

Decision No. ~~18820~~.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
PACIFIC ELECTRIC RAILWAY COMPANY, a ) TWENTY-FIRST SUPPLEMENTAL  
corporation, and LOS ANGELES RAILWAY ) APPLICATION NO. 18820  
CORPORATION, a corporation, for an )  
In Lieu Certificate for their jointly ) (Establish La Cienega Boule-  
operated motor coach lines. ) vard Line)

In the Matter of the Application of )  
PACIFIC ELECTRIC RAILWAY COMPANY, a ) TWENTY-SECOND SUPPLEMENTAL  
corporation, and LOS ANGELES RAILWAY ) APPLICATION NO. 18820  
CORPORATION, a corporation, for an )  
In Lieu Certificate for Their Jointly ) (Abandon Third Street-Beverly  
Operated Motor Coach Lines. ) Dr. Line)

In the Matter of the Application of )  
the LOS ANGELES RAILWAY CORPORA- ) THIRTY-FIFTH SUPPLEMENTAL  
TION for an in lieu certificate for ) APPLICATION No. 19179  
its motor coach lines. )  
(Extension of Beverly Boule-  
vard Motor Coach Line)

Max E. Utt, for applicants.

**ORIGINAL**

C. W. Cornell and H. O. Marler, by H. O. Marler,  
for Pacific Electric Railway, applicant in  
21st and 22nd Supplementals in Application  
No. 18820 and interested party in 35th Supple-  
mental Application 19179.

Don L. Campbell, for Asbury Rapid Transit System,  
as their interests may appear.

Charles A. Eliot, for La Cienega-Beverly Community  
Council, interested party.

Harry Barratt, for West Metropolitan Chamber of  
Commerce, interested party.

Robert M. Porter and James A. McNulty, for McNulty  
Properties, Inc., interested party.

BY THE COMMISSION:

O P I N I O N

Twenty-first Supplemental Application No. 18820, filed by  
Pacific Electric Railway Company and Los Angeles Railway Corpora-  
tion, seeks the Commission's permission to establish, in the name of  
Los Angeles Motor Coach Company, a motor coach service for the  
transportation of passengers on La Cienega Boulevard from the

intersection of Santa Monica and La Cienega on the north to Adams and Washington Boulevards on the south.

Twenty-second Supplemental Application No. 18820, filed by the same parties, seeks the Commission's authority to abandon its Third Street-Beverly Drive motor coach line, being that portion of the former Third Street-Olympic Boulevard motor coach line remaining since the establishment by Los Angeles Motor Coach Company of the Olympic Boulevard motor coach line.

Thirty-fifth Supplemental Application No. 19179, filed by Los Angeles Railway Corporation, seeks the Commission's authority to extend its Beverly Boulevard motor coach line from the present westerly terminus at La Cienega Boulevard to a new westerly terminus at Doheny Drive.

Public hearing in these matters was conducted by Examiner Ager at Los Angeles on October 23, 1940, at which time the matters were duly submitted, and they are now ready for decision. Inasmuch as the three applications involve service in the same general area and, in a sense, are correlated, it was stipulated by the parties that the matters might be consolidated for the purpose of taking testimony and for decision. The remainder of the opinion will be devoted to an individual discussion of the three applications involved.

Twenty-first Supplemental Appl. No. 18820

For many years it has been the custom, as the development of the City of Los Angeles proceeded westerly, to establish cross-town motor coach lines to serve the newly developed areas. Recent examples are the establishment of motor coach service on La Brea Avenue and Fairfax Avenue. Normally, these cross-town lines are established at intervals approximating one mile. Frequently requests have been made to Pacific Electric Railway Company, Los Angeles Railway

Corporation and to this Commission that a cross-town service should be established on La Cienega Boulevard, extending from Washington Boulevard on the South to Santa Monica Boulevard on the north. As has been the custom in the past, filing of the application has been delayed until such time as there appeared to be reasonable assurance that the line could be made a financial success, or at least that it could, from its inception, meet the out-of-pocket operating expense.

Recent surveys of the territory tributary to the line indicate that this time has now arrived. A survey of the territory made by applicants in May, 1937, showed the number of dwellings located within one-quarter of a mile of the proposed line to be 4,258 and the number of business houses within one-quarter of a mile of the proposed service to be 50. A similar survey made in June, 1940, showed the number of dwellings in the same area to be 5,786, or an increase of 35.9 per cent, and the number of business houses to be 550, or an increase of 1000 per cent.

