

Decision No. 29633.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of ORIGINAL STAGE LINES, INC., a Corporation, for authority to operate a motor coach service for the transportation of persons, baggage and express, as a common carrier, for compensation, between Los Angeles and San Fernando, California, and intermediate points via Riverside Drive, Moorpart Street, Chandler Boulevard, Van Nuys Boulevard, Sepulveda Boulevard and Brand Boulevard.

Application No. 20567.

In the Matter of the Application of PACIFIC ELECTRIC RAILWAY COMPANY for authority to make certain changes in Los Angeles-San Fernando Valley operations.

Application No. 20590.

In the Matter of the Application of ORIGINAL STAGE LINES, INC. for certificate of public convenience and necessity authorizing the operation of a common carrier motor coach service for the transportation of persons, baggage and express between the City of Burbank on the one hand, and certain sections of the City of Los Angeles located within the San Fernando Valley on the other hand.

Application No. 20827.

In the matter of the application of ORIGINAL STAGE LINES, INC., for a certificate of public convenience and necessity authorizing the operation of a common carrier motor coach service for the transportation of persons, baggage and express between that portion of the City of Los Angeles known as Hollywood on the one hand, and certain termini in the San Fernando Valley on the other, to-wit: Girard, Canoga Park, Reseda, North Los Angeles, Granada, and the City of San Fernando, via Cahuenga Avenue, Ventura Boulevard, Topanga Canon Avenue, Reseda Boulevard, Devonshire Street, Zelzah Avenue, Chatsworth Street, Sepulveda Boulevard, Stranwood Avenue, San Fernando Mission Boulevard and San Fernando Road, serving all intermediate points.

Application No. 20857.

Rex W. Boston, for Applicant, Original Stage Lines, Inc.

C. W. Cornell, for Pacific Electric Railway Company, Applicant in Application No. 20590 and Protestant in Application No. 20567; also for Los Angeles Motor Coach Company, Protestant in Application No. 20567.

J. Ogden Marsh, James Gunn, K. Chas. Bean and Stanley Lanham, for Board of Public Utilities, City of Los Angeles.

E. J. Burns, for R. L. Chesebro, City Attorney of Los Angeles.

Frank Pellett, for Brotherhood of Railroad Trainmen, Protestant.

Gibson, Dunn & Crutcher, by Lewis Sterry, for Los Angeles Railway and Los Angeles Motor Coach Company, Protestants in Application No. 20567.

Clyde R. Moody, for City of San Fernando.

Joseph D. Schulman, for Boulevard Land Co., Girard Chamber of Commerce and Canoga Estate.

Herbert W. Walker and Charles A. Bevis, for Van Nuys Chamber of Commerce.

Mrs. Paul Guerin, for residents of the northern part of North Hollywood.

Charles P. Hayes, for San Fernando Valley Voters' League and San Fernando Valley Property Owners' Protective Association.

Joseph W. McLellan, Bordwell, Mathews & Wadsworth, by John H. Mathews, for the Good Hope Company.

George C. Audet, for Laurelwood and Sherman Oaks Associated Chambers of Commerce.

E. P. M. Creutz, for Rio Vista Improvement Association.

Carl Bush, for Hollywood Chamber of Commerce.

Edward Hanning, for West End Associated Chambers of Commerce of San Fernando Valley.

Martin E. Pollard and David R. Faries, for United Chambers of Commerce of San Fernando Valley, Interested Parties.

Woodward M. Taylor, for Los Angeles Railway Corporation, Interested Party.

Ray L. Chesebro, City Attorney of Los Angeles, for Los Angeles City Council.

Aubrey N. Irwin, City Attorney of Glendale, by A. L. Lawson, Interested Party.

Charles T. Nolan, General Chairman, Brotherhood of Railroad Trainmen, Interested Party.

Thomas P. Walker, for San Fernando Valley Voters' League, Interested Party.

C. C. Richards, for Burbank Chamber of Commerce, and Transportation Committee of the City Council, Interested Party.

E. L. Parker, for Brotherhood of Utility Employees of America, representing power station employees of Pacific Electric Railway, Interested Party.

D. Costeletta, for Fernangeles Business Association, Interested Party.

Maxwell B. Berg, for Cahuenga Chamber of Commerce, Interested Party.

