

Decision No. 20948

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Motor Transit Company, a corporation,) Second Supplemental
for an in lieu certificate of public) Application No. 20948
convenience and necessity.)

C. W. CORNELL, for Applicant.

EUGENE BEST, City Attorney for the City
of Riverside, Protestant.

J. R. WESTBROOK, Protestant.

BY THE COMMISSION:

THIRD SUPPLEMENTAL OPINION

By this second supplemental application, Motor Transit Company seeks authority to discontinue and abandon all automotive common carrier passenger service on its Brockton Avenue Line in the city of Riverside.

A public hearing in this matter was conducted by Examiner Austin at Riverside on September 15 and 16, 1937, when evidence was offered, the matter submitted, and it is now ready for decision.

The Brockton Avenue Motor Coach Line, herein proposed to be abandoned, was established pursuant to Decision No. 26784, dated May 4, 1936, contemporaneously with the abandonment by Pacific Electric Railway Company of its Brockton Avenue Line street railway service authorized in the same decision. This bus line is operated over a route some three and one-half miles in length, wholly within the city of Riverside. It serves a fairly densely built up residential district containing some twelve hundred families. Most of the route traverses good paved road, excepting portions of Brockton Avenue which are now rather rough and uneven. A half-hourly schedule is maintained daily except Sundays and Holidays, from 6:15 A.M. until

9:45 P.M., with a thirteen minute running time in each direction. An additional trip outbound from 7th and Market Streets at 10:15 P.M. and inbound from Palm Avenue and Cover Streets at 10:28 P.M. is operated on Saturdays only. On Sundays and Holidays a half-hourly service is rendered inbound and outbound between 8:15 A.M. and 9:45 P.M. A straight 5 cent fare is charged. This service as operated is strictly urban in character and involves numerous stops to pick up and discharge passengers along the route traversed.

In justification of the above request, applicant asserts that the operation sought to be abandoned has been operated at a substantial loss; in fact it has not yielded even out-of-pocket operating expenses for a considerable period of time. It also alleged that one, J. F. Seawell, a local bus operator in the city of Riverside, was ready and willing to institute a satisfactory substitute bus service in lieu of the service now conducted by applicant, but it contended, however, that the establishment by Seawell of such service was no part of applicant's showing in chief.

The city of Riverside, through its City Attorney, Eugene Best, protested the granting of this application as did Mr. J. R. Westbrook, a resident and prominent merchant of Riverside, and a patron of the bus line. Protestants contended that the service now being rendered by applicant was inadequate and unsatisfactory in that the equipment in use was old, dilapidated, unattractive and unsafe; that it was operated too fast, with the result that passengers were passed up; and that schedules were not maintained or observed. The riding public, they asserted, was afraid to use the bus because of the hazards encountered. They further contended that applicant, Motor Transit Company, in its capacity as a subsidiary of Pacific Electric Railway Company, had failed to carry out an understanding entered into between the city of Riverside and the latter when it abandoned its rail service on Brockton Avenue

by which it undertook to provide a satisfactory substitute bus service through the former. Respecting this particular phase of protest, it was applicant's position that the understanding embraced only a stop-gap service until a satisfactory substitute could be provided. Additionally, protestants contend that the service proposed by Seawell would be inadequate, undependable and generally unsatisfactory.

H. O. Marler, Traffic Manager of Motor Transit Company, testified the Brockton Avenue Motor Coach Line was conducted as a purely local operation; that although this line was incorporated into applicant's system, as authorized by Decision No. 29660, dated April 5, 1937, granting an in-lieu certificate, it had no direct connection with said system; that, except in a very minor way, it did not contribute as a "feeder" line; and that it did not participate in any transfer privileges.

Applicant's Exhibit No. 1, introduced through witness Marler, comprised an eight-day travel check from August 30 to September 6, inclusive, and included one Sunday and one Holiday. During this period, twenty-nine round-trips or fifty-eight one-way trips, including Sundays and Holidays, were operated and a total of 1620 passengers carried. On the basis of these figures, it appears that some 202.5 passengers were daily transported over this line which, when divided by the number of trips operated, yielded an average of 3.7 passengers per trip. In addition, four more round-trips or eight single trips were operated daily from Monday through Saturday carrying a total of 150 passengers for a six-day period or a daily total of twenty-five passengers, which would mean an average of 3.1 passengers per trip. In other words, applicant during an eight-day period, including both Sundays and Holidays, averaged a little better than three passengers per trip; at 5 cents per passenger its revenue averaged but 15 cents a trip.