The proposed line would provide connecting service with applicants' Wilshire Boulevard and Olympic Boulevard lines, also with Pacific Electric Railway Company's Los Angeles-Santa Monica via Beverly Hills motor coach line and Hollywood Boulevard, Santa Monica Boulevard and Venice Boulevard rail lines and with Los Angeles Railway Corporation's Melrose Avenue, Beverly Boulevard and Washington-Adams-Jefferson motor coach lines. The record appears to amply justify the conclusion that the service will meet out-of-pocket costs and, although applicants seek authority to establish the service on a six months' trial basis, we believe that there is no

justification for any such trial, and the certificate issued herein will contain no such provision.

Twenty-second Supplemental Appl. No. 18820

Subsequent to the establishment of service by Los Angeles Motor Coach Company on Olympic Boulevard between Los Angeles and Spalding Drive in Beverly Hills, pursuant to the authority granted by Decision No. 32748, dated January 23, 1940, on Sixteenth Supplemental Application No. 18820, applicants have continued to operate that portion of its renamed Third Street-Beverly Drive line from the intersection of Beverly Drive and Olympic Boulevard, through Beverly Hills to a connection with the "R" car line of Los Angeles Railway Corporation at La Brea Avenue and West Third Street. Witnesses for applicants testified that, despite their efforts to publicize the service, in an endeavor to increase the volume of traffic, revenue derived from the line has failed by far to meet the costs of operation. This condition existed even prior to the abandonment of service on that portion of the line along Olympic Boulevard west of Beverly Drive and has become increasingly apparent since the date of the change in the service. The operating results are clearly reflected in Exhibit No. 5, showing that for the four and a half year period ended June 30, 1940, the operating revenues failed to meet the operating expenses and taxes by \$84,844.

Notices of the hearing in connection with the proposal that service on this line be abandoned were carried in the coaches operating on the line for five days in advance of the date of the hearing, yet no one appeared to protest. As a matter of fact, the record appears to

show convincingly that reasonable and adequate service will still be provided to the area involved by Los Angeles Railway Corporation's motor coach line on Beverly Boulevard, the proposed new Los Angeles Motor Coach Company line on La Cienega Boulevard, Los Angeles Motor Coach Company's lines on Fairfax Avenue and Wilshire Boulevard and Pacific Electric Railway Company's motor coach line on San Vicente Boulevard.

Analysis of the record in this proceeding leads us to the conclusion that the request for abandonment of service will not be adverse to public interest and should be granted.

Thirty-fifth Supplemental Appl. No. 19179

Pursuant to the provisions of Decision No. 27052, dated May 14, 1934, on Application No. 19179, subsequently modified by Decision No. 27313, dated August 27, 1934, on Fourth Supplemental Application No. 19179, Los Angeles Railway Corporation operates a motor coach service from a terminal at Tenth and Hill Streets in downtown Los Angeles to a westerly terminus at Beverly and La Cienega Boulevards near the Beverly Hills city limits. In this proceeding applicant proposes to extend this line so that the westerly terminus will be at Beverly Boulevard and Doheny Drive in the City of Beverly Hills. Substantial development has been and is now taking place in the area tributary to this proposed extension and applicant is of the opinion that the extension will meet a public need.

Exhibit No. 13, prepared as a result of surveys made in the territory by applicant, indicates a net

annual operating income, as the result of the proposed extension, of \$1,712.62. The extension of the line has been the subject of discussion for many years past. As a matter of fact, at the time the Joint Transportation Committee<sup>(1)</sup> was holding its meetings, some thought and consideration were given to the possible extension of the line to the Pacific Electric station at Santa Monica Boulevard and Beverly Drive in the City of Beverly Hills. Questioned as to the reasonableness of this further extension to the proposed service, witnesses expressed the opinion that no demand for such extension existed, for the reason that existing Pacific Electric service would be duplicated between the intersection of Beverly and Santa Monica Boulevards and the intersection of Beverly Drive and Santa Monica Boulevard. Such duplication would be unnecessary and unwarranted in the estimation of these witnesses. While this contention may be correct, we are still unconvinced that the Beverly Boulevard line should terminate at Doheny Drive and are of the opinion that its westerly terminus should be at Beverly Boulevard and Santa Monica Boulevard, if not at Beverly Drive and Santa Monica Boulevard. In any case, the record clearly shows that there is public need for the service as far as the proposed new easterly terminus and we wish at this time to admonish Los Angeles Railway Corporation that prompt

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(1) The Joint Transportation Committee consisted of representatives of Pacific Electric Railway Company, Los Angeles Railway Corporation, Board of Public Utilities and Transportation of the City of Los Angeles, with representatives of the Commission acting as Chairmen, and, for a considerable period of time during 1936, 1937 and 1938, held regular meetings for the purpose of discussing transportation problems in the metropolitan area of the City of Los Angeles.

consideration should be given to a proposal that further extension should be made at least to Santa Monica Boulevard. The certificate prayed for will be granted.

Pacific Electric Railway Company and Los Angeles Railway Corporation 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 as to the number of rights which may be given.