WHITSELL, COMMISSIONER:

#### O P I N I O N

The above entitled applications deal with proposals filed by Pacific Electric Railway Company and Original Stage Lines, Inc., to provide passenger motor coach service to that portion of the City of Los Angeles commonly referred to as the San Fernando Valley.

In view of the fact that these four applications involve transportation to the same general territory, it appeared desirable at the outset to consolidate them for the purpose of taking testimony. As the record developed, this conclusion was strengthened by the fact that in a general way much of the testimony applies to each of the applications. Such being the case, it now appears desirable that the matter should be consolidated for decision.

Hearings on the above entitled matters were conducted at Los Angeles and San Fernando, consuming ten days in all. The record in these proceedings consists of 1153 pages of transcript, together with 36 exhibits. Many public witnesses appeared in behalf of each of the applicants and the testimony of numerous others was stipulated into the record. At the last hearing, which was conducted at San Fernando on December 16th, 1936, the matters were taken under submission, subject to the filing of concurrent briefs by the parties not later than February 1st, 1937.

The public transportation service to the San Fernando Valley consists of rail and motor coach operation by Pacific Electric Railway Company and a motor coach service by Original Stage Lines, Inc. The applications here under consideration deal with various plans for augmenting this public transportation system. Although the original applications were modified during the course of the hearings, except for references, only the final applications will be referred to in the following discussion. Tabulated below is a brief summary of the applications involved herein.

<u>Appl.</u> <u>No.</u>	<u>Applicant</u>	<u>Proposal</u>
20567(1)	Original Stage Lines	To establish motor coach service between Central business district of Los Angeles and San Fernando Valley points.

- (1) The application was first filed on May 22nd, 1936, the First Amendment was filed on June 15th, 1936, and the Supplement to the First Amended Application was filed on October 22nd, 1936.

<u>Appl. No.</u>	<u>Applicant</u>	<u>Proposal</u>
20590(2)	Pacific Electric Rwy.	<p>(a) To abandon passenger rail operation and substitute motor coach service therefor between Central business district of Los Angeles and San Fernando Valley points.</p> <p>(b) To establish an alternate motor coach route between Central business district of Los Angeles and San Fernando Valley points via Riverside Drive.</p> <p>(c) To establish motor coach service between Burbank and North Hollywood.</p> <p>(d) To abandon portion of Ventura Boulevard motor coach line on Reseda Avenue between Ventura Boulevard and North Los Angeles.</p> <p>(e) To establish motor coach service between North Hollywood and Sunland.</p>
20827(3)	Original Stage Lines	To establish motor coach service between Burbank and North Hollywood.
20857	Original Stage Lines	To establish motor coach service between (a) Hollywood and San Fernando via Reseda, North Los Angeles and Granada; (b) Hollywood and Canoga Park via Girard.

In view of the rather extensive proposals involved herein, it appears appropriate and desirable to now discuss these various applications more or less in detail.

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- (2) This application was originally filed on June 1st, 1936, a Supplement was filed on June 5th, 1936, a Second Supplement on June 18th, 1936, and the 3rd Supplement on November 27th, 1936.
- (3) The original application was filed on October 23rd, 1936, and was amended on November 5th, 1936.

Application No. 20567.

Since this was the first application to be filed, it would seem proper that it be the first discussed. The application was filed by Original Stage Lines, Inc. and, as finally amended on October 22nd, 1936, proposes to establish a motor coach service for the transportation of persons, baggage and express, as a common carrier for compensation, between the central business district of Los Angeles, on the one hand, and San Fernando, on the other hand, over the following described route:

Commencing at the depot of applicant located at Fifth and Los Angeles Streets in the City of Los Angeles, thence northerly along Los Angeles Street to Marchessault Street, thence westerly along Marchessault Street to Sunset Boulevard, thence along Sunset Boulevard to North Broadway, thence along North Broadway to Pasadena Avenue, thence along Pasadena Avenue to San Fernando Road, thence along San Fernando Road to Sonora Street in Glendale, thence southerly along Sonora Street to the junction of Victory Boulevard and Riverside Drive, thence westerly along Victory Boulevard to Alameda Street in Burbank, thence southerly along Alameda Street to Olive Avenue, thence along Olive Avenue to Hollywood Way, thence along Hollywood Way to Magnolia Boulevard, thence along Magnolia Boulevard to Lankershim Boulevard in North Hollywood, thence northerly on Lankershim Boulevard to Oxnard Street, thence westerly on Oxnard Street to Van Nuys Boulevard in Van Nuys, thence northerly on Van Nuys Boulevard to San Fernando Road in Pacoima, thence westerly on San Fernando Road to the depot of applicant located at 726 San Fernando Road in San Fernando.

