

ORIGINAL

Decision No. 41152

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
PACIFIC ELECTRIC RAILWAY COMPANY, a )  
corporation, for an order granting )  
permission to increase and adjust )  
passenger rates and fares for the )  
transportation of persons between )  
points in the State of California; )

Second Supplemental  
Application No. 27466

Los Angeles Motor Coach Lines for an )  
order granting permission to increase )  
and adjust certain passenger rates )  
and fares for the transportation of )  
persons between points in the State )  
of California, to conform to any )  
increases that may be granted to )  
Pacific Electric Railway Company, )  
so that the parallel rates affected )  
may be equalized and in harmony. )

Investigation on the Commission's own )  
motion into reasonableness and adequacy )  
of rates, service, operations and )  
facilities of PACIFIC ELECTRIC RAILWAY, )  
LOS ANGELES TRANSIT LINES, and LOS )  
ANGELES MOTOR COACH LINES. )

Case No. 4843

APPEARANCES as shown in Appendix "C"

SECOND SUPPLEMENTAL OPINION AND ORDER

In the above-entitled application, Pacific Electric Railway Company, a corporation, seeks authority to increase its fare structure in connection with its passenger operations on a systemwide basis. The Commission has heretofore issued two decisions on this application. (1)

In the Second Supplemental Application, filed June 23, 1947, it is alleged that further increases in fares are necessary due to increased wages.

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(1) Under Decision No. 39302, dated July 31, 1946, fare increases substantially as requested were authorized on the Pacific Electric Railway's passenger operations and fares on the Los Angeles Motor Coach Lines were increased where necessary to equalize competitive rates authorized for Pacific Electric Railway. Certain inequalities were adjusted in Decision No. 39357, dated August 27, 1946.

taxes and costs of materials. (2)

On July 31, 1946, the Commission instituted an investigation on its own motion, Case No. 4843, inquiring into the rates, services, operations and facilities of the Pacific Electric Railway Company and Los Angeles Transit Lines, as well as the joint operations conducted by said companies under the name of Los Angeles Motor Coach Lines. (3)

Hearings were conducted in the two above-entitled proceedings at Los Angeles, during the months of October and November, 1947. The matter is now ready for decision. At the hearing October 1, 1947, it was stipulated by all parties in interest and so ordered that those portions of the record adduced at the hearings in both Applications Nos. 27466 and 27487, (4) as well as Case No. 4843, where appropriate, would be considered as part of the record in either application.

In the Second Supplement to Application No. 27466, Pacific Electric seeks authority to:

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(2) In the Application it is alleged that "the cost to applicant Pacific Electric Railway Company in giving service has increased since the last hearing in this application.

"(1) There has been a material increase in the cost of materials and supplies. It is conservatively estimated that, because of increases thereof, this applicant will be required to pay, for the same materials and supplies it purchased in 1946, at least \$248,500.00 more in the year 1947.

"(2) The tax imposed by law on petitioner's payroll to finance social security benefits to railroad employees has materially increased, beginning with the year 1947, by increase of railroad retirement tax from 3.5% to 5.75%. This, together with the 3% railroad unemployment tax, makes a total payroll tax paid by this applicant of 8.75%. Such payroll tax of applicant for passenger service operations in the year 1946 was \$902,322.00. In the year 1947 it is estimated that this will be \$1,156,234.00, or an increase over 1946 of \$253,912.00."

(3) For convenience in this opinion, Pacific Electric Railway Company will be designated as Pacific Electric, Los Angeles Transit Lines as Transit Lines, and the Los Angeles Motor Coach Lines as Coach Lines.

(4) Los Angeles Transit Lines filed its Application No. 27487, May 7, 1946, seeking an increase in fares which was acted upon by the Commission in its Decision No. 39503, dated July 31, 1946. This carrier filed its First Supplemental Application, June 23, 1947, which was amended October 1, 1947.

- (a) Increase minimum fares on all lines to 10 cents.
- (b) Adjust present interzone fares by increasing same to the next higher zero or five cents.
- (c) Abolish the \$1.50 joint weekly pass.
- (d) Abolish all token fares.
- (e) Put into effect a universal transfer arrangement with the Transit Lines and the Coach Lines, with transfers issued only on the payment of a 10-cent fare.

