, Palms, Bairdstown, Hollywood and Edendale. The complainants in the cases also invoke the provision of Section 27, of the Public Utilities Act, which, insofar as it affects the questions herein presented, reads as follows:

"No street or interurban railroad corporation shall charge, demand, collect or receive more than five cents for one continuous ride in the same general direction within the corporate limits of any city and county, or city or town, except upon a showing before the Commission that such greater charge is justified; provided, that until the decision of the Commission upon such showing, a street or interurban railroad corporation may continue to demand, collect and receive the fare lawfully in effect on November 3, 1914".

The fares complained of were lawfully in effect November 3, 1914. Complaints were amended at the hearing, April 11, 1916, to also allege discrimination.

These cases were heard at the same time and, by stipulation, evidence relevant to any one case was made applicable to the others; they are therefore consolidated and will be decided at one time.

In Case No. 891, complainant petitions for a five cent fare, with transfer privileges, between Los Angeles and the westerly boundary of the city limits of what is known as the Palms Addition. This territory was annexed to the City of Los Angeles May 12, 1915, and the passenger stops on its western boundary are: Palms, First Street, on Venice Short Line, 10.3 miles from Los Angeles (Hill Street station); Home Junction, on Santa Monica Air Line, 13.7 miles from Los Angeles (Sixth and Main Streets), and Rosemary, on Sawtelle-Santa Monica Line,

6.6 miles from Los Angeles (Hill Street Station).

The succeeding tables show the present and proposed one-way, round-trip and commutation fares between Los Angeles and stations on the western boundary of the Palms Addition; also, in the column of proposed fares, the fares which will be automatically created by adding the proposed fare of 5 cents to the city limits to the present fares from that point.

VENICE SHORT LINE

Short: Line : Miles:	Between Los Angeles And	One-Way		Rd. Trip		30-Ride		46-Ride		60-Ride	
		Pres.	Pro.	Pres.	Pro.	Pres.	Pro.	Pres.	Pro.	Pres.	Pro.
5.6	Vineyard	.05	.05	.10	.10						
6.0	Roberto	.10	.05	.20	.10	2.10	1.50	2.40	2.30		
6.5	Bonita Meadows	.10	.05	.20	.10	2.10	1.50	2.40	2.30	3.00	3.00
6.6	Hauser	.10	.05	.20	.10	2.50	1.50	2.90	2.30	4.00	3.00
8.0	Arnaz	.15	.05	.25	.10	3.00	1.50	3.45	2.30	5.00	3.00
8.5	Benkert	.15	.05	.25	.10	3.00	1.50	3.45	2.30	5.00	3.00
9.1	Culver Junction	.20	.05	.35	.10	3.00	1.50	3.45	2.30	5.00	3.00
9.4	Culver City	.20	.05	.35	.10	3.50	1.50	4.05	2.30	5.50	3.00
9.8	Palms - 7th St.	.20	.05	.35	.10	3.50	1.50	4.05	2.30	5.50	3.00
10.1	Palms - 4th St.	.20	.05	.35	.10	3.50	1.50	4.05	2.30	5.50	3.00
10.3	Palms - 1st St.	.20	.05	.35	.10	3.50	1.50	4.05	2.30	5.50	3.00
- - - - - Los Angeles City Limits											
11.6	Ocean Park Hts.	.25	.10	.40	.20	4.00	3.00	4.60	4.60	6.00	6.00
12.6	Polytechnic School	.30	.15	.45	.20						
13.4	Fredericks	.30	.15	.45	.30						
14.8	Venice	.35	.15	.50	.30						
17.2	Playa Del Rey	.35	.15	.50	.30						
15.7	Ocean Park	.35	.15	.50	.30						
17.0	Santa Monica	.35	*.15	.50	.30						

Between Los Angeles and Venice, Playa Del Rey, Ocean Park and Santa Monica 10-Ride commutation ticket - present \$2.00, proposed \$1.50.

* Combination on Home Junction.

REDONDO BEACH LINE

Short:	Between	:	:	:	:	:	:	:	:	:	:	
Line :	Los Angeles	:	One-way :	Rd. Trip :	30-Ride :	46-Ride :	60-Ride	:	:	:	:	
Miles:	and	:	Pres:	Pro:	Pres:	Pro:	Pres:	Pro:	Pres:	Pro:	Pres:	
10.3	Palms - 1st St.	:	.20	:.05:	.35	:.10:	3.50:	1.50:	4.05:	2.30:	5.50:	3.00
-	- - - Los Angeles City Limits	:	:	:	:	:	:	:	:	:	:	:
10.7	Ellenda	:	.25	:.10:	.40	:.20:	4.00:	3.00:	:	:	:	:
11.4	Bundy	:	.25	:.10:	.40	:.20:	4.00:	3.00:	:	:	:	:
11.9	Kensington	:	.25	:.15:	.40	:.30:	:	:	:	:	:	:
12.8	Michaels	:	.30	:.15:	.45	:.30:	:	:	:	:	:	:
13.1	Alla	:	.30	:.15:	.45	:.30:	:	:	:	:	:	:
13.9	Motoradrome	:	.30	:.15:	.45	:.30:	:	:	:	:	:	:
15.0	Del Rey Jct.	:	.55	*.15:	.50	:.30:	:	:	:	:	:	:
17.6	Hyperion	:	.35	:.20:	.50	:.40:	:	:	:	:	:	:
20.5	Manhattan	:	.35	:.25:	.50	:.50:	:	:	:	:	:	:
22.2	Hermosa	:	.35	:.30:	.50	:.50:	:	:	:	:	:	:
24.0	Redondo	:	.35	:.30:	.50	:.50:	:	:	:	:	:	:

*Held down by Home Jct. combination.