#### O R D E R

A public hearing having been held, the matters having been submitted and the Commission being fully advised;

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require the operation by Pacific Electric Railway Company and Los Angeles Railway Corporation, operating under the name of Los Angeles Motor Coach Company, of an automotive passenger stage service, as that term is defined in Section 2½ of the Public Utilities Act, for the transportation of passengers and baggage (in the Cities of Los Angeles, Beverly Hills and Culver City and in the County of Los Angeles), over the following described route, to be consolidated with the remainder of their operating rights:

Commencing at the intersection of Santa Monica and La Cienega Boulevards, via La Cienega Boulevard, Adams Boulevard, Washington Boulevard and Hines Avenue to Adams Boulevard. Returning, from intersection of Hines Avenue and Adams Boulevard via Adams Boulevard, La Cienega Boulevard to Santa Monica Boulevard.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY FURTHER DECLARES that public convenience and necessity require the operation by Los Angeles Railway Corporation of an automotive passenger stage service, as that term is defined in Section 2½ of the Public Utilities Act, over the following described route:

Beginning at the intersection of Beverly Boulevard and Doheny Drive, thence via Beverly Boulevard, Second Street, Hill Street to Olympic Boulevard, and return via the same route;

instead of over the route authorized by Decision No. 27052, dated May 14, 1934, as amended by Decision No. 27313, dated August 27, 1934, both in Application No. 19179.

IT IS HEREBY ORDERED that certificates of public convenience and necessity on the two routes above described be and they are hereby granted to Pacific Electric Railway Company and Los Angeles Railway Corporation, operating under the name of Los Angeles Motor Coach Company, and to Los Angeles Railway Corporation, subject to the following conditions:

- (1) Applicants shall file their written acceptance of the certificates herein granted within a period of not to exceed fifteen (15) days from the date hereof.
- (2) Applicant, Los Angeles Railway Corporation, shall afford the public at least five (5) days' notice of the extension of the route of its Beverly Boulevard motor coach line as herein authorized, by placing notices of such change in all motor coaches operating on the existing lines.
- (3) Applicants shall commence the service herein authorized within a period not to exceed sixty (60) 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 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 applications, in so far as they conform to the certificates herein granted, or rates, rules and regulations satisfactory to the Railroad Commission.

- (4) Applicants shall file, in duplicate, and make effective within a period of not to exceed sixty (60) days 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.
- (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 applicants under either of the certificates herein granted, unless such vehicle is owned by said applicants or is leased by them under a contract or agreement on a basis satisfactory to the Railroad Commission.
- (7) Applicants may turn their motor vehicles at termini or intermediate points, either in the intersection of the street or by operating around a block contiguous to such intersection in either direction, and to carry passengers as traffic regulations of the political subdivisions affected may require.
- (8) Applicants shall notify the Commission in writing, within thirty (30) days after establishment of the services authorized herein.

IT IS HEREBY FURTHER ORDERED that Pacific Electric Railway Company and Los Angeles Railway Corporation, operating in the name of Los Angeles Motor Coach Company, are hereby authorized to abandon their so-called Third Street-Beverly Drive line, in the Cities of Los Angeles and Beverly Hills, and to cancel, in conformity with the rules of this Commission, all passenger rate tariffs and time schedules applying to said line, subject to the following conditions:

- (1) Applicants shall afford the public at least ten (10) days' notice of such abandonment of service by posting notices of such abandonment in all motor coaches operating over said line.
- (2) Applicants shall notify this Commission, in writing, within thirty (30) days after said abandonment of service has become effective.

- (3) The abandonment of service as authorized herein shall be made concurrently with the establishment of the extended service by Los Angeles Railway Corporation on its Beverly Boulevard motor coach line and the establishment of the new service by Pacific Electric Railway Company and Los Angeles Railway Corporation, operating under the name of Los Angeles Motor Coach Company, of their La Cienega Boulevard motor coach line as authorized in this decision.

IT IS HEREBY FURTHER ORDERED that the certificate of public convenience and necessity granted by this Commission's Decision No. 28716, dated April 13, 1936, as subsequently modified by Decision No. 32748, dated January 23, 1940, both in this proceeding, be and the same is hereby revoked and annulled.

This entire order is subject to the following conditions:

- (1) The authorization herein granted shall lapse and become void if not exercised within one year from the date hereof, unless further time is granted by subsequent order.
- (2) The Commission reserves the right to make such further order or orders in this entire proceeding as to it may appear just and reasonable and to revoke the authority granted herein if, in its opinion, public convenience and necessity demand such action.

For all other purposes, the effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 3rd day of December, 1940.

Ray & Rice  
Frank [unclear]

[unclear]  
Justus J. Coeuen  
Commissioners.