Exhibit No. 2, indicating the revenues and approximate out-of-pocket expenses on this line for the period June 1936 to July 1937, inclusive, may thus be summarized:

REVENUE

Passenger Revenue	\$ 5624
Advertising in Motor Coaches	58
Total operating revenue	<u>\$ 5682</u>

OUT-OF-POCKET-EXPENSES

Operators' Wages	\$ 4279
Fuel and Lubricants	2029
Other Transportation Expenses	364
Tires and Tubes	536
Equipment Repairs	1927
Depreciation (None)	
Injuries and Damages	110
Total out-of-pocket operating expense (Excl. taxes)	<u>\$ 9295</u>

NET OPERATING LOSS

	\$ 3613
Taxes	<u>86</u>
Net Loss	\$ 3699
Total coach miles operated	73,268

The amount charged for equipment repairs of \$1927 for the period June to July 1937, inclusive, appears excessive for one piece of equipment. This amount was derived by the use of system averages a basis which, in our opinion, is unsatisfactory to be used in estimating costs on the Brockton Avenue Line. It will be noted that no allowance has been made for depreciation; this is due to the fact that the equipment used has long been fully depreciated. If new equipment were to be utilized on this line, it would be reasonable to include in the out-of-pocket operating expense a reasonable allowance for depreciation. The amount estimated by applicant for equipment repairs would appear to be a reasonable amount for both equipment repairs and depreciation on a new small motor coach.

It was frankly admitted by Mr. Marler that the bus was quite old, some twelve or fourteen years approximately, but he explained, equipment of this type was always used by applicant on unprofitable lines; however, in his opinion, it was both safe and adequate for the type of service in which it was engaged.

Several public witnesses testified they were afraid to ride in this bus. They stated, among other things, it was rough riding; the step was too high; and a very obnoxious gas odor pervaded the coach. In regard to the rough ride, it might be well to point out that the roadway is quite rough in places--a situation which, according to the testimony of Mayor Wm. P. Evans, will be remedied in the near future when the road is improved. There was also testimony to the effect that the bus was operated at an excessive rate of speed and not on schedule, resulting in waiting passengers at various stops being passed up quite frequently.

Regarding the agreement between the city of Riverside and the Pacific Electric Railway Company, concerning the establishment of bus service on Brockton Avenue coincident with the abandonment of rail service, it appears that in its original Application No. 20403, Pacific Electric Railway Company had no thought of operating a bus service, it being then understood that a local carrier would take over the operation. Subsequently, it developed, the local carrier whose service was contemplated was not satisfactory to the city of Riverside from the standpoint of continuance of the service or its adequacy. Therefore, under date of April 13, 1936, (Exhibit 8) Pacific Electric Railway Company directed a letter to the City Council of Riverside offering to establish, through its subsidiary, Motor Transit Company, a bus service in lieu of the rail service which it proposed to abandon. This letter described the routes and schedules in detail. By Resolution No. 3004, dated April 14, 1936, the City Council accepted this offer of Pacific

Electric Railway Company and agreed, on the basis of the proffered in-lieu service, to approve the rail abandonment application, which was thereupon amended to include the establishment of bus service by Motor Transit Company, as well as abandonment of rail service by the Pacific Electric Railway Company. On this basis, the Commission, by Decision No. 28784, dated May 4, 1936, authorized Pacific Electric Railway Company to abandon its rail service, and Motor Transit Company to establish and operate a motor bus service in lieu thereof.

Although it may be inferred from certain testimony that this arrangement was merely provisional in that it contemplated ultimately utilizing the services of another carrier, nevertheless, it is still quite evident from Exhibits 8 and 9 that Pacific Electric Railway Company actually offered to provide a bus service, and that in reliance upon this offer the city of Riverside, by resolution, withdrew its opposition to the abandonment of rail service; in so doing it was actuated by the proffered bus service tendered as a substitute. However, there appears to have been no guarantee on the part of Pacific Electric Railway Company to maintain this service indefinitely should it prove to be unprofitable.

Concerning the purely local service offered as a substitute--a service which will be immune from regulation by this Commission--the proposed operator, J. F. Seawell, who was called at the insistence of the Commission, testified he is now operating a bus line within the city of Riverside, under a permit from the city, and that he had advised Motor Transit Company of his willingness and ability to establish a similar bus service in the event authority to abandon was granted Motor Transit Company by the Commission in the instant proceeding. He has profitably conducted a bus service in Riverside for eight years; previously he was employed for a number of years in railroad service.

His offer of service, described at the hearing and, by permission of the examiner, subsequently filed with the Commission

and the City Attorney of Riverside, provides an hourly schedule on week days between the hours of 6:15 A.M. and 6:15 P.M., with a Sunday and Holiday schedule of three trips, viz: 8:30 A.M., 12:15 noon, and 5:30 P.M. No night service is proposed. The route closely approximates that now followed by Motor Transit Company. It is contemplated that a new bus will be purchased and installed for the service. Mr. Seawell proposes a 5 cent fare, with the reservation it may be increased to 7 cents should it be necessary for profitable operation.

The testimony of public witnesses, as a whole, did not deal kindly with Mr. Seawell or his proposed operation. Particularly, it was charged there was no guarantee of a continuance of the service; no night service was proposed; and the hourly schedule was not believed to be sufficiently frequent to serve the public adequately.