SANTA MONICA AIR LINE

8.5	Airville	:	.10	:.05:	.20	:.10:	3.00:	1.50:	3.45:	2.30:	5.00:	3.00
10.0	©Sentous	:	.15	:.05:	.25	:.10:	3.00:	1.50:	3.45:	2.30:	5.00:	3.00
%11.1	Culver Jct.	:	.20	:.05:	.35	:.10:	3.00:	1.50:	3.45:	2.30:	5.00:	3.00
%11.7	Winslow	:	.20	:.05:	.35	:.10:	3.50:	1.50:	4.05:	2.30:	5.50:	3.00
%12.1	Palms Sta.	:	.20	:.05:	.35	:.10:	3.50:	1.50:	4.05:	2.30:	5.50:	3.00
%12.5	Winship	:	.20	:.05:	.35	:.10:	3.50:	1.50:	4.05:	2.30:	5.50:	3.00
%13.7	#Home Jct.	:	.25	:.05:	.40	:.10:	4.00:	1.50:	4.60:	2.30:	6.00:	3.00
-	- - - Los Angeles City Limits	:	:	:	:	:	:	:	:	:	:	:
15.6	*Bergamot	:	.30	:.15:	.45	:.30:	:	:	:	:	:	:
17.0	*Santa Monica	:	.35	:.15:	.50	:.30:	:	:	:	:	:	:
15.7	*Ocean Park	:	.35	:.15:	.50	:.30:	:	:	:	:	:	:
14.8	*Venice	:	.35	:.15:	.50	:.30:	:	:	:	:	:	:
17.2	*Playa Del Rey	:	.35	:.15:	.50	:.30:	:	:	:	:	:	:

% Mileage via route of through car line.

© Not inside city limits of Los Angeles.

Western Limits Palms Addition.

* 10-ride, Present \$2.00; Proposed \$1.50.

SAWTELLE- SANTA MONICA LINE

5.6	Vineyard	:	.05	:.05:	.10	:.10:	:	:	:	:	:	:
5.9	Pico Road	:	.10	:.05:	.20	:.10:	2.10:	1.50:	2.40:	2.30:	:	:
6.6	Rosemary	:	.10	:.05:	.20	:.10:	2.50:	1.50:	2.90:	2.30:	4.00:	3.00
-	- - - Los Angeles City Limits	:	:	:	:	:	:	:	:	:	:	:
7.4	Big Barn	:	.15	:.10:	.25	:.20:	:	:	:	:	:	:
8.6	Sherman Jct.	:	.15	:.10:	.25	:.20:	:	:	:	:	:	:
10.2	Beverly Hills	:	.20	*.10:	.35	:.20:	3.25:	3.00:	:	:	:	:
11.0	Buenos Ayers	:	.20	*.10:	.35	:.20:	3.50:	3.00:	:	:	:	:
13.4	Sawtelle	:	.25	*.10:	.45	:.20:	4.00:	3.00:	:	:	:	:
15.7	Brentwood Park	:	.30	:.10:	.45	:.20:	4.50:	3.00:	5.20:	4.60:	:	:
16.0	26th St. S.M.	:	.30	:.10:	.45	:.20:	4.50:	3.00:	5.20:	4.60:	:	:
14.6	Cambridge	:	.30	:.10:	.45	:.20:	4.50:	3.00:	5.20:	4.60:	:	:
17.0	Santa Monica	:	.35	*.15:	.50	:.30:	:	:	:	:	:	:

Sawtelle maximum.

* Combination on Home Junction.

In Case No. 892, complainant petitions for a five cent fare, with transfer privilege, between Los Angeles and the easterly boundary of what is known as the Bairdstown Addition. This district was annexed to the City of Los Angeles June 10, 1915 and the furthest station within the territory is Sierra Park, 6.7 miles from Los Angeles (6th & Main St. Station) on the Pasadena Short Line.

The Northeast Los Angeles Improvement Association asked and was granted permission to file a complaint in intervention in this case.

The following statement gives the one-way, round-trip and commutation fares between Los Angeles and stations located within the territory in question and shows the reductions which would be created by the establishment of a five cent fare to Sierra Park.

