

Decision No. 31216

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SAN DIEGO)
ELECTRIC RAILWAY COMPANY, a corporation, for)
permission to make certain changes in operations,) Application
including the abandonment of certain railway and) No. 22110.
automobile bus lines, and for Certificate of)
Public Convenience and Necessity for substitute)
service by automobile bus.)

MORRISON, HOFELD, FOERSTER, SHUMAN & CLARK, by Forrest
A. Cobb, for applicant.

D. L. AULT, City Attorney, WALTER COOPER and JOHN THORNTON,
for the City of San Diego, protestant.

CHAS. H. FORWARD, Ocean Beach, appearing individually and
for eight or ten other residents, property owners.

ORTON E. DARNELL, President, San Diego Board of Education,
proponent for Ocean Beach service.

MRS. JOSEPH E. SHREVE, of Sunset Cliffs, proponent.

W. W. B. SEYMOUR, for Spring Valley Chamber of Commerce,
protestant.

LESTER J. PENRY, City Attorney, for City of El Cajon,
protestant.

WM. J. COLLARD, of El Cajon, protestant.

GEO. L. FLAGG, of Lemon Grove, protestant.

WM. A. GLENN, Chief Deputy Dist. Attorney, County of
San Diego, protestant.

ERNEST C. JOENSON, appearing individually (no section
mentioned).

JOE COSSAIRT, for State College Students of Grossmont
and El Cajon area, protestant.

WM. H. JENNINGS, City Attorney for City of La Mesa,
protestant.

MRS. DWIGHT EARL EASLEY, for Little Theatre Players of
La Mesa.

CLARENCE R. SWENSON, Principal Point Loma High School,
proponent Ocean Beach service.

BY THE COMMISSION:

O P I N I O N

Applicant, the San Diego Electric Railway Company, is

a public utility "street railroad corporation" and "passenger stage corporation," owning and operating a street railroad system, including service both by street railroad and by automobile bus, in the cities of San Diego, Coronado, National City, Chula Vista, La Mesa, and El Cajon, and in the intermediate and surrounding territory in the County of San Diego.

As a result of alleged losses, decreases in operating revenues, and probable increases in operating costs, applicant in this proceeding requested permission to discontinue certain alleged noncompensatory services and to make certain operating changes and substitutions of service with the view to improving its position.

Public hearings were held in the matter by Examiner Edwards on August 25th and 26th, 1938. Testimony was received from a total of 25 witnesses, and 33 exhibits were introduced. The hearings were noteworthy for the widespread interest taken in the case by interested citizens and groups. The evidence received as to each portion of applicant's petition is summarized as follows: ⁽¹⁾

Street Railway Route No. 5.

Applicant requested permission to discontinue its present street railway route No. 5, ⁽²⁾ and to remove its tracks on Market Street, San Diego, between 16th and 25th Streets. In lieu

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- (1) The application was amended by oral request of applicant to eliminate in its entirety paragraph 7 of said application. Said paragraph dealt with applicant's application to abandon its automobile bus line (route D) from downtown San Diego to Encanto via Market Street.
- (2) Route 5 now commences at the intersection of 39th Street and Ocean View Boulevard, San Diego, thence along Ocean View Boulevard to 25th Street, thence along 25th Street to Market Street, thence along Market Street to 5th Avenue, thence along 5th Avenue to B Street, thence along B Street to 3rd Avenue, thence along 3rd Avenue to F Street, thence along F Street to 5th Avenue.

of said street railway operation, applicant requests permission to substitute service by automobile bus as follows:

Commencing at the intersection of 39th Street and Ocean View Boulevard, thence along Ocean View Boulevard to 25th Street, thence along 25th Street to Market Street, thence along Market Street to 5th Avenue, thence along 5th Avenue to E Street, thence along E Street to 4th Avenue, thence along 4th Avenue to C Street, thence along C Street to 5th Avenue, and thence along 5th Avenue to E Street.

The change in routing is limited to the downtown loop and was designed to serve the points at which most passengers board or leave the cars.

In support of such abandonment and substitution, the company pointed among other things toward a failure of the street car patronage on this route to follow the area's population growth, to the use of a single track over 2.8 miles of the route which resulted not only in delays but in an operation in one direction against the stream of vehicular traffic, and to the operating costs which are above the average for applicant's system. During 1937 this operation resulted in a loss of \$17,750.32, whereas it was estimated that an automobile bus would have resulted in a profit of \$13,163.17. If the street railway line is continued, extensive track, paving, and rehabilitation work will soon be required, estimated at \$85,000, whereas the entire investment necessary to substitute service by bus would be approximately \$45,000. Applicant expressed the belief that the substitution of automobile bus service with more frequent service, higher speed, and the use of modern equipment, such as it proposes, would draw greater patronage to the line. No change in fare is proposed. No opposition was offered to this substitution. The request appears to be in the public interest.

Street Railway Route No. 14 and
Automobile BUS Feeder Route H.

Applicant requests permission to discontinue operation of its present street railway route No. 14, and the present feeder

bus line, Route H, which provides a shuttle service out Voltaire Street, a distance of 0.9 miles.⁽³⁾

A portion of its route between Bacon Street and downtown San Diego will continue to be operated by applicant's street railway route No. 16 (La Jolla line), but applicant proposes and requests permission to remove the tracks on Santa Cruz Street and on Bacon Street.