In the First Supplement to Application No. 27487, the Transit Lines proposes a universal transfer arrangement with Pacific Electric and the Coach Lines, with transfers to be issued only on the payment of a 10-cent fare.

With respect to service, the record contains results of a comprehensive study dealing with the operations and facilities of Pacific Electric, designated as Exhibit No. 32, which was prepared under the direction of, and presented by, a Senior Engineer of the Commission's staff. In this service study there are set forth 45 specific recommendations looking toward an improvement in the service, as well as more efficient methods of operation by this carrier, which were proposed to be effected through the installation of new facilities, elimination of delays in passenger service resulting from freight traffic interference, establishment of one-man car operation on certain lines, rearrangement of method of operation, particularly at the Sixth and Main Streets Terminal in Los Angeles, and the substitution of motor coach for rail operation on certain lines.

The recommendations contained in Exhibit No. 32 would require the expenditure of approximately \$10,000,000. In addition to this amount the company is faced with an investment of \$1,400,000 chargeable to freight operations to provide track circuits at approximately 400 grade crossings where present crossing signals are controlled by trolley contactors. The proposed improvement program is to be spread over a period of five years. A portion of the ten million dollar investment is chargeable to maintenance, as one of the major items included is a five-year track reconstruction program at an estimated cost of \$4,922,000 to cover track rehabilitation, consisting of relaying of rail, replacing of ballast and normal track maintenance that has been deferred over a period of years. A substantial portion of this investment would go to defray the cost of providing facilities which would coordinate with the rapid transit system now being

considered in the Los Angeles Metropolitan area. In fact, the foregoing recommendations were made with a general knowledge of the rapid transit plans as they are now being developed.

Pacific Electric's position as to the specific recommendations made by the Commission's staff in Exhibit No. 32 is set forth in the Company's Exhibit No. 34. The Company takes issue with some of these recommendations. Among the exceptions are:

The advisability of one-man car operations on certain lines, together with the purchase of 50 new P.C.C. cars and the conversion of 80 of the present cars to one-man operation, and

The rearrangement of the rail and motor coach service from the terminal at Sixth and Main Streets, Los Angeles. The company contends that its proposed plan of operation should be adopted.

There are set forth in Appendix "A" recommendations contained in the staff's Exhibit No. 32. The information contained in the attached Appendix "B" is taken from Exhibit No. 34 and briefly summarizes the Company's position with respect to the recommendations contained in Exhibit No. 32.

With respect to the elimination of delays to passenger trains caused by freight operations on the four-track Long Beach Line, the company offered as a solution a plan to substitute motor coaches for the present local rail service between Sierra Vista and Slauson Junction. Under such a plan the outside or local tracks between Ninth Street, Los Angeles, and Slauson Junction would be used exclusively for freight service and the inside or main line tracks for passenger service. While such a plan would reduce interference between passenger and freight operations on this rail line, it would result in the abandonment of the present passenger rail service.

It was stated that this proposed bus substitution for the Watts-Sierra Vista Local rail service would also constitute a remedy to the problem of rail congestion along the portion of the double track line between Echandia Junction

and Indian Village and would obviate the necessity for construction of the two additional tracks that were recommended in the engineer's report and would also release 600 and 700-class cars for replacement of an equal number of wooden-bodied cars. Nothing contained in this order is to be construed as an indication that the Company's plan will have the Commission's approval.

The estimated results of applicant's passenger operations, including its share of Coach Lines, under the present fare structure, under the fare structure proposed by applicant and under others suggested by the City of Los Angeles and the Commission's staff were presented as Exhibits Nos. 22, 33 and 33A of this application and as No. 50 of Application No. 27427. The following summaries and comparisons of the estimated results of operations, inclusive of applicant's share of Coach Lines, are compiled from these exhibits and apply to the 12-months' period ending June 30, 1948.

1. Under Present Passenger Fares

TABLE I

(Expressed in Thousands of Dollars)

I t e m	P. U. C. Staff Ex. Nos. 33A and 50 *				Total
	Applicant's Exhibit No. 22	Passenger Rail Operations	Motor Coach Pacific Electric	Coach Lines *	
Revenue	\$21,297	\$11,423	\$7,890	\$2,249	\$21,562
Expense					
Oper. and Maint.	22,589	13,861	6,633	1,481	21,975
Depreciation	1,404	369	622	137	1,128
Taxes	2,195	1,165	707	225	2,097
Total	\$26,188	\$15,396	\$7,962	\$1,843	\$25,201
Net before Income Taxes	(4,891)	(3,973)	(72)	406	(3,639)
Operating Ratio	122.9%	134.8%	100.9%	81.9%	116.8%

(Red Figure)

\*Portion applicable to Pacific Electric operations based on allocation of first nine months of 1947.