SIERRA VISTA LINE (Bairdstown)

Miles:	between Los Angeles And	One-way		Rd. Trip		10-Ride		50-Ride		52-Ride	
		Pres:	Pro.:	Pres:	Pro.:	Pres:	Pro.:	Pres:	Pro.:	Pres:	Pro.:
5.8	Harriman Ave.	:.05	:.05	:	:	:	:	:	:	:	:
5.9	L.A. Mil. Academy	:.10	:.05	:.20	:.10	:.65	:.50	2.00	1.50	3.05	2.60
6.1	Bairdstown	:.10	:.05	:.20	:.10	:.65	:.50	2.00	1.50	3.05	2.60
6.3	Lincoln School	:.10	:.05	:.20	:.10	:.70	:.50	2.10	1.50	3.20	2.60
6.5	Titus	:.10	:.05	:.20	:.10	:.70	:.50	2.10	1.50	3.20	2.60
6.6	Newton	:.10	:.05	:.20	:.10	:.70	:.50	2.10	1.50	3.20	2.60
6.7	Sierra Park	:.10	:.05	:.20	:.10	:.75	:.50	2.10	1.50	3.30	2.60
-	- - - Los Angeles City Limits	:	:	:	:	:	:	:	:	:	:

In Case No. 911, complainant petitions for a five cent fare, with transfer privileges, between Los Angeles (Hill St. Station) and Hollywood Boulevard and Highland Avenue (via Colegrove line), 8.4 miles; Highland Avenue and Cahuenga Avenue, 9.2 miles; points on Laurel Canyon Line to city limits 9.5 miles and to terminus Brush Canyon Line 8.2 miles. These points are all located in the Hollywood and Colegrove Additions. The former was annexed to the City of Los Angeles February 7, 1910 and the latter October 27, 1909.

Following is a statement showing present fares, one-way, round-trip and commutation, and indicates reductions that would result in such fares should the five cent limit be extended to include points in question:

COLEGROVE AND HIGHLAND AVENUE LINE

Miles:	Between Los Angeles And	One-Way		Rd. Trip		30-Ride		46-Ride	
		Pres.	Pro.	Pres.	Pro.	Pres.	Pro.	Pres.	Pro.
7.3	Seward St.	.05	.05						
8.4	Hollywood Blvd.	.10	.05	.20	.10	2.10	1.50	2.40	2.30
9.2	Cahuenga Pass	.10	.05	.20	.10	2.10	1.50	2.40	2.30
-	- - - Los Angeles City Limits								
9.6	Dusky Glen	.15	.15	.25	.25				

BRUSH CANYON LINE

8.2	Brush Canyon	.10	.05	.20	.10	2.10	1.50	2.40	2.30
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LAUREL CANYON LINE

8.7	Gardner Jct.	.05	.05						
9.5	Laurel Canyon	.10	.05	.20	.10	2.10	1.50	2.40	2.30

HOLLYWOOD-SANTA MONICA LINE (Via Hollywood Boulevard)

8.7	Gardner Jct	.05	.05	.10	.10				
9.1	Stanley Ave.	.10	.05	.20	.10	2.10	1.50	2.40	2.30
9.1	Fountain Ave.	.10	.05	.20	.10	2.10	1.50	2.40	2.30

In Case No. 912, complaint is made against the one-way fare of ten cents charged by defendant between points located within the corporate limits of the City of Los Angeles, on what is known as the Glendale line. Request is made that five cent fare limit, with transfer privilege, be extended to include Richardson, 6.4 miles from Los Angeles (Sixth & Main St. Station). This point is located at the easterly boundary of what is known as East Hollywood Addition, annexed to the City of Los Angeles February 28, 1910.

Following statement shows present fares, one-way, round-trip and commutation; also indicates reductions in such fares between points in question, as well as reductions in through fares to points beyond which would result from extension of the five cent fare to Richardson.

GLENDALE LINE

Miles:	Between Los Angeles And	One-Way		Rd. Trip		10-Ride		50-Ride		52-Ride	
		Pres:	Pro.:	Pres:	Pro.:	Pres:	Pro.:	Pres:	Pro.:	Pres:	Pro.:
4.2	Semi Tropic Park	.05	.05								
4.6	Klondike Park	.10	.05	.20	.10	.60	.50	1.65	1.50		
5.0	Puente Alto	.10	.05	.20	.10	.65	.50	1.80	1.50	2.90	2.60
5.5	Ivanhoe	.10	.05	.20	.10	.65	.50	1.80	1.50	2.90	2.60
6.0	Glenhurst	.10	.05	.20	.10	.80	.50	2.20	1.50	3.25	2.60
6.2	Atwater	.10	.05	.20	.10	.80	.50	2.30	1.50	3.40	2.60
6.4	Richardson	.10	.05	.20	.10	.80	.50	2.30	1.50	3.40	2.60
- - - - - Los Angeles City Limits											
6.6	San Fernando Road	.10	.10	.20	.20						
7.3	Tropico	.10	.10	.20	.20						
7.5	Glendale (9th St.)	.15	.10	.25	.20						
7.8	Glendale (Lomita)	.15	.10	.25	.20						
8.2	Glendale (Edwy)	.15	.15	.25	.25						

46-Ride
Present - Proposed

Glenhurst	2.55	2.30
Atwater	2.65	2.30
Richardson	2.65	2.30

The complainant and the intervener have, to a great extent, based their cases on the contention that defendant operates a street railroad in the handling of its local traffic, comes under the provisions of Section 2, paragraph (g) of the Public Utilities Act and, therefore, under Section 27 of the Act should not be permitted to charge more than five cents for one continuous ride in the same general direction between the points in controversy, all of which are located within the corporate limits of the City of Los Angeles. Seventeen exhibits were introduced by complainants, devoted in the main to an exposition of the mileage and the fares in the different territories, comparisons of these fares with other fares of the Pacific Electric and with those in effect between points on the Los Angeles Railway, travel checks of the various lines, operating statistics and the populations.