In lieu of the above service by street car and feeder bus, applicant proposes and requests permission to substitute service by automobile bus along the following route, viz.:

Commencing at the intersection of 3rd Avenue and Broadway, thence on Broadway to 4th Avenue, thence on 4th Avenue to E Street, thence on E Street to 3rd Avenue, thence on 3rd Avenue to Broadway, thence on Broadway to Pacific Highway, thence on Pacific Highway to Barnett Avenue, thence on Barnett Avenue to Lytton Street, thence on Lytton Street to Chatsworth Boulevard, thence on Chatsworth Boulevard to Voltaire Street, thence on Voltaire Street to Cable Street, thence on Cable Street to Del Mar Avenue, and around the block contiguous to such intersection in either direction.

The proposed route overlaps that of the present feeder line, route H, except for the block on Voltaire Street between Cable and Bacon Streets, and that on Bacon Street between Voltaire Street and West Point Loma Boulevard. As noted hereinafter, continued operating rights over this two-block gap will be required during peak hours for the transportation of Point Loma High School children between the junction with the No. 16 car (from Mission Beach) and the high school. The street railway and bus feeder route serve principally the Ocean Beach district near the end of the line, a large part of the route consisting of an operation on a private right of way

(3) Route No. 14 street car service commences at the intersection of Santa Cruz Street and Sunset Cliffs Boulevard in the district known as Ocean Beach, thence along Santa Cruz Street to Bacon Street, thence along Bacon Street to applicant's private right of way, thence along said private right of way, Hancock Street and Kettner Boulevard to Broadway, thence along Broadway to 4th Avenue, thence along 4th Avenue to F Street, thence along F Street to 3rd Avenue, and thence along 3rd Avenue to Broadway. The bus feeder line, route H, connects with the street railway line at West Point Loma Boulevard and Bacon Street, thence on Bacon Street to Voltaire Street and out Voltaire Street 0.9 miles.

across tideland areas. The company testified that during 1937 the No. 14 street railway line and the route H bus line lost \$2,177.01 and \$3,563.19, respectively, whereas the proposed operation by automobile bus during the same period would have shown a profit of \$8,274.00.

The service now operated on the route No. 14 line is on a 30-minute headway until 10:00 P.M. and then hourly, but after 7:00 P.M. through service is discontinued and a car shuttles between the end of the line and Ocean Beach Junction, necessitating a transfer of patrons to or from the route No. 16 cars. No night service is provided on the route H bus feeder line.

The proposed bus service will provide a 20-minute headway during the A.M. and P.M. peak periods, 30-minute headway off-peak and evening, and hourly after approximately 10:00 P.M. The same fare structure as is now in effect will be preserved but due to the change in routing, the dividing line between the 3rd and 4th zones will be at the Point Loma High School, Zola Street and Chatsworth Boulevard. During peak hours in the movement of school children to and from the Point Loma High School, applicant proposes to continue to operate a bus directly to the intersection of West Point Loma Boulevard and Bacon Street in order to provide a direct connection with the No. 16 route serving Mission Beach.

Witness for the carrier estimated that the bus rerouting would develop a 15 per cent increase in business because of the better routing, new territory served, and more frequent service. Support for the rerouting of the service via Chatsworth Boulevard and Voltaire Street was offered by many groups located on these avenues, including the school district, parent teachers organizations, church groups and other organizations. Much difference of opinion existed, however, as

to the most desirable route to be followed near the end of the line. Applicant proposed to shift its route one block to the east, i.e., from Bacon Street (on which the street car line now operates) to Cable Street. It was testified that this would place the route more nearly in the center of population. The distance between the two blocks is 600 feet. According to an exhibit introduced by applicant (Exhibit No. 3), there are at present 342 family units served to the west of the route, i.e., between Bacon Street and the Ocean, and 1,106 units served to the east of the route, i.e., within that district parallel to the route and not over five blocks distant.⁽⁴⁾ The relative percentages thus west and east of the present car line are 24 and 76 per cent, respectively. If Cable Street is taken as a dividing line, the values become 65 and 791 units, respectively, or 45 per cent to the west and 55 per cent to the east. A similar analysis embracing somewhat greater areas, introduced by the City Planning Engineer of the City of San Diego, showed that 21 per cent of the family dwellings were west of Bacon, i.e., between Bacon Street and the ocean, while 79 per cent were east. If Cable Street were taken as a center, the relative proportions become 42 per cent and 58 per cent, respectively, with the heavier number still lying to the east of applicant's proposed route. This unbalance is probably even greater in terms of individuals for the reason offered that the courts and apartments, which are grouped near the ocean, customarily house fewer individuals per family unit than do the single dwellings. Also, testimony in the record indicates that certain of the area west of Bacon Street and in the neighborhood of Voltaire Street now uses the No. 16 car to Mission Beach because of certain fare advantages arising from their proximity to a fare-break point. From a population

(4) The north and south boundaries of the districts were, respectively, Long Beach Avenue and Point Loma Avenue. In counting family units, a four-family court or apartment, for example, was counted as four units.

standpoint, there appears to be little doubt but that the routing down Cable Street comes the closest to the center of population in the area.

