

Decision No. 32884.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PACIFIC ELECTRIC RAILWAY COMPANY, a cor-
poration, for permission to make certain
changes in its rail system, including
abandonments of certain portions of its
railway lines and discontinuance or
reduction in rail passenger service on
certain other portions of its railway
system.

ORIGINAL

Application No. 23053.

In the Matter of the Application of
PACIFIC ELECTRIC RAILWAY COMPANY, a
corporation, for an in lieu certificate
of public convenience and necessity.

Fortieth Supplemental
Application No. 17984.

In the Matter of the Application of
PACIFIC ELECTRIC RAILWAY COMPANY, a
corporation, and LOS ANGELES RAILWAY
CORPORATION, a corporation, for an in
lieu certificate for their jointly
operated motor coach lines.

Eighteenth Supplemental
Application No. 18820.

RILEY, Commissioner:

INTERIM OPINION

This Interim Opinion and Order involves only the dispo-
sition of Pacific Electric Railway Company's passenger rail lines,
commonly termed the Venice Short Line and the Santa Monica via
Beverly Hills line, both of which operate between downtown Los
Angeles and Santa Monica, the former via a direct route between
Vineyard and Venice and the latter via Vineyard and Beverly Hills.

At this point it appears appropriate to call attention
to the fact that Application No. 21656, dealing with the request
of Pacific Electric Railway Company for increased fares, and
Applications No. 23053, No. 17984 (40th Supplemental), No. 18820
(18th Supplemental), and 18820 (19th Supplemental), were all
consolidated on a common record for hearing, and the entire

matter was taken under submission on January 24, 1940. As of this date there have been issued four Interim Orders disposing of various phases of the matters involved under those several applications. ⁽¹⁾ This Interim Opinion and Order is the fifth and is designed to dispose of only that phase of the entire matter dealing with service and facilities between Los Angeles and the west coast beach area of Santa Monica, Ocean Park and Venice and intermediate points.

On October 18, 1939, Pacific Electric Railway Company filed its Application No. 23053, requesting authorization to make certain changes in its rail system, including the abandonment of certain portions of its railway lines and discontinuance of or reduction in rail passenger service on certain other portions. Included among the numerous proposed adjustments in rail service and facilities was the discontinuance of passenger rail service between Los Angeles and Santa Monica via Vineyard, Venice and Ocean Park, over the so-called Venice Short Line, and the discontinuance of through rail passenger service between Los Angeles and Santa Monica over the Santa Monica via Vineyard and Beverly Hills line, and the abandonment of that portion of applicant's Santa Monica via Beverly Hills rail line in Santa Monica Boulevard between Sepulveda Boulevard and Ocean Avenue in Santa Monica.

Filed concurrently with and made a part thereof, Pacific Electric Railway Company's Application No. 17984 (40th Supplemental), requested in lieu certificates of public convenience and necessity for motor coach operation in substitution of passenger rail service via the Venice Short Line, proposed for abandonment

(1) Decision No. 30783, dated April 11, 1938 (Application No. 21656)
Decision No. 32599, dated December 5, 1939 (Applications Nos. 21656, 23053, 17984-40th Suppl., 18820-18th Suppl. & 19th Suppl.)
Decision No. 32703, dated January 2, 1940 (Applications Nos. 21656, 23053, 17984-40th Suppl., 18820-18th Suppl. & 19th Suppl.)
Decision No. 32830, dated February 20, 1940 (Application No. 23053)

under Application No. 25055, over a route paralleling, as nearly as practicable, the rail line.

On the same date, Pacific Electric Railway Company and Los Angeles Railway Corporation filed Application No. 18820 (18th Supplemental), wherein authorization was sought to establish through motor coach service between Los Angeles and Santa Monica, in substitution for the rail passenger service, over the Santa Monica via Vineyard and Beverly Hills line, said motor coach operation to be provided by Los Angeles Motor Coach Company, a joint agency of the two applicants, as an alternate route of Los Angeles Motor Coach Company's Wilshire Boulevard line.

Subsequently, on January 24, 1940, Pacific Electric Railway Company filed an amendment to its Applications Nos. 25055 and 17984 (40th Supplemental), wherein it requested authorization to abandon that portion of its Santa Monica via Beverly Hills rail line in Santa Monica Boulevard between Sepulveda Boulevard and Ocean Avenue in Santa Monica, to establish its own motor coach line to provide through operation from Los Angeles to Santa Monica and to extend its Los Angeles-Vineyard local rail service from Vineyard to Stanley Avenue, located on the Santa Monica via Beverly Hills line. It was proposed to retain tracks for freight service between Wilshire Boulevard in Beverly Hills and Sepulveda Boulevard in West Los Angeles. No amendment was made, however, to the original applications, in so far as the Venice Short Line was concerned.