The original application was amended prior to the first hearing and the route proposed was a rather circuitous one, due to the fact that service was contemplated not only between the terminal points but also to and through the most populous section of the North Hollywood and Van Nuys areas. This route was some thirty-five miles in length and the proposed scheduled running time between Los Angeles and San Fernando was to be one hour and thirty minutes, as opposed to the present running time,

on the Original Stage Lines' main line between the same termini, via San Fernando Road, of one hour over a route twenty-two and a half miles in length. As finally amended, however, the route mileage has been reduced to approximately thirty miles and the scheduled running time to one hour and fifteen minutes. Applicant proposes an hourly service at fares as indicated by Exhibit "C," attached to the supplement to First Amended Application No. 20567.

The record shows that the motor coach operations of the Original Stage Lines, in San Fernando Valley, date back prior to May 1st, 1917, although they were not under the present management at that time. Witnesses in behalf of applicant, testifying both as individuals and as representatives of various civic organizations in the San Fernando Valley, contend that the institution of the service, as proposed in this application, is necessary in order to facilitate the growth and development of the San Fernando Valley. Undisputed testimony shows that since the 1930 census there has been a continuous growth in Valley population from some 52,000 residents to a present estimated population of 95,000.

The testimony further shows that the major portion of this new population has settled in the area adjacent to Van Nuys, North Hollywood and Burbank and would be served by the institution of the service as proposed herein. It is the further contention of these witnesses that the institution of a semi-competitive service would have a salutary effect on the existing carrier (Pacific Electric Railway Company), and on transportation conditions generally in the Valley, in that it would tend to induce the present operator to provide a more adequate service and probably would eventually result in a general fare

reduction. In all fairness, however, it should be stated that among all these public witnesses there were none who could testify as to the possibility of the proposed service being able to earn a reasonable return. As a matter of fact, it appears that this phase of the matter has been given little, if any, consideration in arriving at their conclusions, which I feel are based on a desire for a more frequent service rather than upon mature thought as to the eventual result. The same persons, who testified in favor of the institution of the proposed motor coach service by the Original Stage Lines, without exception also testified in favor of the retention of the present rail service. It is presumed that their assumption was that operation of both services could be conducted at a profit.

A check of the travel, made by the carriers at the Commission's request and incorporated as a part of the Commission's engineer's report (Exhibit No. 14), <sup>(1)</sup> fails, however, to bear out this assumption. This check shows that on an average day there are slightly in excess of 900 passengers, inbound, patronizing the present rail line and that, of these 900 passengers, some 38 per cent, or about 370 passengers, actually come into downtown Los Angeles, the remainder being distributed in the Hollywood area. Assuming a 25 per cent increase in travel, due to the advent of the new service, approximately 460 passengers daily would ride from Valley points into downtown Los

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(1) This report, entitled "Report on Public Transportation Requirements of San Fernando Valley, Applications Nos. 20567 and 20590," was prepared, pursuant to instructions from the Commission, by Assistant Engineer Arthur F. Ager, of the Engineering Division of the Commission's Transportation Department, and went into considerable detail relative to the general characteristics of the Valley and provided a rather complete analysis of the operations of the two carriers involved in these proceedings. It was introduced in evidence as Exhibit No. 14 at the hearing in San Fernando on November 5th, 1936.



Angeles, and, if the rail service were to be retained, it seems fair to assume that a proper distribution of these patrons would be 50 per cent to each carrier, or 230 persons daily. I recognize, of course, that a certain amount of short haul business could be expected to flow to the new service but it is certain that this would be accompanied by a diminution in rail patronage, due to the proximity of the two services.