Several petitions containing over a thousand names in total, were introduced concerning the proposed bus routing. Somewhat over one-third of the petitioners were located midway between the end of the route and downtown San Diego, and these merely expressed accord as to the routing out Chatsworth Boulevard and Voltaire Street, no position being taken concerning the Bacon Street vs. Cable Street routing. Of the remaining petitions, one group desired the retention of service on Bacon Street; another group desired it operated two blocks to the east on Sunset Cliffs Boulevard (i.e., one block still farther east than Cable Street), while a third group petitioned that it be operated via Guizot, three blocks still farther east. Individual witnesses further suggested operation on Froude Street, which is three blocks east of Cable Street, operation via Guizot and Adair Streets, operation via Bacon Street with a shuttle bus circling various areas of the residential district, and via still other routes to be served by loops. The Ocean Beach Chamber of Commerce, by a letter read into the record, suggested a loop route embracing Guizot and Cable Streets and eliminating Bacon Street. Certain of these proposals would extend the operation well beyond the straight substitution of bus service for existing street car service, which is before the Commission in this proceeding.

It appears from the record that there are two conflicting interests involved. On the one hand there is the residential area, the center of which definitely lies one or more blocks to the east of the present street car line on Bacon Street. On the other hand there is the Ocean Beach business district with its center at Newport and Bacon Streets and radiating from a few doors to a block from this center point. It is quite evident that the geographical center of

population, wherever it may once have been, has now shifted somewhat to the west of this local business district.⁽⁵⁾ The question thus arises as to whether the bus route should attempt to follow the shift in population from which it primarily draws its patronage, or whether it should continue to directly serve the local business district. It would appear that where a conflict of interest appears, the carriers' first obligation is to the principal users of its service, which, from the evidence in the record, are drawn from the residential areas. The residents' interests in this line are quite evidently based on the carriers' ability to provide convenient transportation between the residential areas and downtown San Diego. The disadvantages to the business district incurred as a result of a shift of this route one block to the east, do not appear to offset the greater advantages obtained thereby by the patrons of the line. Cable Street unquestionably comes geographically closer to satisfying the conflicting desires expressed by the witnesses and petitioners than any other single street.

Proposals for extensions in the service to hilltop areas cannot be considered as pertinent to this proceeding, which is limited to applicant's request that bus service may be substituted for the existing street car service. Concerning the matter of broad loops to serve wide areas at the end of a line, witness for applicant pointed out that such loops have elsewhere proved unsatisfactory to the patrons because of the delays, inconvenience and confusion forced upon them by the one-way service in the loop areas. Because of objections received, practically all loops have now been removed from the company's lines. It appears that the public interest and convenience as a whole are best served by a single direct route operated in both directions through the center of population.

In summing up, it is evident that no one route will

(5) Note was made of a secondary business district lying on Voltaire Street, between Cable and Spray Streets, but it is of much less significance.

satisfy all interests and that some compromise is inevitable. The proposed route set forth by applicant appears to be that which comes closest to serving the interests of all parties.

Abandonment of El Cajon, Lemon Grove, and Spring Valley Service.

Under paragraph 8 of its application, applicant seeks permission to abandon and discontinue all automobile bus service between La Mesa and El Cajon, and between La Mesa and Lemon Grove and Spring Valley,⁽⁶⁾ and in connection therewith to abandon its express service between San Diego, La Mesa, El Cajon, and intermediate points. It is further proposed to change the San Diego terminal from the Pacific Greyhound terminal at 1st and Broadway to a more central location at the Plaza, thus abandoning that part of the operation on C Street between First Avenue and Fourth Avenue.

This service is a part of applicant's route E bus line which operates between downtown San Diego and La Mesa, and on alternate trips continues on either to El Cajon or loops down through Spring Valley and Lemon Grove. The line is operated as an express service between San Diego terminal and Euclid Avenue, a point over half-way between its San Diego terminal and La Mesa.

Applicant testified that the line has never been self-supporting, failing by \$4,495 in 1937 to pay its share of the company's operating expenses. One reason for such loss, according to applicant, is the lightly patronized operation beyond La Mesa to El Cajon, Spring Valley, and Lemon Grove. The passenger revenue received as a result of the operation beyond La Mesa (during a week's test period) averaged \$16.37 per day, for which an operation of 100 bus-miles is required.

(6) The El Cajon route is as follows:

Along Lookout Avenue in La Mesa from Allison Avenue to El Cajon Avenue, thence along El Cajon Avenue, State Highway, San Diego Avenue and Main Street to Magnolia Avenue in El Cajon.

The Lemon Grove and Spring Valley route is as follows:

Along Palm Avenue in La Mesa from Lookout Avenue to County Road, along County Road to Bancroft Drive, along Bancroft Drive to Troy Street, along Troy Street and Palm Street in Lemon Grove to Imperial Avenue, thence along Imperial Avenue, County Road and Palm Avenue to Lookout Avenue in La Mesa.