The Pacific Electric Railway Company was incorporated November 14, 1901, and on or about September 1, 1911, the following electric railway companies operating in Los Angeles, San Bernardino, Riverside and Orange counties were consolidated:

- Los Angeles Pacific Company
- Los Angeles Interurban Railway Company
- Los Angeles & Redondo Railway Company
- San Bernardino Interurban Railway Company
- Riverside & Arlington Railway Company
- San Bernardino Valley Traction Company
- Redlands Central Railway Company
- Pacific Electric Railway Company.

On June 30, 1916, according to Annual Report filed with the Commission, there was issued and outstanding \$74,000,000.00 Capital Stock (all common), and \$61,454,000.00 in bonds, including underlying bonds.

The company reports an investment in Road and Equipment as of June 30, 1916, of \$125,476,323.54; in this amount is included the Par Value of Capital Stock outstanding - \$74,000,000.00, all of which is owned by the Southern Pacific Company and carried on that company's books at a cost of \$4,068,306.26.

The Gross Income of the company for the past five years has averaged \$2,577,225.56 per year. The interest on Funded Debt for the same period has averaged \$2,550,586.61, leaving an average Net Income of \$26,638.95, from which average income there should be deducted Rent for Leased Roads, Interest on Unfunded Debt, Amortization of Discount on Funded Debt, Reserves and Miscellaneous Adjustments averaging, for the five years under review, \$525,165.05 per year, less \$26,638.95, leaving a deficit in operation of an average of \$498,527.10 per year.

In this connection, the following table is pertinent as showing the financial results of operations for the five year period ending June 30, 1916:

PACIFIC ELECTRIC RAILWAY COMPANY
INCOME AND PROFIT AND LOSS ACCOUNT.

	1912	1913	1914	1915	1916
Railway operating revenues	\$8,645,504.66	9,399,079.72	9,467,483.15	8,874,507.41	8,856,796.54
Railway operating expenses	5,750,287.56	6,365,518.80	6,623,535.57	6,026,802.46	5,994,611.41
Net Revenue-Railway operations	2,895,217.10	3,033,560.92	2,843,947.58	2,847,704.95	2,862,185.13
<u>TAXES ASSIGNABLE TO RAILWAY OPERATIONS</u>					
On Real and Personal Property	316,845.89	369,810.92	468,172.53	484,441.56	503,388.50
On Capital Stock	-	-	-	-	-
On Earnings	3,852.76	8,097.06	8,864.31	12,035.17	12,167.85
Miscellaneous	-	-	-	-	-
Total Taxes	320,698.65	377,907.98	477,036.84	496,476.73	515,556.35
Operating Income	2,574,518.45	2,655,652.94	2,366,910.74	2,351,228.22	2,346,628.78
<u>NON-OPERATING INCOME</u>					
Miscellaneous rent income	-	-	-	20,616.91	16,648.00
Net income from Misc. Physical Property	-	-	-	-	1,656.25
Income from Unfunded Securities and Accounts	-	-	-	1,992.47	17,623.10
Miscellaneous Income	219,368.26	206,799.43	79,583.62	25,520.92	1,373.70
Total Non-Operating Income	219,368.26	206,799.43	79,583.62	48,130.30	37,301.05
Gross Income	2,793,886.71	2,862,452.37	2,446,510.36	2,399,358.52	2,383,929.83

<u>DEDUCTIONS FROM GROSS INCOME</u>					
Rent for Leased Roads	53,915.43	54,581.98	24,771.52	42,184.72	24,834.43
Miscellaneous Rents	-	-	-	-	621.45
Interest on Funded Debt	2,081,607.04	2,528,353.47	2,523,264.52	2,785,600.40	2,834,107.62
Interest on Unfunded Debt	114,337.28	3,186.20	297,574.98	160,689.43	254,192.27
Amortization of Discount on Funded Debt	40,356.52	76,459.39	68,109.72	80,044.82	85,311.79
Miscellaneous Debits	7,354.14	-	-	11,150.38	6,596.60
Total Deductions from Gross Income	2,297,570.41	2,662,581.04	2,913,720.74	3,082,679.75	3,205,664.16
Net Income for Year	496,316.30	199,871.33	# 467,220.38	# 683,521.23	# 821,734.33
Balance Brought Forward Previous Year (Deficit)	1,940,225.46	1,541,370.55	2,252,432.47	2,794,455.99	3,723,910.42
Miscellaneous Additions	67,786.94	39,816.09	179,762.05	74,057.64	652,617.15
Miscellaneous Deductions	146,748.33	822,082.67	111,704.19	180,889.17	423,821.73
Dividends	-	-	-	-	-
Appropriations to Reserves	18,500.00	128,666.67	142,881.00	132,101.67	116,006.66
Deficit at end of Year	1,541,370.55	2,252,432.47	2,794,455.99	3,723,910.42	4,432,855.99

Indicates Deficit.