I am unable to subscribe to the opinion that either service operated over such a distance could possibly survive with this limited number of patrons. Naturally, with the continued growth of the Valley, it is reasonable to assume that this volume of travel would continue to increase but this does not appear to be the time to institute the service as proposed herein. One of the major desires of Valley residents appears to be that their rail line, in which they take considerable pride and which has been operating as far as Sherman Way since 1911 and as far as San Fernando and Canoga Park since 1913, should continue to operate. In order that such a result might be accomplished, it would hardly appear reasonable to jeopardize the possibility of its continued existence by authorizing another carrier to enter its field, thereby attracting a considerable portion of its patronage. Despite the contention of these numerous witnesses - that semi-competitive service would work to the advantage of all concerned, including the carriers - I am of the opinion that the result would be far different and that Application No. 20567 should be denied.

Application No. 20590.

The principal features of this application involve the proposal of Pacific Electric Railway Company to abandon its

existing passenger rail service between San Fernando and Los Angeles and Canoga Park and Los Angeles, substituting therefor motor coach service, which would substantially parallel the existing rail service, and establish an alternate motor coach route from the intersection of Park Avenue and Glendale Boulevard, Los Angeles, to Pacific Electric station in Van Nuys, and thence along Van Nuys Boulevard to Ventura Boulevard. A complete description of the two proposed routes is as follows:

Commencing at Parking Deck located between 4th and 5th Streets immediately south of Subway Terminal Building, Los Angeles, thence along Olive Street, 5th Street, Figueroa Street, Second Street, Glendale Boulevard, Park Avenue, Sunset Boulevard, Santa Monica Boulevard, Highland Avenue, Cahuenga Boulevard, Ventura Boulevard, Vineland Avenue, Chandler Boulevard, Van Nuys Boulevard, Parthenia Street, Camut Place, Sepulveda Boulevard, Brand Boulevard to San Fernando Road, San Fernando; also, from Van Nuys Boulevard over Sherman Way to Topanga Canyon Road, Canoga Park.

Alternate Route:

Commencing at Parking Deck located between 4th and 5th Streets immediately south of Subway Terminal Building, Los Angeles, thence along Olive Street, 5th Street, Figueroa Street, Second Street, Glendale Boulevard, Riverside Drive, Victory Boulevard, Alameda Avenue, Olive Avenue, Rowland Avenue, Clybourn Avenue, Moor Park Street, Lankershim Boulevard, Van Owen Street and Van Nuys Boulevard to Ventura Boulevard, returning over the same route.

The principal reason for advocating this proposed change is based upon applicant's contention that the present rail operations are being conducted at a loss and estimates made by the company indicate that motor coach operation can be conducted at a profit. In the face of such public opinion, however, as was indicated at the various hearings, it would not appear to the Commission to be good policy on the part of the company to abandon this rail service; neither am I able to subscribe to the statements

of applicant's witnesses that this service is being conducted at a loss.

Exhibit No. 28, introduced through O. A. Smith, Vice-President and General Manager of Pacific Electric Railway Company, at the hearing on December 16th, 1936, showed the estimated results of the San Fernando Valley combined rail line, passenger, express and freight operations for a normal year, with service in effect similar in character to that at the time the application was filed. This estimate indicated a net loss of \$8,606.

The records do not tend to indicate that 1936 was a normal year, yet there appears to be a definite trend toward normalcy. The record in these proceedings indicates that the travel on this rail line and on Pacific Electric Railway Company's system generally is decidedly on the upward trend and, with this condition as an outlook, it is reasonable to assume that the comparatively slight out-of-pocket loss, indicated by the estimate referred to above, will be changed into a profit figure in the comparatively near future.

The record shows (Exhibit No. 14, pages 36 and 37), that no abnormal expense would be necessary for several years, in order to keep this rail line in safe operating condition, and I am of the opinion that the institution of proper operating methods would add substantially to the above profit. Undisputed evidence shows a tremendous increase in building activity in the area involved in these proceedings and it seems entirely reasonable to assume that, with this development, a substantial increase in patronage can be expected. Certainly in the face of this activity there is no reason to believe that there would be any decrease.

For reasons set forth in the discussion of Application No. 20567 above, I am not of the opinion that applicant at this time should be permitted to institute a service into Los Angeles via Riverside Drive. One of the principal features of the proposal that this service should be instituted was the fact that a maximum five-minute time saving could be effected. Considering the comparatively small number of persons who would be effected (the check taken on September 25th, 1936, and tabulated on Page 50 of Exhibit No. 14 shows only 370 persons who possibly could benefit), this does not appear vital. I am of the further opinion that a revision of present rail schedules can be effected which would result in a greater time saving; and a modernization of rail equipment would afford a more comfortable service to the riding public, as well as attract additional traffic to the line.