Applicant's witness Marler, when queried concerning the attitude of his company regarding a proposal to operate for a test period with newer equipment and a possible increase in fare to 6 or 7 cents, testified he believed the remedy suggested would not stimulate traffic or revenues to a point where a profit could be realized. He further testified that in his opinion the Brockton Avenue Motor Coach Line could never be made to pay even out-of-pocket expenses. He believed that Seawell, because of lower labor costs, and other economies, effected through decreased service, might possibly be able to conduct this operation profitably. He also stated he could see no chance for increased patronage through the use of new equipment--a conclusion corroborated by the testimony of Mr. Seawell who stated that his experience in Riverside had shown that new equipment failed to stimulate travel to an appreciable degree.

From the record and traffic checks, it is evident that a more frequent schedule than the hourly schedule proposed by Seawell is necessary; this is true particularly as to inbound trips before 9:30 A.M. and outbound trips after 3:00 P.M. With new equipment, Mr. Seawell could easily render a more frequent service during these morning and afternoon peaks without very much additional cost. The record, however, does not support a finding that an evening service would be sufficiently patronized--a condition equally true as to Sunday and Holiday travel.

A careful analysis of the out-of-pocket operating expense entailed by applicant for conducting the Brockton Avenue Line indicates that if new equipment were purchased and the fare increased to 7 cents, the line would continue, if operated by applicant, to earn less than sufficient to meet out-of-pocket operating expenses. Any hope for a continued operation in the future under such unsatisfactory circumstances appears rather remote.

Reviewing the record in this proceeding, we find that Motor Transit Company has been operating its Brockton Avenue Motor Coach Line, a purely local service conducted in the city of Riverside, at an out-of-pocket loss of approximately \$3700 for a period of fourteen months from June 1936 to July 1937, or a monthly loss of approximately \$264; that there appears in the field a local operator, who has successfully conducted for a period of eight years a similar service in another section of the city, both willing and able to establish and conduct over substantially the same route a bus service which, though somewhat less than that now accorded by applicant, nevertheless appears, in view of past experience, to be substantially all the traffic will warrant; that he will use newer and more modern equipment and will increase his service as rapidly as public demand and patronage indicate; that the principle opposition to the entrance of this operator into the field is based on the fear that, since he is an individual, rather than a corporation, subject only to city

regulation, he will not be as substantial a carrier as his predecessor, the applicant herein; that applicant is not willing and does not deem it feasible nor practical, under its operating procedure, to remain longer in this local territory incurring the losses previously referred to; that the local operator corroborates the testimony of applicant to the effect that the changes in operations which have been suggested would not materially alter the present financial condition of this line; that under operating conditions peculiar to the individual type of operation proposed, J. F. Seawell would enjoy a greater measure of success and stand a better chance of profitable operation than would applicant under its present operating setup; that the service proposed, except inbound during the morning peak and outbound during the afternoon peak, appears adequate and sufficient for the territory served and the patronage commanded, and as it will become a purely local matter subject only to the jurisdiction of the city, the rise or fall of the service is strictly dependent upon the use which the citizens of the community make of this service.

Based on the record herein, we are of the opinion that the application of Motor Transit Company to abandon all of its passenger service on its Brockton Avenue Motor Coach Line, should be granted.

THIRD SUPPLEMENTAL ORDER

The above entitled application having been filed, a public hearing having been had, evidence having been received, and the Commission being fully advised; and, good cause appearing,

IT IS HEREBY ORDERED that the applicant Motor Transit Company be and it is hereby authorized and permitted to discontinue and abandon all of the automotive service which it now conducts and has previously conducted, as a common carrier of passengers upon its Brockton Avenue Motor Coach Line, in the city of Riverside, subject to the following condition:

Applicant shall file, in duplicate, within ten (10) days from the effective date of this order and on not less than ten (10) days notice to the Commission and the public a time schedule showing the authority to abandon herein authorized, and shall also post notices of such discontinuance and abandonment in all motor coaches operated on its Brockton Avenue Motor Coach Line at least ten (10) days before such discontinuance and abandonment. shall become effective.

IT IS HEREBY FURTHER ORDERED that Decision No. 29660, dated April 5, 1937, on Application No. 20948, wherein Motor Transit Company was granted an "in lieu" certificate unifying and consolidating all of its operating rights including that exercised by the Brockton Avenue Motor Coach Line be and the same hereby is revoked and annulled in so far as it confers any authority upon Motor Transit Company to operate the said Brockton Avenue Motor Coach Line.

In all other respects said Decision No. 29660 shall remain unchanged and in full force and effect.

The effective date of this order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 20th day of December, 1937.

William M. Kern
Leon J. Whisell
Frank R. Wilson
Robert A. Lippert
Paul H. Lippert
COMMISSIONERS.