The average revenue is thus 16.37 cents per bus-mile before allowance is made for the fact that some of this revenue is chargeable to the haul between San Diego and La Mesa. On the basis of a straight mileage prorate, the company allocated one-fourth of this revenue to the mileage beyond La Mesa, pointing out that the latter accounted for approximately one-fourth of the total route mileage. The rate per passenger mile, however, is higher beyond La Mesa than between La Mesa and San Diego, and such prorate would, therefore, underestimate the earnings somewhat. Any such method of prorating, however, would unquestionably show heavy losses beyond La Mesa.

Concerning the express service, applicant pointed out that the transfer of its San Diego terminal from the Greyhound bus depot to the Plaza would necessitate the abandonment of all express service on this route as the Greyhound express agent also acts as agent for applicant in accepting and waybilling express shipments. It is not possible to perform this routine with buses loading and discharging passengers at the curb at the Plaza. It was further testified that the provision of express service to La Mesa requires the driver to leave his bus load of passengers parked in the line of traffic in the business section while he makes his respective store deliveries and awaits the consignee's receipt. This has delayed the passenger service. Three parcel companies now provide a total of four services per day to this area. Revenues from applicant's express service have amounted to about \$45 per month.

Following such abandonment, applicant proposes to operate a more frequent service to and from La Mesa in the peak periods and slightly less during the off-peak periods, the net result being two additional trips per day. It was estimated by applicant that such abandonment would have reduced the 1937 losses from \$4,495.00 to \$1,415.19, or by \$3,079.81.

The record developed the following cost and revenue comparisons. The full operating cost per mile over the entire route E

bus operation during 1937 was 17.4 cents per bus mile.⁽⁷⁾ The out-of-pocket costs according to a company witness would be something less than this by the amount of the expenses for way and structures, traffic, general and miscellaneous. Deducting these items, the out-of-pocket cost per mile (including taxes and depreciation) becomes 15.8 cents on this particular route. The values of 17.4 cents and 15.8 cents, respectively, may be compared with the overall average revenue of route E during 1937 of 14.9 cents per bus mile.⁽⁸⁾ Applicant's revenue derived from local and through traffic moving within, or to and from, the El Cajon, Spring Valley, and Lemon Grove areas, was placed at \$5,986.00 for 1937, or 3.3 cents per mile out of the 14.9 cents. However, if based on the approximate 100 bus miles per day operated beyond La Mesa, this is equivalent to a revenue of 16.4 cents per mile.

If one assumes that the total patronage now derived by the added run to El Cajon, Spring Valley and Lemon Grove would be lost if the line terminated at La Mesa, it appears that applicant's gross revenues derived from these added runs approximately equal or even exceed the out-of-pocket cost of making such runs. The situation is as if a feeder service were operated, the expenses for which practically absorbed the gross revenues received, leaving the operator neither better off nor worse off, but at the same time leaving the

(7) The 1937 mileage of 180,526 bus miles was operated at a cost, based on certain mileage and hourly prorates, of \$31,384.56. For this particular route the cost is therefore equivalent to 17.4 cents per bus mile. Such cost embraces a prorata portion of all operating expenses, including way and structures (maintenance of signs and garages), equipment (repairs), power (fuel), conducting transportation, traffic, general and miscellaneous, depreciation, and taxes.

(8) Total revenue for 1937 was \$26,889.55 (Exhibit No.16), which was equivalent to 14.9 cents per bus mile. Overall mileage on route E totalled 180,526 miles.

communities definitely better off. This latter, of course, is not quite a true statement in so far as the applicant is concerned, as the latter indicated that with the El Cajon, Spring Valley and Lemon Grove service eliminated, it expected to put its vehicles to a more profitable use by adding a round trip or so between San Diego and La Mesa. Applicant thus pleads that its cost to serve the communities in question is to be measured not merely by its immediate losses, but also by the greater revenues it might derive by a more effective use of its equipment elsewhere. This factor, commonly referred to as the "opportunity cost," is of some significance where the applicant's financial position as a whole is unsatisfactory.

The financial advantage expected by the company would lie in an estimated reduction of the operating expenses from \$31,384.56 to \$23,415.19, or by approximately \$8,000, as compared to an expected smaller drop in revenues from \$26,889.55 to \$22,000, or by \$4,889.55. The net result would be a reduction in the carrier's loss by about \$3,000.

It is not entirely clear from the record as to how real the \$8,000 reduction in operating costs will be. The elimination of approximately 100 miles per day, or 36,500 miles per year, by the abandonment of the El Cajon-Lemon Grove service is to be apparently supplemented by a reduction of one round trip in the Sunday service between San Diego and La Mesa (Exhibit F of application), thus saving a total of something over 37,000 miles per year. On the other hand, applicant proposes two additional trips per day, or 18 round trips daily on week days (Exhibit F of application). As the present schedule now calls for 17 trips outbound and 16 inbound, it appears probable that at least one additional round trip bus operation will be necessary to meet the new schedule. This above saving of 37,000 miles will, therefore, be reduced apparently by at least 7,000 scheduled miles. The net saving of 30,000 scheduled miles, assuming only one new round trip schedule, amounts to between 16 and 17 per cent of the 1937

mileage operated on this route. (9) In addition, there may be some small saving in milcage as a result of the proposed shift from the Greyhound terminal to the Plaza. Applicant expects to reduce its equipment and fuel costs (allocated to the route on a mileage basis) by about 19 per cent, and its expenses for way and structures, conducting transportation, traffic, general and miscellaneous, depreciation, and taxes (all allocated on a bus-hour basis) by about 30 per cent. These latter items account for over \$5,000 of the indicated \$8,000 saving. As the record does not indicate any substantial savings in the pieces of equipment required for this route, it is not clear as to how real these savings will be, particularly as to the overheads. With a mileage reduction of 19 per cent below that for 1937, i.e., from 180,526 to approximately 146,000 miles, the full operating cost per mile for this specific route would presumably be cut to 16.1 cents per bus mile (10) as compared to 17.4 cents for the present route E operations, and 20.14 cents per mile for all the bus operations conducted by the company.

