

Decision No. 26535

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
PACIFIC ELECTRIC RAILWAY COMPANY, a)
corporation, for an in lieu certifi-) Application No. 17984
cate of public convenience and)
necessity)

Frank Karr and R. E. Wedekind, for Applicant.

Harold P. Euls, Leonard A. Diether and Lester
S. Ready, for City of Pasadena, Interested
Party.

George E. Waldo, for San Rafael Avenue Improve-
ment Association, Protestant.

Frederick Stoehr, for Mar Vista-El Molino
District, Protestant.

Mrs. Sadie A. Thomas Lambert, for Mar Vista-
El Molino-Marengo-Washington-Orange Grove
District, Protestant.

N. J. V. V. Green, for Altadena Chamber of
Commerce, Protestant.

Joseph Flanagan, for East Washington Street
District and St. Luke's Hospital, Protestants.

Mrs. Alice Kraft, for East Washington District
and Foothill Boulevard and St. Luke's
Hospital, Protestants.

Harrison R. Baker, for Davis-Baker Company and
Other Property Owners, Protestants.

S. C. Joyner, for Board of Education, Protestant.

Robert A. Swink, for Pasadena Chamber of Com-
merce, Protestant.

Mrs. Louise R. Hoocker, for Women's International
Union Label League, Pasadena, Local, Protestant.

Robert S. Allen, for Board of Directors, Universal
Service Exchange, Protestant.

BY THE COMMISSION:

TWELFTH SUPPLEMENTAL OPINION

Pacific Electric Railway Company, operating an inter-urban transportation system in Southern California and also a local transportation system in Pasadena and its environs, the latter consisting in part of an electric street railway service and in part of a motor coach service, seeks authority to discontinue some of its local motor coach lines. The relief sought is premised upon the ground that the company is losing so much money on its local system, and particularly on its motor coach operations, that it feels impelled to eliminate some of its coach lines which contribute most heavily to its losses. More specifically it seeks authority to make the following changes in its motor coach lines:

- (1) Entirely discontinue the North Marengo-East Washington-Mar Vista Motor Coach Line.
- (2) Entirely discontinue the North El Molino Motor Coach Line.
- (3) Entirely discontinue its Altadena-Lincoln Avenue Motor Coach Line.
- (4) Entirely discontinue the Brookside Park-Golf Course Line.
- (5) Discontinue that portion of the Ammandale-Avenue 64-Hermon Line between the intersection of Arroyo Drive and La Loma Road and the intersection of Adelaide Place and Avenue 64.
- (6) Discontinue that portion of the South Marengo-Orange Grove Line between the intersection of Orange Grove Avenue and Craig Avenue and the intersection of Orange Grove and Marengo Avenues. Reroute the remaining portion of line from Colorado and Marengo, north on Marengo to Orange Grove Avenue, thence over present route.

- (7) Revise route of loop at north end of the North Los Robles Avenue Motor Coach Line.
- (8) Revise route of California Street-South Los Robles Avenue Motor Coach Line, so as to eliminate that portion of the line which is also included in the Annandale-Avenue 64-Hermon Line.
- (9) Reduce service on the Pasadena-Flintridge Motor Coach Line (Linda Vista-Oak Tree Line).

Public hearings have been conducted by Examiner Kennedy and the matter is now under submission.

The situation disclosed by the applicant and by the evidence adduced at the hearings is not an unusual one. With the growing use of the private automobile, patronage of public transportation systems grows less and less. This has been markedly true in the case of Pasadena. (1)

While the evidence indicates the applicant has a substantial investment in its local system, (2) this is of no particular moment here because not even the hope was expressed of the possibility of realizing a return on the investment in property in service.

(1) The following tabulation shows the number of passengers and revenue on the Pasadena local system for the period 1929 to July 31, 1933:

| <u>Period</u> | <u>Revenue Passengers</u> | <u>Total Operating Revenue</u> |
|-----------------|-------------------------------|------------------------------------|
| 1929 | 8,829,976 | \$577,017 |
| 1930 | 8,093,759 | 523,745 |
| 1931 | 7,129,872 | 454,211 |
| 1932 | 6,062,680 | 368,204 |
| 1933 (7 months) | 3,151,317 | 193,495 |

(2) The testimony showed that the approximate investment in facilities of the Pasadena local rail and motor coach lines, as of June 30, 1933, was \$1,800,000. Of this approximately \$1,500,000 was attributed to the rail lines and \$300,000 to the motor coach lines.