The record indicates that Pacific Electric Railway Company is not now in a position to expend a large sum of money for new rail equipment; neither do I feel that the volume of traffic (actual or potential) would justify the expenditure of any sum, such as this application contemplates, for new motor coaches. The course appears to be clear, however, for the company to materially improve the service without the necessity of any large expenditure, which improvement undoubtedly will care for the business for a period of, say, two years, after which time it is my belief that conditions definitely will indicate what course should be followed, looking toward the plan of serving this Valley with either busses or rail equipment.

That portion of Application No. 20590, wherein it is proposed to abandon passenger rail service and substitute motor coach service therefor over alternate routes, will be denied.

The same application proposed a service between the North Hollywood area and the Roscoe-Sunland area, to be known as the Sunland-Roscoe-North Hollywood Motor Coach Line and to operate over a route described as follows:

Commencing at the intersection of Foothill Boulevard and Sherman Grove Avenue (Sunland), thence via Foothill Boulevard, Sunland Avenue, Vineland Avenue and Magnolia Avenue to Lankershim Boulevard, returning via reverse of going route.

The Commission's engineer, in his report (Exhibit No. 14), made no recommendation looking toward the establishment of a service in this area and it is to be assumed that it was not considered that such a service could be justified at this time. As was the case with other portions of the application, numerous witnesses testified as to the value and need of the service but no testimony was produced, even by the applicant, which would indicate that the service between North Hollywood and the Roscoe-Sunland area could be made compensatory. Because of this desultory showing, as well as the palpable lack of necessity for such a service, I am therefore of the opinion that this portion of the application should be denied.

In the third supplement to Application No. 20590, Pacific Electric Railway Company proposes to establish a motor coach service between Burbank and the North Hollywood area over a route described as follows:

From the intersection of Olive Avenue and Glen-oaks Boulevard, Burbank, thence via Olive Avenue, San Fernando Road, Magnolia Boulevard, Colfax Avenue, Ventura Boulevard, Laurel Canyon Boulevard and Moor Park Street to Colfax Avenue.

As opposed to this proposal, Original Stage Lines filed Application No. 20827, in which it proposed a service to substantially the same areas over the following route:

Commencing at the intersection of Tenth Street and Olive Avenue in the City of Burbank, thence via Olive Avenue to Lake Street, thence via Lake Street to Alameda Avenue, thence via Alameda Avenue to Olive Avenue, thence via Olive Avenue to Hollywood Way, thence via Hollywood Way to Riverside Drive, thence via Riverside Drive to Cahuenga Boulevard, thence via Cahuenga Boulevard to Moor Park Street, thence via Moor Park Street to Colfax Avenue, thence via Colfax Avenue to Ventura Boulevard, thence via Ventura Boulevard to Laurel Canyon Boulevard, thence via Laurel Canyon Boulevard to Magnolia Boulevard, thence via Magnolia Boulevard to Lankershim Boulevard, thence via Lankershim Boulevard to Burbank Boulevard, thence via Burbank Boulevard to Cahuenga Boulevard, thence via Cahuenga Boulevard to Riverside Drive, thence via Riverside Drive, Hollywood Way, Olive Avenue, Alameda Avenue and Lake Street to starting point located at Ten Street and Olive Avenue in the City of Burbank.

Need for a service of this character generally is recognized and the Commission's Exhibit No. 14 contains a recommendation that such a service should be established. There being no apparent question or difference of opinion as to public necessity for the service, I am confronted with the problem as to which of the routes proposed will best serve the areas involved.

The route proposed by Pacific Electric Railway Company has the advantage of being the shorter and more direct and provides a connection into the business section of Glendale. Weighed against this advantage, however, must be considered the fact that for a considerable portion of the line it would traverse the identical route now being operated over by the Magnolia Park Line of Original Stage Lines and the additional fact that no service, except by transfer, would be provided to the various studios in the Burbank and North Hollywood areas, service to and from and between which is strongly urged in this record.