Applicant estimates that the addition of the three scheduled trips between San Diego and La Mesa, amounting, according to Exhibits E and F of the application, to a 9 or 10 per cent increase in service, will add \$1,097, or about 5 per cent to its San Diego-La Mesa Revenues.

Testimony was offered by applicant to the effect that whereas the residents of La Mesa are to a large degree employed in San Diego and commute back and forth, the residents of El Cajon are more dependent on local agriculture, and hence do less commuting. Community witnesses both supported and denied this characterization

(9) 30,000 miles equal 16.6 per cent of the 180,526 miles operated in 1937.

(10) Estimated annual operating costs of \$23,415.19 divided by annual mileage of 146,000 miles.

of the area, but there can be no question but that the riding habits of the area are less than those in city districts.

Much opposition to the proposed abandonment was expressed by various witnesses representing San Diego, La Mesa, El Cajon, Spring Valley, and Lemon Grove. The purport of the testimony of community witnesses was generally to the effect that the abandonment would seriously affect El Cajon, Spring Valley, and Lemon Grove, as it would leave these communities without any common carrier passenger service, that the present upward trend of the population (accentuated by the relief now being obtained from Mattoon Act assessments) would bring more traffic, and finally that the financial position of the bus line would be improved if it would increase its service and reduce its fares.

Concerning the present use of the service, a week's on and off check made by applicant revealed the following: An average of 25 passengers per day, or 1.8 per one-way trip now use the bus between La Mesa and El Cajon. Forty-three passengers per day, or 3.6 per trip now use the bus between La Mesa and Spring Valley and Lemon Grove. The daily revenues for the two operations were, respectively, \$9.09 and \$7.28. During the week's test period 478 passengers used this service, the majority of whom were no doubt occasional riders.

Community witnesses devoted much time and effort to the accumulation of transportation data by means of questionnaires filled out by members of the various communities. A summary of 41 questionnaires filled out by El Cajon residents and introduced as evidence indicated that only two of the signers used the bus regularly. The 41 questionnaires also embraced the signers' families, and out of the 126 members thus covered, only six, or about 5 per cent, indicated regular employment in San Diego and one indicated occasional employment.

In answer to the query as to why they did not regularly use the bus, 19 of the 41 signers gave no answer, 7 indicated that they

had a car, 6 indicated inadequate schedules, 7 mentioned high fares, and 2 offered other reasons having no bearing on the company's service.

Concerning the problem of schedules, 11 indicated satisfaction with the present service, 11 expressed no concern, and 18 mentioned inadequate service. The latter were equally divided between those desiring more frequent service generally and those desiring changes or additions in the early morning or evening schedules. Nine statements out of the 41 indicated that if service were abandoned there were no other means of transportation available. Two signers indicated that members of their families attend school or college in San Diego, but in neither case was the bus used because of schedule connections or rates. In answer to the query "If fares were lowered would you use the bus regularly," three-fourths indicated in the affirmative, although over half of these qualified their answer to indicate either some uncertainty or a doubt as to the frequency of their use. As most had private transportation available, these qualifications in the replies are understandable. Witness for the company testified that previous reductions in the rates from \$1.00 to 80 cents round-trip had resulted in no significant differences in the patronage.

Questionnaires were also filled out by residents in Lemon Grove and Spring Valley areas. An analysis of the 84 questionnaires filled out by residents of Lemon Grove indicated that 15 of the 84 signers, or 18 per cent, worked in San Diego. If entire family groups are taken into consideration, the 84 questionnaires covered a population of 245, of whom a total of 28, or 11 per cent, worked in San Diego. The individual time of reporting for work, as shown on the questionnaires, was generally 7:00, 7:30, 8:00, 8:30, and 9:00 A.M. Only 13 of the 84 signers made regular use of the bus. To the question as to why they did not use it regularly, 29 gave no answer, 11 referred

in general to the convenience and expense, 8 objected to the service, 6 to the rates, 7 stated they had their own cars, and 6 gave other personal reasons not having to do either with the company's service or rates. Twenty-two signers indicated a desire for a more direct service to San Diego via Encanto, but on the other hand, 31 signers indicated that they used the bus to shop in La Mesa, and 12 more indicated that they would so use it if the service were more frequent. It is evident that the service to and from La Mesa is of substantial significance. In answer to the question "If busses are abandoned have you any means of transportation," 29, or about one-third, indicated in the negative, although this latter included some "one-car" families where the husband took the car to work with him. When asked if the bus would be used regularly if fares were lower, 32 signers indicated in the affirmative, 16 similarly indicated, but qualified their answer in some manner, and 16 answered "no." It is difficult to here evaluate the intent of the parties. As but a small proportion work in San Diego, and most of these now use private transportation, it is evident that the term "regular use," as used by the large group of signers, must include occasional shopping and other trips. In their comments, 23 signers specifically referred to the poor schedules, while 20 indicated that the present schedule was satisfactory. Six asked for a night bus, one for a midnight run, two felt that the schedules were too slow, and one suggested a direct bus without transfer from Lemon Grove to the State College.