The following statistical data, showing comparison of year ending June 30, 1912, with that of the year ending June 30, 1916, is interesting, and discloses very little increase in business for the period:

	<u>1912</u>	<u>1916</u>
Total Car Mileage	27,320,758	31,387,250
Passenger Revenue	\$6,677,289.08	\$6,705,708.59
Baggage, Parlor Car, Special) Car, Mail and Express Revenue)	163,795.43	170,094.62
Milk Revenue	<u>41,569.63</u>	<u>4,939.77</u>
Total Passenger Train Revenue	6,882,654.14	6,880,742.98
Freight and Switching Revenue	1,112,683.61	1,656,067.71
Misc. Transp. Revenue	51,532.01	1,849.69
Total Freight Revenue	<u>1,164,215.62</u>	<u>1,657,917.40</u>
Total Revenue from Transportation	\$8,046,869.76	\$8,538,660.38
Total Operating Revenue	8,645,504.66	8,856,796.54
Total Operating Expense	5,750,287.56	5,994,611.41
Operating Revenue per Car Mile	.31644	.28218
Operating Expenses per Car Mile	.21047	.19099
Mileage of Road Operated, all Tracks	953.93	1,059.49

The population of the City of Los Angeles for the year 1910, as indicated by complainant's Exhibit No. 17, was 319,198; in 1912, estimated on basis of registration, it was 461,558 and on the same basis for 1915 it was 558,011, but notwithstanding this great increase in population, defendant's passenger revenue shows practically no improvement, being \$6,677,289.08 in 1912 as compared with \$6,705,708.59 in 1916, a difference of but \$28,419.51.

For the transportation of milk the revenue in 1912 was \$41,569.63, in 1916 it was \$4,939.77, a net loss of \$36,629.86. The total of all traffic handled by passenger trains in 1912 was \$6,882,654.14 and in 1916 only \$6,880,742.98, or a net reduction at the end of the five year period of \$1,911.16. The freight earnings, however, increased from \$1,112,683.61 in 1912 to \$1,656,067.71 in 1916, or \$543,384.10. During the same period taxes increased from

\$320,698.65 in 1912 to \$515,556.35 in 1916, an excess of \$194,857.70. Interest on funded debt increased from \$2,081,607.04 in 1912 to \$2,834,107.62 in 1916. New bonds, amounting to \$15,066,000.00 were issued in conformity with this Commission's Decisions No's. 284, October 16, 1912, 559, April 8, 1913 and 1961, November 23, 1914 and included bonds for refunding, as well as for improvements, additions and betterments. It is also to be noted that the interest on unfunded debts increased from \$114,337.28 in 1912 to \$254,192.27 in 1916.

The defendant has never paid a dividend and shows, as of June 30, 1916, a deficit of \$4,462,855.99. In the year 1912 there was a net income profit of \$496,316.50; in 1913, a profit of \$199,871.33; in 1914, a loss of \$467,220.38; in 1915, a loss of \$683,521.23 and in 1916 a loss of \$821,734.33.

A witness for defendant testified to the effect that the jitney buses alone reduced gross income by from \$30,000 to \$40,000 per month. The estimate does not appear excessive in view of other evidence and no doubt would be greatly increased if the amounts lost to defendant by privately owned automobiles and motor buses were included.

The Constitution of the State of California and the Public Utilities Act provide that no common carrier shall charge any greater compensation as a through rate than the aggregate of the intermediate rates. Complainants are petitioning for a five cent fare to the city limits and this reduction, if granted, would, because of the combination of local fares, make radical reductions in through fares. The present one-way fare to Santa Monica is 35 cents and the round trip 50 cents; these would be reduced to 15 cents and 30 cents respectively. Corresponding reductions would result to all other points, not only in the one-way and round-trip fares, but also in the commutation fares. The Traffic Manager of the company figured that the losses on the Western Division alone would total \$250,000.00 per annum. It is difficult to arrive at the exact financial effect of

a change in passenger rates on a system operated as is this company. for the reason travelers are not compelled to purchase tickets and the segregations shown by conductors' cash registers do not furnish the necessary information. The reports rendered by ticket offices and the checkup of cars, for certain periods, combined with the cash register figures, however, demonstrate that the company's estimate of the losses to beach resorts on the Western Division is approximately correct and that the losses for the entire system would probably approach \$300,000.00. This amount, added to the loss of \$821,734.33 sustained in 1916, would create an annual deficit of over \$1,000,000.00, unless the reductions in fares could be relied upon to increase the traffic and correspondingly increase earnings without materially augmenting expenses, a conclusion which is unwarranted by the evidence. The situation would be much worse had not the freight earnings increased \$543,384.40 in 1916 over those earned in 1912.