A review of this portion of the record leads me to the conclusion that the route proposed by Original Stage Lines more advantageously would serve the area and that Application No. 20827

should be granted and the application of Pacific Electric Railway Company to serve this area should be denied. In order that the public may receive the maximum benefit from this, as well as all service in the Valley, I would urge the filing of joint tariffs providing for an interchange of transfers between applicants herein.

Application No. 20590, in its original form, as well as in all subsequent amendments, proposes the abandonment of service on the Ventura Boulevard motor coach line along Reseda Avenue from Ventura Boulevard to Nordhoff Street in North Los Angeles. This portion of the application contemplates that, with the abandonment of that portion of the service as proposed, more frequent headways will be established along the remainder of the route. Originally, it was proposed to terminate some of these schedules at Lankershim Boulevard, thus necessitating a transfer in order that patrons might reach Hollywood or North Hollywood. The final proposal, however, is that all schedules will be operated from Reseda Avenue through to Hollywood. Much testimony was produced by opponents, regarding that portion of the application contemplating the abandonment as above described, but the opposition obviously was based upon a desire for the service rather than a real necessity for the same. A check of the traffic on this line shows that but seventeen passengers patronized the service during the entire day's operation on which the check was made. Certainly a service over five miles of route for a potential patronage of less than twenty people is not justified. It therefore appears reasonable that this portion of Application No. 20590 should be granted.

In application No. 20590 Pacific Electric Railway Company proposed, among other things, an extension of its present operations in the North Hollywood area along Van Owen Street to Van Nuys Boulevard, thence south on Van Nuys Boulevard to its station located on Friar Street. The second supplement to this application proposes a further extension of that service southerly from Friar Street to a connection with the Ventura Boulevard motor coach line at the intersection of Van Nuys Boulevard and Ventura Boulevard. No difference of opinion arose at any of the hearings as to the necessity for such a service and the record appears to justify the establishment of this extension.

In addition to providing Van Nuys residents with a shorter route (by transfer to the Ventura Boulevard motor coach line), between Van Nuys and Hollywood, it also serves the purpose of providing an additional route to the present rail route between Van Nuys and North Hollywood, two of the most populous centers in the Valley. A careful review of the record leads us to the conclusion that a certificate should be granted for this extension and the Order will so provide.

Application No. 20857.

This application was filed by Original Stage Lines, Inc. on November 4th, 1936, and contemplates the establishment of a motor coach service, for the transportation of persons, baggage and express, from Hollywood through the Cahuenga Pass, thence over Ventura Boulevard to Reseda Avenue, where the service divides, half of it going to Girard and thence north to Canoga Park, the other half going north on Reseda Avenue, through the communities of Reseda, North Los Angeles, Granada and into the



City of San Fernando. A complete description of the route follows:

Commencing at the depot of applicant located at 1625 North Cahuenga Avenue in Hollywood, thence via Cahuenga Avenue to Ventura Boulevard, thence via Ventura Boulevard to the intersection of Ventura Boulevard and Reseda Boulevard, from which point alternate busses shall proceed as follows:

- (a) A bus along Ventura Boulevard westerly to Girard to the intersection of Ventura Boulevard and Topanga Canon Avenue, thence northerly on Topanga Canon Avenue to Sherman Way in Canoga Park.
- (b) The alternate bus (that is, every other bus) to proceed from the intersection of Ventura Boulevard and Reseda Boulevard northerly along Reseda Boulevard to North Los Angeles, thence northerly to Devonshire Boulevard, thence via Devonshire Boulevard to Zelzah Avenue, thence via Zelzah Avenue to Chatsworth Boulevard, thence via Chatsworth Boulevard to Sepulveda Boulevard, thence via Sepulveda Boulevard to Stranwood Avenue, thence via Stranwood Avenue to San Fernando Mission Boulevard, thence via San Fernando Mission Boulevard to San Fernando Road, thence via San Fernando Road to applicant's terminal located at 726 San Fernando Road, in the City of San Fernando.

The length of that portion of the line between San Fernando and Hollywood would be 27.4 miles, while the Hollywood-Girard-Canoga Park leg would be 21 miles in length. Witnesses from the communities of Granada, North Los Angeles, Reseda, Canoga Park and Girard testified as to the need for such a service but here again I am forced to the conclusion that this testimony is based upon a desire rather than public convenience and necessity and without having given any consideration as to whether such an operation could be made profitable. As a matter of fact, witnesses for the applicant stated that no survey had been made as to the possibility of the success of such a line.