The results of operation of the local system for the year ending June 30, 1933, as reported by the applicant, is indicated in Table I.

TABLE I.

Results of Operations of Local Motor Coach and Rail Lines
For Year Ending June 30, 1933.

| | <u>Motor Coach</u> | <u>Rail</u> | <u>Total</u> |
|---------------------------|--------------------|-------------|-------------------|
| Total Operating Revenue | \$159,374. | \$182,689. | \$342,063. |
| Total Operating Expense: | | | |
| Maintenance | 40,240. | | 40,240. |
| Way and Structure | | 10,100. | 10,100. |
| Equipment | | 11,989. | 11,989. |
| Power | | 13,432. | 13,432. |
| Conducting Transportation | 141,693. | 70,074. | 211,767. |
| Traffic | 3,383. | 3,924. | 7,309. |
| General and Misc. | 20,208. | 36,820. | 57,028. |
| Sub-total | \$205,526. | \$146,339. | \$351,865. |
| Depreciation | 38,803. | 1,579. | 40,382. |
| Total Operating Expense | \$244,329. | \$147,918. | \$392,247. |
| Net Revenue | 84,955. (Loss) | 34,771. | 50,184. (Loss) |
| Taxes | 8,812. | 11,584. | 20,396. |
| OPERATING INCOME | \$ 93,767. (Loss) | \$23,187. | \$ 70,580. (Loss) |

Checks were made by the city's engineer, Mr. Lester S. Ready,⁽¹⁾ and the Commission's staff to ascertain if this report of operations was faulty in any particular. Nothing substantially impairing its representative character developed, except that the local system should probably be credited with \$20,000 a year for its feeder value to the applicant's interurban lines.

(1) Mr. Ready was a former Chief Engineer of the Commission and has had quite extensive experience in matters of this character.

The picture presented by this statement of operating results is not a pleasing one and holds out little encouragement to a community naturally desirous of maintaining as complete a system of public transportation as possible. The applicant cannot, of course, be required, nor in fairness may it be expected, to provide public transportation not only without any return on investment but at an operating loss. Increased rates do not furnish an answer. It was apparently recognized that the present rate structure is so constructed as to yield the maximum of revenue.

While the applicant made specific proposals for abandonment of motor coach service, it did not at the hearing disclose any rigidity of attitude as to the particular means of accomplishing its objective of curtailing its present operating loss. Thus, the Commission is in a position to approach in a sympathetic attitude the problem presented and, while recognizing the necessity of granting relief to the applicant, to so shape the necessary changes in service as to work the least hardship to those affected by a lessened service. It was with such an attitude that the city authorities approached the problem.

The financial results of operation for the year ending June 30, 1933, of the lines proposed to be discontinued are as follows:

| | So. Marengo: Ave.-Orange: Grove Line | No. Marengo : E. Washington: Mar Vista Line | Altadena-: Lincoln : Ave. Line | North : El Molino: Ave. Line |
|--------------------------------------|--|---|--------------------------------------|------------------------------------|
| Operating Revenue, | \$22,384. | \$26,285. | \$2,516. | \$3,841. |
| Oper. Exp. (inc. Taxes & Deprec.) | 36,508. | 43,948. | 6,276. | 10,726. |
| Operating Loss, | \$14,124. | \$17,663. | \$3,760. | \$6,885. |
| Revenue per bus mile | \$0.1038 | \$0.1083 | \$0.0661 | \$0.0551 |

| | Annandale- : | Arroyo- : Brookside : | Linda Vista- : |
|-----------------------------------|------------------------|-----------------------|----------------------------------|
| | Adelaide : Park-Golf : | Oak Tree : | Place Line : Course Line: Line : |
| Operating Revenue, | \$1,659. | \$ 391. | \$2,035. |
| Oper. Exp. (inc. Taxes & Deprec.) | <u>5,332.</u> | <u>1,788.</u> | <u>7,155.</u> |
| Operating Loss, | \$3,673. | \$1,397. | \$5,120. |
| Revenue per bus mile | \$0.0506 | \$0.0347 | \$0.0460 |

The specific cost of operation for the various bus lines was not segregated. It was shown, however, that the direct out-of-pocket cost of operation for the buses employed in the Pasadena operation was approximately 12 cents per bus mile for the smaller equipment and 16 cents for the larger.