As heretofore stated, the Southern Pacific Company owns all of defendant's stock and is also the owner of a great amount of its bonds. It therefore seems apparent that if the defendant did not have this substantial financial backing it probably would have, before this time, been confronted with the problem of the adjustment of its financial affairs.

The present five cent fare limit on the line to Palms, (Case 891) is Vineyard, six miles from 4th & Hill Street Station; there are practically no residences between Vineyard and Palms and stops are few and far between. It would appear that the so-called strictly street car territory ceases at Vineyard and the service rendered beyond that point is suburban, or interurban, in its nature. Further, the service to Palms and all points west of Vineyard is performed exclusively by through cars to and from the Beach points. The fact that the territory west of Vineyard to and including the westerly limits of Palms (Home Junction) has been annexed to the City of Los Angeles in no way changes the character of the service rendered by the defendant.

The following statement sets forth the rates per ride obtainable between Los Angeles (4th & Hill Street Station) and Palms by purchasers of commutation books:

Miles:	Between Los Angeles And	One-Way fare	30-Ride Family Ticket		60-Ride Individual Ticket	
			Fare	Rate per Ride	Fare	Rate per Ride
10.3	Palms, 1st St.:	.20	3.50	11.7	5.50	9.2
*11.7	Home Junction :	.25	4.00	13.3	6.00	.10
#13.7		:	:	:	:	:

*Short line mileage.

#Through line from 6th & Main Streets.

In Case 892 (Bairdstown Addition) Mr. Arzner, a witness for complainant, said: (Transcript 2, page 213).

"The service given in the morning from approximately 5:40 to 9:40 A.M. is purely local service from Sierra Vista, making all local stops in and out. From that until 3:50 P.M. I believe all of this local business is handled by Alhambra-San Gabriel cars, which is an interurban, or suburban line, making the stops between 6th and Main Streets and Sierra Vista."

And at page 240 of transcript:

"Local service again from approximately 4:00 P.M. to 7:00 or 7:30 P.M., after which time the service is again performed by the Alhambra-San Gabriel cars - up to midnight last car."

Mr. Pontius, Traffic Manager of the defendant, testified as follows; (Vol. 4, page 600 of transcript):

"Mr. Kerr: Just state why the Alhambra car was put into the local service during certain hours of the day.

Mr. Pontius: Because we found in operating cars to Sierra Vista, that is, our Sierra Vista line, the cars -- that the travel was so light, and the conditions of the Pacific Electric were becoming so bad, our earnings, that we had to do something to offset the tremendous losses we were having in operating the lines, and

we cut off this Sierra Vista service because we could not afford to operate it. Now, if the Sierra Vista service had paid- if there was enough business to warrant operating the Sierra Vista line, we would have preferred to continue that service in preference to compelling those passengers, or compelling the company, using the Alhambra cars for this local service and we would prefer giving through service to Alhambra, but the earnings were so light that we had to give it up.

From this testimony it would appear that there is not sufficient local travel between Sierra Vista, Bairdstown, etc. and Los Angeles to pay for the operation of local service at all hours throughout the day; therefore, defendant arranged to give this community individual local service during rush hours morning and evening and to take care of the lighter travel at other hours during the day on the Alhambra-San Gabriel through suburban cars.

It was shown that this service is operated over the public streets of Los Angeles from 6th and Main Streets to Aliso and Anderson Streets, a distance of 1.76 miles,- that at Anderson street tracks pass onto private rights of way and run over private rights of way the entire distance through the Bairdstown-Sierra Vista community, with the exception of public street crossings. The distance from Anderson Street to Sierra Vista is 4.97 miles.

As to the population tributary defendant, in its answer to complaint (which was not controverted) said, in substance, that from 6th and Main Streets to Aliso and Anderson Streets, the line passes through the business and industrial sections of Los Angeles, both of which are thickly populated. From Anderson Street to Covina Junction, a distance of 1.35 miles, there is practically no business or residences tributary to the line; the same is true of territory from Covina Junction to Rose Hill, a distance of 1.99 miles. At Rose Hill district there are approximately 600 inhabitants; from Rose Hill to Bairdstown, a distance of 1.2 miles, very

few, if any, inhabitants; from Bairdstown to Sierra Park, .62 miles, there are approximately 1200 inhabitants in the immediate locality.

From this analysis of the local conditions, it would appear that the service rendered Bairdstown, Sierra Park and Sierra Vista must be considered interurban or suburban between Los Angeles on the one hand and the several smaller communities of the outlying districts on the other, or at least were prior to annexation, rather than a street car service. This position is further substantiated by the fact that except during the rush hours of the day the service rendered these communities is performed entirely by the through Alhambra-San Gabriel cars.