The application proposes service with hourly headways between Hollywood and the point where the service would divide at

Reseda Avenue and Ventura Boulevard. This entire area is now being served by the Ventura Boulevard motor coach line of Pacific Electric Railway Company and, with the new schedules in effect on this line, as proposed in Application No. 20590, will receive service entirely reasonable and adequate for present requirements. From the above intersection a two-hour headway is proposed to Girard and Canoga Park and the same on the other branch to Reseda, etc. Careful consideration leads me to the belief that any urban territory which cannot justify a local service frequency of one hour cannot justify any service at all. In other words, it is my opinion that, for all practical purposes, a local service with two-hour frequency is equivalent to no service and the institution of the same would be of little use to residents along the route and would add materially to the expense of the operator. Operation of such a line would result in serious loss which would have to be met out of revenues produced by more profitable lines.

The Commission's engineer, in Exhibit No. 14, has made no recommendations as to the establishment of service in this area, other than that Pacific Electric Railway Company's application, to abandon service from North Los Angeles along Reseda Avenue to Ventura Boulevard, should be granted.

It appears appropriate that mention should be made of the fact that motor coach service was once operated by Pacific Electric Railway Company along Ventura Boulevard to Girard, which service was abandoned in favor of the present route to North Los Angeles, by reason of lack of patronage. No testimony indicates any substantial change in conditions in this area since that time and I am of the opinion that to grant this application would result in unnecessary and unreasonable duplication of existing

service over that portion of the proposed route between Hollywood and the intersection of Ventura Boulevard and Reseda Avenue, together with substantial losses to the applicant over the remainder of the route, and that therefore the application should be denied.

Pacific Electric Railway Company and Original Stage Lines, Inc. are hereby placed upon notice that operative rights do not constitute a class of property which should be capitalized or used as an element of value in determining reasonable rates. Aside from their purely permissive aspect, they extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be changed or destroyed at any time by the State, which is not in any respect limited to the number of rights which may be given.

The following form of Order is recommended:

#### O R D E R

Public hearings having been held, briefs having been filed and the matters having been duly submitted;

IT IS HEREBY ORDERED that Application No. 20567 be and the same is hereby denied.

IT IS HEREBY FURTHER ORDERED that those portions of Application No. 20590, wherein it is proposed:

- (1) To discontinue passenger rail service between Los Angeles (Subway Terminal), and Canoga Park and San Fernando, including all intermediate points on the San Fernando Line, substituting in lieu thereof motor coach service over alternate routes as described in paragraph III of Third Supplemental Application No. 20590;
- (2) To establish a motor coach route, to be known as the Sunland-Roscoe-North Hollywood Motor Coach Line, over a route described in paragraph II of Second Supplemental Application No. 20590;

- (3) To establish a motor coach route, to be known as the Burbank-North Hollywood Motor Coach Line, over a route described in paragraph III of the Third Supplement to Application No. 20590;

be and the same are hereby denied.

IT IS HEREBY FURTHER ORDERED that Application No. 20590, in so far as it proposes to abandon that portion of the so-called Ventura Boulevard Motor Coach Line operating on Reseda Boulevard from Ventura Boulevard to Nordhoff Street, in North Los Angeles, is hereby granted, subject to the following conditions:

- (1) Applicant shall give the public not less than ten (10) days' notice of the discontinuance of the service as authorized herein, by posting notices in all coaches operated over said line and at all stations affected.
- (2) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the abandonment of the service authorized herein and of its compliance with the conditions of this Order.
- (3) The authorization herein granted shall lapse and become void if not exercised within one (1) year from the date hereof, unless further time is granted by subsequent order.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require the operation by Pacific Electric Railway Company of an automotive passenger service, as an extension of its present Hollywood-North Hollywood Motor Coach Line, as described in Decision No. 28899, dated June 15th, 1936, on Twenty-fourth Supplemental Application No. 17984, over the following route:

From Lankershim Boulevard to Van Owen Street to Van Nuys Boulevard to Ventura Boulevard, returning via reverse of going route.