2. Under Passenger Fare Structure Proposed by Applicant

TABLE II

(Expressed in Thousands of Dollars)

I t e m	P.U.C. Staff Ex. Nos. 33A and 50*				Total
	Applicant's Exhibit No. 22	Passenger Rail Operations	Motor Coach Pacific Electric	Coach Lines*	
Revenue	\$23,192	\$12,649	\$8,422	\$2,414	\$23,485
Expense					
Oper. and Maint.	22,589	13,862	6,633	1,467	21,962
Depreciation	1,404	369	622	137	1,128
Taxes	2,195	1,172	720	230	2,122
Total	\$26,188	\$15,403	\$7,975	\$1,834	\$25,212
Net before Income Taxes	(2,996)	(2,754)	447	580	(1,727)
Operating Ratio	112.9%	121.8%	94.7%	76.0%	107.4%

(Red Figure)

\* Operating results as shown in Exhibit No. 33A, Table IV, plus portion of Coach Lines' results shown in Exhibit No. 50, page 32, Case II.

3. Under Passenger Fare Structure Suggested by Commission's Staff

TABLE III

(Expressed in Thousands of Dollars)

I t e m	P.U.C. Staff Ex. Nos. 33A and 50			Total
	Passenger Rail* Operations	Motor Coach Pacific Electric*	Coach Lines**	
Revenue	\$12,580	\$9,474	\$2,228	\$23,282
Expense				
Oper. and Maint.	13,861	6,633	1,467	21,961
Depreciation	369	622	137	1,128
Taxes	1,171	722	227	2,120
Total	\$15,402	\$7,977	\$1,831	\$25,210
Net before Income Taxes	(2,822)	497	397	(1,928)
Operating Ratio	122.4%	94.1%	82.2%	108.3%

(Red Figure)

\* Operating results as shown in Exhibit No. 33A, Table III with inner zone fare of 10¢, tokens 3 for 25¢ and \$1.50 weekly pass.

\*\* Operating results of the Company's portion of the Coach Lines as shown in Exhibit No. 50, page 32, Case III, with inner zone fare of 10¢, tokens 6 for 50¢, and \$1.50 weekly pass.

In addition to the above, the Commission's staff presented for consideration a fare structure essentially the same as that proposed by applicant, except that under this proposal the \$1.50 weekly pass is retained and the discount on commutation and excursion fares is decreased. The decrease in discount on these fares was estimated to produce \$115,000 annually. From estimates submitted by the Commission's staff it can be determined that the retention of the pass would result in a reduction of \$54,000 in the annual revenue, and also that the introduction of a token fare of 6 for 50 cents would reduce annual revenues approximately \$103,000.

(5)

Based on a fare structure similar to that employed in Table III, the City of Los Angeles estimated annual revenue to be \$23,192,558:

Applicant's estimates of annual operating expenses aggregate \$987,000 more than that estimated by the Commission's staff, of which \$614,000 relates to estimates of operation and maintenance expense, \$276,000 to depreciation and \$97,000 to operating taxes. A more detailed comparison is shown in the margin. (6)

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(5) Exhibit No. 11: Inner zone fares of 10 cents, 6 tokens for 50 cents with the retention of the \$1.50 weekly pass.

(6) Operation and Maintenance - \$614,000

Way and Structures: Staff's estimate \$495,360 above that of applicant's. \$165,000 of this amount is excess allowance for track reconstruction.

Equipment: Staff's estimate \$316,920 less than that of applicant's, due to amortization of expense of remodeling 71 cars at approximate cost of \$6,000 each. Staff amortized expense over an 8-year period.

Power: Staff's estimate \$79,710 less than applicant's.

Conducting Transportation: Staff's estimate \$105,630 in excess of applicant's.

Traffic: Staff's estimate \$520 less than applicant's.

General and Miscellaneous: Staff's estimate \$157,760 less than applicant's. Applicant included \$177,000 for rent of equipment leased from the Southern Pacific Company. The staff treated this equipment as owned by the Pacific Electric.

