

Decision No. 27790

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

THE CITY OF LOS ANGELES, a
municipal corporation,

Complainant,

vs.

THE LOS ANGELES RAILWAY
CORPORATION, a corporation,

Defendant.

Case No. 3915.

ORIGINAL

Ray L. Chesebro, City Attorney, and Carl I. Wheat,
Public Utilities Counsel, for the Complainant.
Gibson, Dunn & Crutcher and Woodward M. Taylor,
Attorneys, and Richard Sachse, Vice-President
and Consulting Engineer, for the Defendant.
J. O. Marsh, for the Board of Public Utilities and
Transportation of the City of Los Angeles.
Fred L. Mowder, for the Central Business District
Association.
Dane Sturgis, for the Down Town Business Men's Assn.
Walter R. Lindersmith, for Los Angeles Traffic Assn.

CARR, Commissioner:

O P I N I O N

By its complaint, the City of Los Angeles sought the development of a general plan by the Los Angeles Railway Corporation looking to the rebuilding of old equipment and the purchase of new equipment. After public hearings had proceeded for nearly two days, a situation developed wherein it seemed probable that the Company would submit a program which might meet the demands of the City. Successive adjournments were had with the happy result that the Company did submit in writing a plan or program for the rehabilitation of its equipment, which the City accepted as a satisfaction of its complaint.

The Company's proposal is attached hereto as Exhibit "A". Its execution will undoubtedly lead to a gradual betterment of street railway transportation in Los Angeles.

The pending case may now, of course, be dismissed. The good faith of the Company and its own self interest furnish an effective assurance that the plan will be carried through.

I recommend the following form of order:

ORDER

Based upon the matters recited in the opinion which precedes this order,

IT IS HEREBY ORDERED that the complaint be dismissed, but without prejudice.

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 4th day of March, 1935.

Leon C. Sullivan
W. B. Harris
W. B. Harris
Commissioners.

EXHIBIT "A".

LOS ANGELES RAILWAY CORPORATION
Los Angeles Railway Building
Los Angeles, California.

February 14, 1935.

Railroad Commission
State of California,
Attention Commissioner Carr, Esq.,
State Building,
San Francisco, California.

Hon. Ray L. Chesebro, City Attorney,
City of Los Angeles,
City Hall,
Los Angeles, California.

Board of Public Utilities and Transportation,
City of Los Angeles,
Attention Mr. J. O. Marsh,
General Manager and Chief Engineer,
City Hall,
Los Angeles, California.

Gentlemen:

Subject: Case No. 3915.

The hearing before the Commission in this case on January 11th, 1935 was postponed by Commissioner Carr in accordance with his statement (Tr. p. 258),

"As a result of an informal conference just held between representatives of the City and the Company, it has been agreed that this hearing be adjourned until 2 p.m. on February 1st, with the idea that at such time the Company may be prepared to outline a program which will be acceptable to the City as a disposition of this case."

The hearing of February 1st was continued to February 15th, 1935.

Pursuant to such agreement and recognizing the desirability of new and modern street cars and of improving in every practicable manner our existing equipment, we submit as an important step toward the realization of such goal, the following

proposal:

1. We agree to expend during the year 1935 and in the two following years, 1936 and 1937, the maximum amount of \$500,000 each year for new passenger equipment, including the rebuilding, modernization and conversion of existing equipment into one man-two man safety cars, subject to the following conditions:

- (a) from the total operating revenue to be received each year by the Company there shall first be met all reasonable operating expenses and all taxes, it being understood and agreed that the term "operating expenses" as here used does not include depreciation;
- (b) out of the balance there shall be met all bond and loan interest actually paid and all fixed charges;
- (c) revenue available after meeting items (a) and (b) above, is to be expended, up to the amount of \$500,000, for purchase of new equipment and reconstruction of equipment in accordance with a program to be agreed upon between the Commission, the City and the Company. It is understood that other absolutely necessary expenditures for the betterment of service, aside from the equipment program to be agreed upon, may also be made from this \$500,000, after conference with the Commission and the City authorities;
- (d) new equipment may be acquired by the Company either by purchase or under a rental agreement. If such new equipment is put into service on a rental basis, it is agreed that the actual cost of such rental equipment shall be considered as part of the \$500,000 annual expenditure referred to in paragraph (1); provided, however, that the new cars on a rental basis shall not be less in number than under the program for outright purchase of new cars.

2. As soon as the car manufacturers are in receipt of the specifications of the Presidents' Conference Committee of the American Transit Association we agree to call for bids and place an initial order with a manufacturer for the design and construction of thirty (30) new street cars suitable for service on this system. It

is agreed that the Company, in lieu of purchasing such cars, may enter into a rental agreement for this equipment and for equipment to be acquired in subsequent years. The purchase or rental of such new equipment is to be part of the program and part of the equipment expenditures referred to in (1) and subject to the conditions (a), (b), (c) and (d) above.

3. The amount to be expended each year, out of the total available referred to in paragraph (1) above, for the purchase of new equipment and for reconstruction of existing equipment, respectively, is to be determined according to agreement to be reached between the Commission, the City and the Company, and before making such expenditures we will from time to time notify the Commission and the City in writing of the expenditures proposed to be made and the extent thereof. It is understood that any plan agreed upon is to be flexible and subject to such modifications as may be necessary by reason of changing transportation requirements of the City of Los Angeles.

4. We agree to continue our equipment renewal program beyond the 3-year period ending in 1937, in accordance with a flexible plan to be worked out prior to July 1937, jointly by the Commission, the City and the Company, and to expend for such purpose the necessary amounts, subject to the conditions referred to under (1), (a), (b), (c) and (d) above.

5. It is agreed that the amounts available each year under the proposal above set forth are to be expended each year for the purposes indicated, provided however that any available balance not expended in any one year shall be carried forward into the following year and added to the amount available for that year.

6. It is understood that there shall be incorporated into the equipment referred to all practicable improvements and betterments, within the limits of the estimated expenditures, developed by the Presidents' Conference Committee in connection with the research and design of the new Presidents' Conference car.

7. The program of expenditures referred to above is predicated upon the gradual introduction of one-man operation, without displacing present employees, and where such operation is practicable. It is understood that this proposal is subject to change in the event that one-man operation cannot be effected.

8. We will continue to press our application for an equipment loan now pending with the Federal Emergency Administration of Public Works and invite the support of this application by the Commission and the City. If this

application is granted the program above referred to is to be speeded up and modified in accordance with the terms of the contract to be entered into by the Company with the United States Government.

9. It is agreed that upon the filing of a resolution passed by the Board of Directors of the Company approving this proposal, and upon the approval of this proposal by the City and the Commission, the parties to Case No. 3915 will consent to the dismissal of said proceeding, without prejudice.

We trust that this proposal will be satisfactory and acceptable to the Commission and to the City and pledge our sincere effort to the carrying out of this program to the end that, with the cooperation of the City and the Commission, the best possible transportation service may be rendered by this Company.

Respectfully,

Signed: P. B. Harris
Vice President and
General Manager.