The City of Los Angeles objected to the original applications, proposing motor coach substitution for rail passenger service on the Venice Short Line and the Santa Monica via Beverly Hills line, requesting that further time be given for a more detailed study of the various elements of cost, revenues, service and facilities involved. Additional time was granted and a committee, composed of representatives of the Board of Public Utilities and Transportation of the City of Los Angeles, Pacific Electric

Railway Company and the Commission's Engineering staff, made a joint study of the situation. This committee agreed, after the facts were obtained, that rail service should be retained on the Venice Short Line and that motor coach substitution for passenger rail service should be made on the Santa Monica via Beverly Hills line by a through service from downtown Los Angeles to Santa Monica over Olympic Boulevard and San Vicente Boulevard to Beverly Hills, thence paralleling the existing rail line from Beverly Hills to Santa Monica.

The committee further agreed that, as a part of the program involving these two lines, Pacific Electric Railway Company would acquire twenty new P.C.C. (Presidents' Conference Committee) type rail cars to fill the base schedule requirements on both the Hollywood-Vineyard-Stanley Avenue local Los Angeles service and the Venice Short Line, supplemented by reconditioned Class-600 cars during peak traffic periods.

The base frequency proposed on the Hollywood-Vineyard service was 10 minutes, with the service dividing at Vineyard, providing a 20-minute frequency beyond that point in local service to Stanley Avenue and a 20-minute service beyond Vineyard on the Venice Short Line to Santa Monica, with sufficient additional schedules being provided to adequately handle the peak period traffic.

Inasmuch as the original Application 13820 (16th Supplemental), was filed jointly by Pacific Electric Railway Company and Los Angeles Railway Corporation for motor coach service to be operated by their joint agency, the Los Angeles Motor Coach Company, Los Angeles Railway Corporation opposed the granting of the amended application of Pacific Electric Railway Company, wherein it proposed providing its own motor coach service. No objection was offered to the substitution of motor coach operation for rail service on the Santa Monica via Beverly Hills line by the Bay Cities

Transit Company, which provides a local service in and in the vicinity of Santa Monica, providing local service between Ocean Park, Santa Monica and Beverly Hills be restricted to through schedules with no supplemental local schedules being supplied, which restriction was satisfactory to applicant. The only other opposition to the final plan proposed, which provided for the substitution of motor coach service for the rail service, was that offered by representatives of Pacific Electric Railway Company rail employees. This opposition was based upon the supposition that it would have the effect of reducing the number of employees now engaged in this operation.

Considering first the Venice Short Line; the record indicates that a superior type of service can be provided on that line by the continuation of rail service, which will be reasonably justified by the existing patronage and that which will be stimulated by the use of new P.C.C. type cars, and this, together with the fact that applicant has expressed its willingness to continue rail service on that basis, leaves no question as to the proper disposition of this matter as it pertains to that line; therefore, Paragraph IV of Applications Nos. 25055 and 17984 (40th Supplemental), should be denied and the following Order will so provide.

Considering now the Santa Monica via Beverly Hills line; there are on file two applications, one by Pacific Electric Railway Company, requesting authority to abandon its rail passenger service beyond Stanley Avenue and to substitute in lieu thereof a through motor coach service of its own, and the other by Los Angeles Motor Coach Company, requesting authority to operate a through motor coach service in lieu of the rail passenger service proposed for abandonment. The proposal of Pacific Electric Railway Company, under its second amended Applications Nos. 25055 and 17984 (40th Supplemental), provides a motor coach route which more

nearly parallels the rail route proposed for abandonment than does that route proposed by Los Angeles Motor Coach Company under Application No. 18320 (18th Supplemental). In this latter application the motor coach service was proposed to be established as an alternate route of the Wilshire Boulevard line, operating from Wilshire Boulevard and Canon Drive in Beverly Hills to Main Street and Pier Avenue in Santa Monica, affording on the alternate route a direct service to and from Los Angeles, the operation being over Wilshire Boulevard from Beverly Hills to downtown Los Angeles. Furthermore, inasmuch as the service is now being provided by Pacific Electric Railway Company's rail line and that company is ready, willing and able to offer the substitute motor coach operation in lieu thereof, at an estimated out-of-pocket profit of \$21,293 annually, as compared with an annual loss of \$39,652 under present rail operations, it would appear that it should be given that opportunity and that the application of Los Angeles Motor Coach Company should be denied and the following Order will so provide.