The following statement gives the fares and rate per ride obtainable by the purchase of commutation tickets:

Miles From:	Between :	One-Way:	30-Ride Family:	52-Ride Individ-
6th & Main:	Los Angeles :	Fare :	Ticket :	ual Ticket.
Streets. :	And :	Fare :	Rate per:	Rate per :
:	:	:	Fare:Ride-Cts:	Fare:Ride-Cts. :
5.8	Harriman Avenue:	.05	:	:
5.9	L.A. Mil. Academy:	.10	:2.00	: 6.6 :3.05 : 5.9
6.1	Bairdstown :	.10	:2.00	: 6.6 :3.05 : 5.9
6.3	Lincoln School :	.10	:2.10	: 7. :3.20 : 6.2
6.5	Titus :	.10	:2.10	: 7 :3.20 : 6.2
6.6	Newton :	.10	:2.10	: 7 :3.20 : 6.2
6.7	Sierra Park :	.10	:2.10	: 7 :3.30 : 6.4
:	:	:	:	:

The five cent fare limit between Los Angeles and points in the Hollywood-Colegrove districts, (Case No. 911) now terminates at Seward Street, 7.31 miles; at Gardner Junction, 8.70 miles and at Brush Canyon Junction, 6.93 miles from Los Angeles (4th & Hill Sts.). Complainants petition for the extension of this fare from Seward Street to Cahuenga Pass, 9.16 miles; Gardner Junction to

Laurel Canyon, 9.51 miles and Brush Canyon Junction to the end of the Brush Canyon line .8.16 miles from Los Angeles (4th & Hill Sts.).

Defendant denies that the present fares are excessive or unreasonable and refer to the commutation rates in effect, which are as follows:

Miles From:	Between	One-Way Fare	30-Ride Family Ticket	50-Ride Individual Ticket	60-Ride Individual Ticket	
4th & Hill Streets.	Los Angeles and		Rate per Fare	Rate per Ride	Rate per Ride	
8.2	Brush Canyon	.10	2.10	.07	3.00	.05
9.2	Cahuenga Pass	.10	2.10	.07	3.00	.05
9.5	Laurel Canyon	.10	2.10	.07	3.00	.05
9.1	Fountain Ave.	.10	2.10	.07	3.00	.05

It will be noted the 30-ride ticket gives a rate of 7 cents per trip and the 50-ride a rate of 5 cents per trip.

It is further contended that the present fares to this district were established under compulsion of a court decision, which decision was later reversed, although the fares were not restored by the carrier; that the fares were too low when established in 1910 and do not now produce a remunerative revenue. Complainants have failed to introduce substantial evidence to sustain their petitions for a reduction in the fares between Cahuenga Pass, Laurel Canyon, Brush Canyon and Los Angeles.

It certainly would not be seriously urged that the five cent fare should be maintained to the northerly limits of the City of Los Angeles, a distance of about one mile beyond Brush Canyon Junction through very sparsely settled territory; in other words, the five cent fare must reasonably break within the city limits, and the evidence introduced fully justifies the existing fare between Cahuenga Pass, Laurel Canyon, Brush Canyon and Los Angeles.

Local car service operates over public streets between Southern Pacific depot and Semi Tropic Park, 5.07 miles, at all hours of the day. This is the terminus of the Edendale line. (Case 912), and is the present five cent fare limit. The cars used in this five cent fare service are much smaller, lighter and of an entire-

different type from those operated over the same tracks from 6th and Main Streets in the through suburban service to Tropic, Glendale and Burbank. The territory to Semi Tropic Park is densely populated and stops are made at all street crossings by the local cars for the accomodation of passengers.

The through Glendale and Burbank interurban cars stop only at certain streets to receive and discharge through traffic. Passengers going to a point within the five cent limit are not permitted to board the Glendale or Burbank cars, but are required to use the Edendale cars.

There are six stops between Semi Tropic Park and the northern city limits of Los Angeles, within a few feet of Richardson Station, the point in the Edendale district to which a five cent fare is demanded. The bulk of the travel on the Glendale and Burbank through cars is destined to points beyond Richardson; the travel to and from stations Klondike Park to Richardson, inclusive, is very light by comparison and, from the following table, it will be noted that a low rate per ride is obtainable to these points by the purchase of 30-ride family or 52-ride individual commutation tickets. These stops are:

Miles from: 6th & Main Streets.	Between Los Angeles And	: One-Way: Fare	: 30-Ride Family: Ticket	: Rate per: Fare	: 52-Ride Individ- ual Ticket.	: Rate per: Fare	: Rate per Ride cts.
*5.07	:Semi Tropic Park:	.05	:	:	:	:	:
	:.4	:	:	:	:	:	:
4.6	:Klondike Park	: .10	: 1.65:	5.5	:	:	:
	:.4	:	:	:	:	:	:
5.0	:Puente Alto	: .10	: 1.80:	6	: 2.90:	5.6	:
	:.5	:	:	:	:	:	:
5.5	:Ivanhoe	: .10	: 1.80:	6	: 2.90:	5.6	:
	:.5	:	:	:	:	:	:
6.0	:Glenhurst	: .10	: 2.20:	7.3	: 3.25:	6.3	:
	:.2	:	:	:	:	:	:
6.2	:Atwater	: .10	: 2.30:	7.7	: 3.40:	6.5	:
	:.2	:	:	:	:	:	:
6.4	:Richardson	: .10	: 2.30:	7.7	: 3.40:	6.5	:
	:	:	:	:	:	:	:
-	- - - Los Angeles City Limits						
	:.2	:	:	:	:	:	:
6.6	:San Fernando Rd.:	.10	:	:	:	:	:

*Figured from Southern Pacific depot the Los Angeles terminus of the Edendale Local line.