A questionnaire filled out by 51 signers in the American Homes district of Spring Valley, indicated that somewhat over half the families had one or more members working in San Diego. In fact, over a quarter of the total population included in the signers' families worked in San Diego. Approximately one-quarter of the signers indicated regular use of the bus. Of the balance, slightly over a third blamed their non-use on the time of the bus schedules;

the remainder either indicated that they used their cars or else made no reply. Over three-quarters were interested in the service to and from La Mesa, but little interest was expressed concerning a re-routing via Encanto. Something under one-quarter of the signers indicated they would be without transportation if bus service were abandoned. Thirty-four parties signed questionnaires in Spring Valley, of whom 15 worked in San Diego, 11 used the bus regularly, and 22 expressed interest in service to and from La Mesa. The signers were about equally divided as to whether the present schedules were satisfactory, 17 indicating in the negative, 14 answering in the affirmative, and 3 expressing no opinion. About half the signers indicated no other means of transportation, although this included some one-car families where the wage earner took the car to work.

It is obviously difficult to concisely sum up the results of such questionnaires. In the first place it is not known to what degree they represent a cross-section of the population, and in the second place the signers' interpretation of such terms as "regular use," "if fares were lowered," etc., are not available to the Commission and no doubt they varied greatly between individuals. However, such questionnaires undoubtedly indicate a worthy desire to give the Commission a cross-section of the inhabitants' views and problems. It generally appears that only a small portion of the population regularly uses the bus, particularly in the El Cajon area, that of those who don't use it regularly, about one-third specifically lay the blame at the door of applicant, stressing unsatisfactory schedules, high fares, or both. The remainder either used their own cars, had no occasion to make regular trips, or offered no reason at all. Roughly about one-third of all the signers indicated no other means of transportation were available, although some of these

included families having one car which the wage-earner took to work. A large majority in the Lemon Grove and Spring Valley districts expressed an interest in the service to and from La Mesa.

Spring Valley and Lemon Grove now have six round trips on week days, while El Cajon has seven. The respective populations within walking distance of the two bus routes (within one-half to three-fourths of a mile), are well in excess of a thousand persons.⁽¹¹⁾ One proposed solution offered by the community witnesses lay in the direction of more frequent service and lower rates. To meet the full convenience of a significant part of all the interests represented by the questionnaires and by witnesses, it is evident that the service would have to be sharply increased and the fares appreciably reduced to measurably change the present riding habits or induce new riding habits in the area.⁽¹²⁾ Whether there would be a correspondingly sharp increase in the patronage from this area to compensate for the added bus mileage and lower fares, is subject to question.⁽¹³⁾

From the position taken by La Mesa interests in the proceeding, it appears that despite the offer of some additional service to San Diego as a result of the abandonment, their primary interest is in retaining the El Cajon and Lemon Grove service. The suggestion of a direct connection to Lemon Grove and Encanto, while of undoubted convenience to some, would evidently deprive a greater number of a desired service to La Mesa. Testimony by applicant further indicates

(11) Conflicting testimony was offered concerning the population within walking distance of the bus lines. The above values are the more conservative.

(12) The great majority of those having occasion to travel regularly to and from San Diego now use private cars which, according to a Spring Valley witness, can make a round trip while the bus is going one way.

(13) A doubling of the service and a significant cut in rates would probably require from two to three times the present patronage to preserve even the present revenues (and losses) per bus mile.

that the turn-around time of the buses serving Encanto is insufficient to permit of the extension of the run to Lemon Grove without adding more equipment.

In further support of this and other phases of its application, the company pointed toward the downward trend of its street railway patronage and gross revenues as a whole and the upward trend of its costs. Such trends, as reflected by its annual reports, are as follows:

Year	Railway Operating Revenues (Acct. 201)	Railway Operating Expenses (Acct. 213)	Taxes (Acct. 215)	Operating Income
1925	\$1,608,501.90	\$1,405,130.09	\$106,583.10	\$ 96,788.71
1926	1,667,519.17	1,350,373.02	113,828.02	203,318.13
1927	1,676,501.41	1,381,324.94	124,387.10	170,789.37
1928	1,659,767.93	1,384,800.49	120,086.98	154,880.36
1929	1,624,533.99	1,356,560.44	163,686.41	104,287.14
1930	1,565,723.95	1,334,668.97	114,221.40	116,833.58
1931	1,349,872.60	1,185,996.19	90,412.70	73,463.71
1932	1,173,564.38	1,011,238.19	78,915.94	83,410.25
1933	1,059,689.44	1,008,010.01	69,340.06	17,660.63*
1934	1,063,616.86	985,239.70	70,381.50	7,995.66
1935	1,508,349.99	1,161,538.96	149,590.02	197,221.01
1936	1,500,532.94	1,176,528.00	158,521.41	165,483.53
1937	1,489,614.94	1,210,692.78	176,404.29	102,517.87