Pacific 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 as to the number of rights which may be given.

INTERIM ORDER

Public hearings having been held and the Commission being fully apprised of the facts, in so far as the matters hereinafter decided are concerned;

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

HEREBY DECLARES that public convenience and necessity require the establishment and operation by Pacific Electric Railway Company of an automotive passenger stage service, as that term is defined in Section 2-1/4 of the Public Utilities Act, for the transportation of passengers and baggage over the following described route, to be consolidated with the remainder of its operating rights:

From an off-street terminal at Temple and Hill Streets, south on Hill Street to Olympic Boulevard, west on Olympic Boulevard to San Vicente Boulevard, west on San Vicente Boulevard to Burton Way, west on Burton Way to Santa Monica Boulevard, west on Santa Monica Boulevard to Ocean Avenue, south on Ocean Avenue to Pico Street, thence south on Main Street to Pier Avenue in Ocean Park, returning via the reverse thereof.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to Pacific Electric Railway Company for automotive passenger stage service for the transportation of passengers and baggage over the route hereinbefore described, subject to the following conditions:

- (1) Pacific Electric Railway Company shall file its written acceptance of the certificate herein granted within a period not to exceed thirty (30) days from the date hereof.
- (2) Pacific Electric Railway Company shall commence the service herein authorized within a period not to exceed six (6) months from the effective 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 requirements of the Commission's General Orders and containing rates, rules and regulations which, in volume and effect, shall be identical with the proposed rates, rules and regulations shown in the exhibits attached to the applications (No. 23053 and No. 17984, 40th Supplemental), in so far as they conform to the certificate herein granted, or rates, rules and regulations satisfactory to the Railroad Commission.
- (3) Pacific Electric Railway Company shall file, in duplicate, and make effective within a period

of not to exceed six (6) months after the effective date of this Order, on not less than ten (10) 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 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 Pacific Electric Railway Company under the certificate granted herein unless such vehicle is owned by said company or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.
- (6) Pacific Electric Railway Company may turn its motor vehicles at termini or intermediate points, either in the intersection of the street or by operating around the block contiguous to such intersection in either direction, and to carry passengers as traffic regulations of the political subdivisions affected may require.
- (7) The service herein authorized shall be established concurrently with and in substitution of abandoned passenger rail service hereinafter authorized.

IT IS HEREBY FURTHER ORDERED that Pacific Electric Railway Company be and it is hereby authorized to make changes in its passenger rail service and facilities as follows:

- (a) Discontinue suburban passenger rail service between Los Angeles and Santa Monica via Vineyard and Beverly Hills;
- (b) Abandon facilities on that portion of its Los Angeles-Santa Monica line via Vineyard and Beverly Hills consisting of a double track commencing at Sepulveda Boulevard in West Los Angeles and extending westerly on Santa Monica Boulevard to a connection with tracks on Ocean Avenue, Santa Monica, together with cross-overs and spur tracks;

provided, however, that said abandonment of passenger rail service and facilities herein authorized shall not be carried out prior to the substitution of passenger stage service as herein authorized.

IT IS HEREBY FURTHER ORDERED that the changes in service and facilities and the granting of the certificate of public convenience and necessity as provided for herein shall be further subject to the following conditions:

- (1) At least twenty (20) new rail cars of the P.C.C. type as to design and construction shall be acquired and placed in regular service on the Hollywood-Vineyard line, including its Stanley Avenue extension, and the Venice Short Line.
- (2) In addition to the new cars provided for in Condition (1) above, the necessary number of Class-600 cars to meet traffic requirements shall be reconditioned and remodeled as to electrical, mechanical, seating and decorative features, to a degree sufficient to provide for satisfactory operation in combination with the new equipment.
- (3) Plans and specifications of the new cars provided for in Condition (1) and of the proposed remodeled Class-600 cars, as provided for in Condition (2), shall be submitted to the Commission prior to purchase of said new equipment and commencement of remodeling of Class-600 cars.

IT IS HEREBY FURTHER ORDERED that Application No. 18820 (18th Supplemental) and paragraph IV of original Application No. 23053 be denied.

The Commission reserves the right to make such further order or orders in this proceeding as may appear just or reasonable and to revoke this authority if, in its opinion, public convenience and necessity demand such action.

The foregoing Interim Opinion and Order are hereby approved and ordered filed as the Interim 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 5th day of March, 1940.

Ray & Riley
Joseph D. White
Ray Bevan
W. H. ...
Justus J. Caenen
Commissioners.