In view of the facts presented, it would appear that the local service to Semi Tropic Park and that rendered to Glendale and Burbank through the Edendale district over the same tracks are entirely different and, insofar as a strictly street car service is concerned, such service, in this particular case, is rendered only by the cars terminating at Semi Tropic Park, and the service performed by the Glendale and Burbank cars is suburban, or interurban, in its nature.

The situation in this case is no different from that set forth in the Bairdstown and Palms cases and the mere fact that the limits of the City of Los Angeles have been extended to include Richardson and intermediate stations would not operate to change the conditions or the class of service given to the Edendale district.

Complainant, intervener and defendant discuss at great length in their briefs the question as to whether the defendant is a "street railway" or a "railroad" within the meaning of these terms as employed in the Public Utilities Act.

Section 2, paragraph (g) of the Act provides:

"The term 'street railroad', when used in this act, includes every railway, and each and every branch or extension thereof, by whatsoever power operated, being mainly upon, along, above or below any street, avenue, road, highway, bridge or public place within any city and county, or city or town, together with all real estate, fixtures and personal property of every kind used in connection therewith, owned, controlled, operated or managed for public use in the transportation of persons or property; but the term 'street railroad' when used in this act, shall not include a railway constituting or used as a part of a commercial or interurban railway."

Paragraph (i) of the same section reads as follows:

"The term 'railroad', when used in this act, includes every commercial, interurban and other railway other than a street railroad, and each and every branch or extension thereof, by whatsoever power operated, together with all tracks, bridges, trestles, rights of way, subways, tunnels, stations, depots, union depots, ferries, yards, grounds, terminals, terminal facilities, structures and equipment, and all other real estate, fixtures and personal property of every kind used in connection therewith, owned, controlled, operated or managed for public use in the transportation of persons or property."

I deem it unnecessary to engage in a discussion of or to pass upon the question whether defendant falls within the definition of "street railroad" or "railroad" as those terms are employed in the Public Utilities Act.

Granting that the defendant is a "street railroad" within the meaning of that act, the facts as disclosed by the evidence, and as herein set forth, convince me that a further reduction of the fares of defendant, as requested by complainant, is unwarranted.

There is no testimony showing the number of jitneys in operation in the City of Los Angeles to the territory to which complainants seek reductions, but there is testimony that the jitney competition is very keen, and that private automobiles have also made great inroads on the earnings of the defendant. The decrease in earnings by reason of private automobiles was felt as early as 1913, and the competition of the auto bus lines and jitneys became very acute in the early part of 1915 and has since continued: to this character of competition is due, unquestionably, the severe losses of defendant.

It must be obvious that this defendant cannot, when showing such great deficits, be expected to give improvements in service which might otherwise be properly required, or to reduce fares still lower, thereby but increasing its already severe losses. The record contains testimony indicating that the present fares do not give defendant sufficient revenue to meet its current expenses.

While it would, no doubt, be to the advantage of certain residents and property owners of the districts affected by these proceedings to secure reductions in the present fares, the public in general, as well as the carrier, have an interest in the margin of safety due to a public utility and, therefore, this Commission must and will take into consideration not only these complainants, but the rights of defendant and all other interests served by this

defendant, whose legitimate investments should not be injured.

The mere fact that territory is annexed to a city does not automatically operate to reduce existing fares which are higher than five cents to five cents if the higher fares are justifiable. This rule has been previously declared by this Commission in *Froelich vs. Los Angeles Railway Corporation*, Vol. 3, Opinions and Orders of the Railroad Commission of California, 30-31, wherein Commissioner Edgerton said:

"The boundaries of the city of Los Angeles are not at all regular in shape, consequently a line in one direction might reach a considerable distance beyond the city limits and at the same time the terminus thereof be a shorter distance from the center of population in Los Angeles than would a line operating in the other direction wholly within the city.
* * * * *

"Because a city annexes adjoining territory making its boundary lines extremely irregular it does not follow that a street railway system should be required to always extend its five-cent fare zone to conform to the new boundary lines."

Complainants have not proven the rates to be discriminatory, neither has it been shown that the districts in question furnish a traffic of sufficient volume to justify a street car fare of five cents, and the Commission finds that the charges and fares to the points and places designated in the complaints herein, which were lawfully in effect November 3, 1914, are justified.

This Commission can only prescribe just and reasonable rates and, after careful deliberation upon all the elements in these cases and the effect upon the revenue which would result from the reductions demanded by complainants, I am of the opinion that the facts do not sustain the complaints and recommend that the cases be dismissed.

I therefore submit the following form of order:

O R D E R

The City of Los Angeles having filed complaints against the Pacific Electric Railway Company and a hearing having been held and being fully apprised in the premises and being of the opinion that the facts do not sustain the complaints.

IT IS HEREBY ORDERED that the said complaints be and the same are 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 26th day of January, 1917.

Max Thelen

Alfred Gordon

Edwin C. Edgerton

Frank R. DeLoraine

Commissioners.