Payroll Increases: Estimate by applicant is \$660,140 in excess of that of the staff. The difference springs from the inclusion by applicant of an anticipated increase of 7 cents per hour for its operating personnel.

(Continued on next page)

In view of the fact that the company is not seeking a return upon the value of its properties devoted to passenger operation, little testimony was introduced in the record dealing with this item. The estimated earning position of applicant, as developed in this proceeding, renders unnecessary the determination of a proper rate base.

One of the features to be determined is the fare structure to be established for the Los Angeles area, consisting of the densely populated section encompassed within a radius of approximately six miles from Seventh Street and Broadway in the downtown section. This area is provided local service by Pacific Electric, the Transit Company, and the joint operating agency of these two carriers, the Coach Lines. The record shows that within this area approximately 70% of the passengers are carried on the lines of the Transit Company, 19% by the Pacific Electric, and 11% by the Coach Lines. All witnesses agreed as to the desirability of having a uniform fare structure in this area with transfer privileges between the various systems. However, there were some different views expressed as to the level of the fare that would be applicable to the respective operations.

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(6) (Continued from preceding page.)

Depreciation Expense - \$276,000

Prior to January 1, 1947, the accounts of the Pacific Electric have been kept in accordance with the Classification of Accounts for Electric Railways, prescribed by the Interstate Commerce Commission and this Commission, which specified annual depreciation allowance on the "unit" basis on such items as rolling equipment, buildings and sub-station equipment. All other properties were accounted for on the "replacement" theory wherein all renewals in kind are charged to operating expense and only additions to plant charged to the investment accounts. On January 1, 1947, the accounting classification was changed whereby depreciation expense is to be charged on the "group" plan on all classes of property, except the items of rail, ties, ballast, and grading. These latter items are still accounted for on the replacement theory.

Applicant's estimate conforms to the new accounting. The estimate of the staff is based on a continuation of 1946 and prior years' practice and makes allowance for a continuation of "replacement" depreciation in the allowance for maintenance expense.

Operating Taxes - \$97,000

This difference is attributable to the taxes associated with payroll and results from the inclusion by applicant of the anticipated 7-cent an hour increase in wages of its operating personnel.

The foregoing differences other than those specifically explained represent differences in judgment and do not rest on variant estimates of mileage, as the estimate of applicant and Commission's staff with regard to this item are in practical agreement.



The City of Los Angeles, through its Board of Public Utilities and Transportation, takes the position that a uniform fare structure should be established in the inner zone of the Pacific Electric Railway Company's operation which would apply to Transit Lines, Motor Coach and Pacific Electric, with free transfer privileges between the three carriers. Such a fare structure would consist of a 10-cent cash fare, 5 tokens for 50¢, and \$1.50 weekly pass. It was the view of the city's witness that if the Pacific Electric local operations were conducted on the same basis as those of the Transit Lines, including one-man car operation on certain lines, the system could be operated at a profit under the same fare structure as that of the Transit Lines. It may be noted that one of the fare structure studies presented by the Commission's staff on Pacific Electric operations is similar to that suggested by the city's witness.

The City of Glendale protested the proposed increase in fares between that city and Los Angeles on the ground that the proposed fare would be discriminatory, particularly when compared with those sought between Hollywood and Los Angeles. The proposed fare between Glendale and Los Angeles is 17 cents as contrasted to an "inner zone" fare of 10 cents between Hollywood and Los Angeles for a comparable distance. Applicant contends that the proposed fare structure on each line is in keeping with the character of service rendered. The evidence does not justify the conclusion that the zone boundary on the Glendale Line should be changed at this time.

This record shows that the passenger revenue now received by the Pacific Electric operations, including its approximate one-half interest in Coach Lines, is not sufficient to defray the expense of providing the service. Furthermore, the estimated revenue under the proposed fare structure will not fully meet the cost of providing the service and leaves the company without any return on the invested capital. It is apparent that from a public transportation standpoint it is desirable to establish a uniform fare structure applicable to all carriers providing local service in Los Angeles. Prevailing conditions as shown in this record must be considered in connection with the consummation of such a plan. Exhibit No. 33 presented by the Commission's staff shows that if one-man street

car operations were conducted in lieu of two-man, on all the local lines of Pacific Electric, which was referred to in the Commission staff's report, it would result in an annual saving of approximately \$800,000. To effect this total operating saving would require some revision in the present freight operations where both freight and passenger service are provided over the same line. The present Railroad Retirement Act applicable to Class I railroads (which includes applicant) provides that employers coming under the provisions of the act are, among other things, required to pay 8.75% tax on the operating payroll as contrasted to 3% that must be paid by other employers. Applying this difference of 5.75% to the operating payroll applicable to the passenger service of Pacific Electric, would reduce its annual operating expenses approximately \$800,000, which would place this company on the same tax basis as the Transit Lines. These two substantial operating expenses have a material effect on the level of the Pacific Electric fare structure when compared with that of the Transit Lines. (7)