Naturally there was objection to the abandonment of these lines by those affected and each objection has been given the most careful consideration. In addition to testimony presented by those directly affected as to the hardship which will follow the abandonments, various traffic checks were made by Mr. Ready, the city's engineer, and by the Commission's staff, primarily for the purpose of determining the riding habits and the probable effects on the public patronizing the lines if the proposed abandonments were carried out. In connection with the studies made, the engineers assumed that one-fourth mile was a reasonable walking distance to local transportation service. This check showed that 27.46% of the total traffic utilizing the Washington Street Line between the intersection of Washington Street and Roosevelt Avenue and the intersection of Colorado and Marengo would be materially inconvenienced by the abandonment of the line; that is, those passengers riding locally on

said line between its easterly terminus and Mountain and Marengo going to points north of Washington Street, to points south of Washington Street and north of Villa Street, and those who would be in excess of one-fourth of a mile of remaining transportation service. Practically the same percentage of the total traffic utilizing the Orange Grove Line would likewise be materially inconvenienced by the abandonment of the line.

The school authorities of Pasadena Board of Education presented evidence indicating that the abandonment of the cross-town lines on Washington Street and Orange Grove Avenue would work considerable inconvenience together with increased fares to the students.

At the corner of Lake Avenue and Washington Street there is a community shopping district which apparently is fairly well patronized by residents living in the area contiguous to the Washington Street line, who travel to and from the markets on this line. The abandonment of said line would require these patrons to walk or seek other means of transportation, unless they discontinue the practice of trading in this shopping district.

The Mar Vista leg of the Washington Street Line is parallel to and midway between the Lake Avenue rail line and the Hill Avenue motor coach line, which lines are slightly in excess of one-half mile apart. Due to the unusually long north and south blocks and few east and west connecting streets a majority of the passengers now using this line would be required to walk a distance substantially in excess of one-fourth mile, if the

line were abandoned. The record does not show the earnings per bus mile on this portion of the line; however, for the entire Washington Street Line the earnings per bus mile, for the year ending June 30, 1933, were approximately eleven cents.

While the earnings on a line are not ordinarily the sole test of its justification for continued operation, in the instant case where there is practically no profitable bus operation we must, in the interest of preserving some service, carefully scrutinize the earnings of the various lines and give due consideration to the abandonment of the most unprofitable ones. The record shows that the earnings on the following lines are less than 7 cents per bus mile, whereas the out-of-pocket cost of operation for the smaller equipment is about 12 cents per mile:

| <u>Line</u> | <u>Earnings per bus mile</u> |
|----------------------------|----------------------------------|
| Altadena-Lincoln Avenue | \$0.068 |
| North El Molino Avenue | 0.055 |
| Armandale-Arroyo | 0.051 |
| Linda Vista-Oak Tree | 0.048 |
| Brookside Park-Golf Course | 0.035 |

The San Rafael Heights Improvement Association et al opposed the granting of the application to abandon service on the Armandale-Arroyo Drive Line, contending that the company was obligated to continue this operation by virtue of certain contracts and agreements which applicant had entered into with both public bodies and private interests; also under proper accounting the line was not being operated at a loss. It should

be pointed out that in considering this portion of the application the Commission will base any authority it is empowered to grant for modification or curtailment of service on this line on prevailing conditions and will not attempt to pass upon any contracts or agreements to which reference has been made.

With respect to the contention that this line is operating at a profit, the record shows that during the years 1928-1932, inclusive, the total earnings of this line were \$8,600, whereas the operator's wages alone amounted to \$9,050, the operator's wages being only 43 per cent of the total operating costs as shown in the company's records, which amount to \$21,262 over this period of time. It is apparent, therefore, that regardless of the merit of the company's contentions for allowances in its operating expenses to cover overhead costs, depreciation and other items, this line is conducted at a material out-of-pocket cost.

From a careful review of the testimony and exhibits, we are not in accord with applicant's request to discontinue both of its crosstown lines. We believe it was clearly demonstrated that one or the other of said lines should remain and, in our opinion, we would recommend that the Washington Street Crosstown Line be consolidated with the portion of the Orange Grove Line proposed to be retained. The proposed route for this line would be as follows:

Commencing at the intersection of Washington Street and Foothill Boulevard, west on Washington Street, south on Marengo, west and southwest on Orange Grove Avenue, east on Colorado Street, south on Marengo, east on California Street, south on Los Robles Avenue, west on Glenarm Street, south on Fair Oaks Avenue, west on Columbia Street, north on Pasadena Avenue, east on Glenarm Street to Fair Oaks Avenue.