* = Loss

The operating revenues remained relatively constant prior to the depression, dropped precipitately during the depression, recovered rapidly in 1935 and 1936, the years of the fair, and declined slightly in 1937. The expenses and taxes generally followed the same path up to the end of 1936, but in 1937 increased appreciably instead of diminishing. The operating income, likewise, reflected the influence of the depression and the fair, and in 1937 was very substantially lower than in 1936. It appears in general that the company has been meeting its operating expenses and taxes, and yielding a

small return on the investment. A dividend of 1.65 per cent was declared in 1937, and 2.4 per cent in 1936, and none in the preceding ten years. Applicant testified that during the first four months of 1938 it was operating in the "red" but at the date of the hearing was in the black. Its operating income by months for 1938 and the comparable period of 1937 has been as follows:

	<u>1938</u>	<u>1937</u>
January	\$ 4,719.37	\$ 8,101.11
February	1,252.85*	9,732.93
March	4,833.76*	18,058.89
April	834.46*	7,324.59
May	15,674.13	7,823.55
June	3,326.32	3,477.23
July	9,935.70	9,485.75
Total	\$26,734.45	\$64,004.05

* = Deficit

The poor showing in the early months of 1938 is the result of both reduced revenues and higher operating expenses. The improved showing in May is attributable to reductions in operating expenses plus substantial increases in all forms of passenger revenue. In June and July, however, passenger revenues again fell below those of the previous year. There can be no doubt but that applicant's position in the first half of 1938 was highly unsatisfactory, the margin of earnings over operating expenses having been substantially reduced.

The specific financial results which applicant expects to realize from its various proposals herein may be summed up as follows:

	<u>Losses Eliminated</u>	<u>Expected Profit</u>	<u>Total Gain</u>
Route 5	\$17,750.32	\$13,163.17	\$30,913.49
Route 14	2,177.01	(8,274.00)	14,014.20
Route H	3,563.19	(
	\$23,490.52	\$21,437.17	\$44,927.69
Route E	Losses Reduced		3,079.82
		Total Gain	<u>\$48,007.51</u>

Inasmuch as the reduced costs are based on mileage and hourly prorates, the over-all savings to the system as a whole may not be as great as here indicated, and, of course, there is some element of speculation as to the added patronage resulting from bus operation. However, anything approaching the gain here indicated would obviously materially improve the applicant's operating income.

Upon a review of all the facts of record bearing upon the El Cajon-Lemon Grove-Spring Valley abandonment, it does not appear that the application should here be granted. The present position of the company is unquestionably unsatisfactory, particularly so as a result of the downward trend in revenues and earnings which evidenced itself during the first quarter of this year and which was not wholly reversed by midsummer. On the other hand there is no doubt of the importance of this service to the communities which have grown up with it. The removal of all such service is a step not lightly to be taken. Community witnesses have pointed toward the upward trend in population in these communities, and in particular to the relief now being received from special assessments which in the past have held development in check. Such continued operation, however, cannot be considered as wholly independent of the future upward trend in patronage to which the witnesses pointed, or independent of applicant's continued financial ability to keep its equipment in this non-remunerative service.

Automobile Bus Route A.

Applicant also requests permission to reroute its present automobile bus route A, changing the present cross-over from State Street to India Street so that the line will cross over at Laurel Street instead of at Ivy Street. India Street is two blocks west of State Street. This will involve the abandonment of operation along India Street from Laurel Street to Ivy Street, and along Ivy

Street from India Street to State Street, and in lieu thereof the operation along State Street from Ivy Street to Laurel Street, and along Laurel Street from State Street to India Street. No change in service or fares was proposed.

In support of such rerouting, applicant pointed out that practically all patronage of the line on India Street between Ivy Street and Laurel Street was due to canneries located on the waterfront near the foot of Jupiter Street. This traffic has been lost to route A by the inauguration of applicant's route L bus line on Pacific Highway, while in the meantime a real estate subdivision has been opened up on Reynard Way (which is a continuation of State Street) and a considerable number of residences have been constructed in that area. Applicant stated that it had received requests from the promoters and residents of that subdivision for bus service but that it believed the area did not justify establishment of an independent automobile bus line. However, by re-routing the route A bus line so as to continue three more blocks along State Street to Laurel Street, the lower end of the subdivision will be within two blocks of the bus line and according to applicant will provide a convenience to the residents in the area referred to. No objections were received to this re-routing.

Applicant states in its application that it intends, as soon as the necessary proceedings can be prepared, to apply to the City Council of the City of San Diego for amendments to its franchises and for additional franchises to cover the changes in service hereinabove noted.

Conclusions:

Upon consideration of all of the facts of record it appears that:

1. Applicant's request for permission: (a) to discontinue street rail route No. 5 now operated between the business section of

San Diego and the intersection of 39th Street and Ocean View; (b) for permission to remove the tracks on Market Street between 16th Street and 25th Street; and (c) for permission to substitute in lieu of said route No. 5 a service by automobile bus, as outlined in the above opinion, should be granted.