The extension authorized herein is to be included as a part of the in lieu certificate granted by Decision No. 24854, dated June 13th, 1932, on Application No. 17984, and as amended by

Decision No. 28390, dated November 25th, 1935, Decision No. 28659, dated March 23rd, 1936, and Decision No. 28899, dated June 15th, 1936, all on Application No. 17984.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity therefor be and the same is hereby granted to Pacific Electric Railway Company, subject to the following conditions:

- (1) 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.
- (2) Applicant shall commence the service herein authorized within a period of not to exceed thirty (30) days from the date hereof and shall file, in triplicate, and concurrently make effective, on not less than ten (10) days' notice to the Commission and the public, a tariff or tariffs constructed in accordance with the Commission's General Orders and containing rates and rules which, in volume and effect, shall be identical with the rates and rules shown on amended Exhibit "E," attached to the Second Supplement to Application No. 20590, in so far as they conform to the certificate herein granted, or rates and rules satisfactory to the Commission.
- (3) Applicant shall file, in duplicate, and make effective within a period of not to exceed thirty (30) days after the effective date of this Order, on not less than five (5) days' notice to the Commission and the public, time schedules covering the service herein authorized in a form satisfactory to the Commission.
- (4) The rights and privileges herein authorized may not be discontinued, sold, leased, transferred or assigned, unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been obtained.
- (5) 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 satisfactory to the Railroad Commission.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA  
HEREBY FURTHER DECLARES that public convenience and necessity  
require the operation by Original Stage Lines, Inc. of an

automotive service as a passenger stage corporation as such is defined in Section 2 1/4 of the Public Utilities Act, for the transportation of persons, baggage and express, between the City of Burbank and the North Hollywood area of the San Fernando Valley and intermediate points, over a route described as follows:

Commencing at the intersection of Tenth Street and Olive Avenue in the City of Burbank; thence via Olive Avenue to Lake Street; thence via Lake Street to Alameda Avenue; thence via Alameda Avenue to Olive Avenue; thence via Olive Avenue to Hollywood Way; thence via Hollywood Way to Riverside Drive; thence via Riverside Drive to Cahuenga Boulevard; thence via Cahuenga Boulevard to Moor Park Street; thence via Moor Park Street to Colfax Avenue; thence via Colfax Avenue to Ventura Boulevard; thence via Ventura Boulevard to Laurel Canyon Boulevard; thence via Laurel Canyon Boulevard to Magnolia Boulevard; thence via Magnolia Boulevard to Lankershim Boulevard; thence via Lankershim Boulevard to Burbank Boulevard; thence via Burbank Boulevard to Cahuenga Boulevard; thence via Cahuenga Boulevard to Riverside Drive; thence via Riverside Drive, Hollywood Way, Olive Avenue, Alameda Avenue and Lake Street to starting point located at Tenth Street and Olive Avenue in the City of Burbank.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity therefor be and the same is hereby granted to Original Stage Lines, Inc., subject to the following conditions:

- (1) 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.
- (2) Applicant shall commence the service herein authorized within a period of not to exceed thirty (30) days from the date hereof and shall file, in triplicate, and concurrently make effective, on not less than ten (10) days' notice to the Commission and the public, a tariff or tariffs constructed in accordance with the Commission's General Orders and containing rates and rules which, in volume and effect, shall be identical with the rates and rules shown on Exhibits "C" 1 and "C" 2, attached to First Amended Application No. 20827, in so far as they conform to the certificate herein granted, or rates and rules satisfactory to the Commission.

- (3) Applicant shall file, in duplicate, and make effective within a period of not to exceed thirty (30) days after the effective date of this Order, on not less than five (5) days' notice to the Commission and the public, time schedules covering the service herein authorized, substantially in accordance with Exhibits "B" 1 and "B" 2, attached to First Amended Application No. 20827, and in a form satisfactory to the Commission.
- (4) That in the transportation of express no single package shall be accepted for shipment weighing in excess of twenty (20) pounds and all such shipments must be transported on passenger vehicles only.
- (5) The rights and privileges herein authorized may not be discontinued, sold, leased, transferred or assigned, unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been obtained.
- (6) 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 satisfactory to the Railroad Commission.

IT IS HEREBY FURTHER ORDERED that Application No. 20857 be and the same is hereby denied.

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.

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

Dated at San Francisco, California, this 5<sup>th</sup> day of April, 1937.

Matthew M. ...  
Leon ...  
Frank ...  
Ray & ...  
Commissioners.