Such a crosstown line would accommodate a majority of the school children who use crosstown service in Zone 2 at a lower rate, the local crosstown riding and a considerable amount of other riding which would be very substantially inconvenienced without any crosstown service. It may be noted that the easterly terminus of the Washington Street Line was suggested as Foothill Boulevard in lieu of Roosevelt Avenue, the present terminus. This extension was suggested inasmuch as no added equipment would be necessary to operate this additional one-third mile; however, had extra equipment been necessary, we could not have justified the increased operating expense entailed for same.

In view of the street situation along Mar Vista Avenue, we are of the opinion that a motor coach service should be continued on said street, the operation to be conducted with one bus on a twenty-minute headway, with the southern terminus of the line at Colorado Street and Lake Avenue, so as to provide a transfer to the interurban rail service. It appears from the record that with one bus on a twenty-minute headway, the northerly terminus would have to be at Rio Grande Street and

Mar Vista Avenue. A suggested route for said line would be as follows:

Commencing at Colorado Street and Lake Avenue, east on Colorado and north on Mar Vista to Rio Grande Street.

The motor coach lines, such as North El Molino, Linda Vista-Oak Tree, Altadena-Lincoln Avenue, Brookside Park-Golf Course, Annandale-Arroyo Drive-Adelaide Place Motor Coach Lines, which are proposed to be discontinued and which are earning less than one-half the out-of-pocket cost of operation, cannot very well be justified for continued operation inasmuch as they add substantial losses to a system unable to earn sufficient to pay operating costs.

Applicant's request to slightly amend the route of the easterly portion of the north loop of the North Los Robles Avenue Motor Coach Line and to alternate trips over the easterly and westerly portions of said loop during the entire day, instead of only after 7:00 P.M. as at present, is reasonable and should be authorized.

The plan of operation suggested herein, that is, the abandonment of the lines proposed, with the exception of the Washington Street crosstown and the Mar Vista Lines, would result in a saving in operating expenses of approximately \$46,000 per year. This amount is based on the assumption that no night service on either the Washington Street or Mar Vista Line would be operated after 7:00 P.M. There will be some offsetting loss, however, due to decrease in travel as a result of this curtailment. Even with an allowance of \$20,000 per year to the Pasadena local system as feeder value to the interurban operations, and with the abandonment of the lines as suggested above, the

total revenue will still materially fail to meet the operating expenses for this local transportation system.

At the present time applicant sells eight strip tickets for 50 cents, which tickets are good for transportation between Zones 1 and 2 and from points in Zone 2, through No. 2 and No. 1 Zones to points in No. 2 Zone. It appears that many people, under present economic conditions, are unable to purchase tickets at this amount, so we would recommend that four tickets be sold for 25 cents instead.

After carefully considering all of the evidence in this proceeding, we are of the opinion that the application should be granted, with the exceptions as stated above, and the order will so provide.

O R D E R

The Pacific Electric Railway Company having filed the above entitled application, public hearings having been held, the matter having been duly submitted on briefs and briefs having been filed, and the Commission being fully apprised of the facts,

IT IS HEREBY ORDERED that Pacific Electric Railway Company be and it is hereby authorized to:

I. Abandon its so-called North El Molino Avenue Motor Coach Line, Brookside Park-Golf Course Motor Coach Line, and

Altadena-Lincoln Avenue Motor Coach Line operating in and about the City of Pasadena, County of Los Angeles, as authorized by this Commission's Decisions Nos. 24854, 25102 and 25456; and

II. Abandon that portion of its California Street-South Los Robles Motor Coach Line between the intersection of La Loma Road and Arroyo Drive and the intersection of Avenue 64 and Adelaide Place (usually known as Annendale-Arroyo Drive-Adelaide Place Line), as authorized by Decision No. 24854; and which was also included as a part of the route of the Annendale-Avenue 64-Hermon Motor Coach Line authorized by this Commission's Decision No. 25932, dated May 8, 1932, on Application No. 17984; the routes for the remaining portions of the above referred to lines to be as follows:

California Street-South Los Robles Avenue Line

Commencing at Blanche Street and Allen Avenue, west on Blanche Street, south on Hill Street, west on San Pasqual Street, south on Catalina Avenue, west on California Street, north on Los Robles Avenue, west on Colorado Street, south on Raymond Avenue, west on California Street, south on Grand Avenue, west on La Loma Road, north on Arroyo Drive and east on California Street to Grand Avenue; also from the corner of California Street and Fair Oaks Avenue, north on Fair Oaks Avenue and east on Colorado Street to Raymond Avenue; also from the corner of California Street and Catalina Avenue, east on California Street, north on Sierra Bonita Avenue, east on Oakdale Avenue, north on Allen Avenue to Blanche Street.