2. Applicant's request to (a) discontinue the present street railway route No. 14 operating between downtown San Diego and Ocean Beach; (b) to remove the tracks on Santa Cruz Street and on Bacon Street; (c) to abandon operation of the present automobile feeder line (route H); (d) to operate in lieu of said street railway and bus route a substitute service by automobile bus along the route as set forth in the opinion above; and (e), to establish the dividing line between the 3rd and 4th zones at the Point Loma High School, Zola Street, and Chatsworth Boulevard, should be granted.

3. Applicant's request to (a) abandon and discontinue all automobile bus service on its route E between La Mesa and El Cajon, and between La Mesa and Lemon Grove and Spring Valley should be denied; and (b) that permission to change the San Diego terminal from the Greyhound terminal at 1st Avenue and Broadway to the Plaza, and to abandon the express service provided on this route between San Diego, La Mesa, El Cajon and intermediate points should be authorized.

4. Applicant's request to reroute its route A automobile bus line over Laurel Street instead of Ivy Street, as set forth in the above Opinion, should be granted.

To provide a certain degree of flexibility in looping of buses around blocks at the termini of lines, particularly in the business district, without the need for further order in the matter, applicant should be authorized to turn its vehicles by operating around two blocks contiguous to such termini.

San Diego Electric Railway Company is 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.

O R D E R

Public hearings having been held in the above-entitled proceeding and the matter having been submitted,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require the establishment and operation by applicant of an automotive passenger service for the transportation of passengers over the following named routes, and to consolidate the same with the remainder of its operating rights:

- (1) Commencing at the intersection of C Street and 5th Avenue, thence along 5th Avenue to Market Street, thence along Market Street to 25th Street, thence along 25th Street to Ocean View Boulevard, thence along Ocean View Boulevard to 39th Street.
- (2) Commencing at the intersection of 4th Avenue and Broadway, thence on Broadway to Pacific Highway, thence on Pacific Highway to Barnett Avenue, thence on Barnett Avenue to Lytton Street, thence on Lytton Street to Chatsworth Boulevard, thence on Chatsworth Boulevard to Voltaire Street, thence on Voltaire Street to Cable Street, thence on Cable Street to Del Mar Avenue; and in connection therewith from the intersection of Voltaire Street and Cable Street, thence on Voltaire Street to Bacon Street, and thence on Bacon Street to West Point Loma Boulevard and junction with the No. 16 car line.

- (3) Commencing at the intersection of State Street and Ivy Street, thence along State Street to Laurel Street, and thence along Laurel Street to India Street.

IT IS HEREBY ORDERED that:

I. A certificate of public convenience and necessity therefor be and the same is hereby granted to the San Diego Electric Railway Company, subject to the following conditions:

- (1) Applicant shall file a 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 One Hundred and Twenty (120) days from the effective date hereof, and shall file in triplicate and concurrently make effective on not less than ten (10) days' notice to the Railroad Commission and the public a tariff or tariffs constructed in accordance with the requirements of the Commission's General Orders and containing rates and rules which in volume and effect shall be identical with the rates and rules shown in the exhibit attached to the application in so far as they conform to the certificate herein granted, or rates and rules satisfactory to the Railroad Commission.
- (3) Applicant shall file, in duplicate, and make effective within a period of not to exceed one hundred and twenty days (120) after the effective date of this order, on not less than five (5) days' notice to the Railroad Commission and the public, time schedules covering the service herein authorized in a form satisfactory to the Railroad Commission.
- (4) 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 obtained.
- (5) No vehicle may be operated by applicant herein unless such vehicle is owned by said applicant or is leased by applicant under a contract or agreement on a basis 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 two blocks contiguous to such intersection in either direction and to carry passengers as traffic regulations of the municipality may require.
- (7) Operation on the respective routes shall commence prior to or coincident with the abandonment of service as hereinafter authorized on the respective routes.

II. San Diego Electric Railway Company is authorized to

(a) Discontinue street railway route No. 5 as hereinbefore described and to remove the track and appurtenances thereto on Market Street between 16th and 25th Streets.

(b) Discontinue its present street railway route No. 14 and bus route H, as hereinbefore described, and to remove the tracks and appurtenances thereto between the junction with the No. 16 car line at Bacon Street and West Point Loma Boulevard to the end of the line at Santa Cruz Avenue and Sunset Cliffs Boulevard.

(c) Discontinue that portion of its present bus route A from the intersection of State Street and Ivy Street, San Diego, thence on Ivy Street to India Street, thence on India Street to Laurel Street.

(d) Discontinue the use by Route E of the Greyhound Terminal at 1st and Broadway and the operation to and from such terminal on C Street between 1st Avenue and 4th Avenue.

(e) Abandon express service between San Diego, La Mesa, El Cajon and intermediate points.

III. IT IS HEREBY FURTHER ORDERED that the San Diego Electric Railway Company be denied the right to abandon and discontinue its automobile bus service between La Mesa and El Cajon, and La Mesa and Spring Valley and Lemon Grove.

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

Dated at Los Angeles, California, this 3rd day of October, 1938.

Paul W. H. H. H.
Frank M. H. H.
Ray L. H. H.
Commissioners