Annendale-Avenue 64-Hermon Line

Commencing at the intersection of Adelaide Place and Avenue 64, south on Avenue 64, west on Pasadena Avenue, south on North Figueroa Street and Avenue 57, east on Hermon Avenue and south on Monterey Road to Kendall Avenue.

III. Abandon that portion of its South Marengo-Orange Grove Motor Coach Line between the intersection of Orange Grove Avenue and Craig Avenue and the intersection of Orange Grove Avenue and Marengo Avenue; abandon that portion of its North Marengo-East Washington-Mar Vista Motor Coach Line between the intersection of

Orange Grove Avenue and Marengo Avenue and the intersection of Colorado Street and Lake Avenue.

IV. Operate a motor coach service for the transportation of passengers over and along the following routes, for which a certificate of public convenience and necessity is hereby granted, which certificate is in lieu of and supersedes the certificate granted for the North Marengo-East Washington-Mar Vista and South Marengo-Orange Grove Motor Coach Lines, as authorized by Decisions Nos. 24854, 25102 and 25456:

Washington-Orange Grove-Glenarm Line

Commencing at the intersection of Washington Street and Foothill Boulevard (Santa Anita Avenue), west on Washington Street, south on Marengo Avenue, west and southwest on Orange Grove Avenue, east on Colorado Street, south on Marengo Avenue, east on California Street, south on Los Robles Avenue, west on Glenarm Street, south on Fair Oaks Avenue, west on Columbia Street, north on Pasadena Avenue, east on Glenarm Street to Fair Oaks Avenue.

Mar Vista Avenue Line

Commencing at the intersection of Colorado Street and Lake Avenue, east on Colorado Street, north on Mar Vista Avenue to Rio Grande Street.

V. Amend the route of its North Los Robles Avenue Line, as authorized by this Commission's Decisions Nos. 24854 and 25102, to the following:

Commencing at Raymond Avenue and Colorado Street, south on Raymond Avenue, west on Green Street, north on Fair Oaks Avenue, east on Colorado Street, north on Los Robles Avenue, west on Montana Street, south on Marengo Avenue, east on Atchison Street to Los Robles Avenue.

Also, from the intersection of Atchison Street and Los Robles Avenue, east on Atchison Street, north on El Molino Avenue, west on Woodbury Road, south on Los Robles Avenue to Montana Street.

VI. Discontinue certain of the schedules on the Linda Vista-Oak Tree portion of its Pasadena-Flintridge Motor Coach Line, as set forth in the application involved herein.

The foregoing authorizations are subject to the following conditions:

- (1) Applicant shall afford the public at least ten (10) days' notice of the abandonment of service and changes in routes, as herein authorized, by the posting of notices in all busses and cars operating on the Pasadena local system.
- (2) Applicant shall notify the Commission, in writing, within thirty (30) days after the changes authorized herein have been effected.
- (3) Applicant shall file its written acceptance of the certificate herein granted, within a period of not to exceed fifteen (15) days from the date hereof.
- (4) Applicant shall file, in triplicate, and make effective within a period of not less than ten (10) days' notice to the Commission and the public, a tariff or tariffs constructed in accordance with the requirements of this Commission's General Orders and containing rates and rules satisfactory to the Railroad Commission.
- (5) Applicant shall file, in duplicate, and make effective, within a period of not less than five (5) days' notice to the Commission and the public, time schedules, according to form prescribed in General Order No. 83, covering the motor coach service herein authorized, in a form satisfactory to the Railroad Commission.
- (6) Applicant is authorized to turn its motor vehicles at termini, either in the intersection of the streets or by operating around a block contiguous to such intersection in either direction, and to carry passengers as traffic regulations of the municipality may require.
- (7) The rights and privileges herein authorized may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.
- (8) No vehicle may be operated by applicant herein unless such vehicle is owned by said applicant or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.

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 4th day of ~~November~~ ^{December}, 1933.

W. B. Harrison

M. A. Cunniff

W. B. Harrison

W. B. Harrison
Commissioners