Pacific Electric contends that its service is of a higher standard than that of the Transit Lines and therefore justifies a higher level of fares. It was pointed out that the company has made a large investment in tunnel and terminal facilities at the Hill Street station in Los Angeles to provide for high-speed operation out of the business center of the city. These and other facilities, including private right of way, it is contended, permit the rendition of a more expeditious and higher standard of service than obtains on Transit Lines. To this contention we are unable fully to subscribe.

This record shows that under the present fare structure, Pacific Electric is operating at an out-of-pocket loss; the same situation obtains under the fare structure it proposes herein. It is apparent that it is in the public interest to afford this carrier immediate financial relief in order that it might reduce its operating losses and thereby put it in a better position to continue operation and

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(7)

The following statement was made by a representative of the Brotherhood of Trainmen, Transcript, Page 547:

"There is a good healthy spirit of cooperation between labor and management on this property with each side taking an independent stand on matters affecting their separate interests. But I am certain that our membership on this property would vigorously resist the adverse effect of a one-man car operation."

improve its service to the public. It is equally apparent that coincident with an increase in the fares there should be an improved service. Among other things the improved service plan must be based upon operations which are integrated with the future rapid transit system now being developed for the Los Angeles Metropolitan area. At the present time there are a number of freeways under construction or being studied, over or along which rapid transit service is being, or should be, considered. The operation of a mass transportation service should be one of the most important features to be considered in connection with major public improvements of this character.

(8)

We must conclude from this record that the service now provided by Pacific Electric should be materially improved through the acquisition of new equipment, construction of new terminal facilities, the establishment of higher maintenance standards, and revision in the methods of operation. Many of these desired changes are more specifically set forth in Exhibit No. 32, and the order will provide for the compliance therewith. It is realized that many of the necessary service changes await the development of the major freeway plans now under consideration for the Los Angeles Metropolitan area. If Pacific Electric is to retain its position as a major interurban carrier as well as a substantial local one in the Los Angeles area, it must keep abreast of the times by providing adequate and attractive service at the lowest reasonable rates. If this is to be accomplished on an enduring basis, the company must take full advantage of all the developments in the art of transportation, with respect to efficiency and economy of operation. Only through such a policy can it hope to attain an earning position that will

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(8)

The following statement is quoted from Exhibit No. 32, page 150:

"The most important conclusion one can draw is that, unless provision is made for rail rapid transit lines in these freeways where they are needed today, Los Angeles will in all probability never have a rapid transit system. It is estimated that rail rapid transit in a freeway can be provided at approximately 15% to 20% additional to the cost of the freeway alone, while separate rapid transit system, whether on private right of way, elevated structure, or in a subway under city streets, would cost several times this amount. In other words, Los Angeles can today obtain a rapid transit system for a fractional part of what one will cost the City in the future. Any delay or procrastination will be fatal and plans must be made now to build the rapid transit system simultaneously with the freeway system."

sustain the operations on a profitable basis, as contrasted to the present position of operating at a deficit. In keeping with the above declaration, that coincident with an increase in fares there should be effected a material improvement of the service provided the public by Pacific Electric, the Commission will require the company to carry out the program of service improvement substantially along the lines recommended by the Commission's staff in its Exhibit No. 32. To achieve this result the order will provide for a fixed time in which to comply with certain of the forty-three recommendations and require the company to submit plans specifying the method and time in which it will comply with certain others. As to Recommendations Nos. 31 and 32, formal applications covering these matters are now before the Commission. As to the remaining recommendations dealing with freight diversion, purchase of new equipment and one-man car operation, the company should give serious consideration to the execution of this program within a reasonable period of (9) time. Based upon the evidence adduced in these proceedings, we find as a fact:

1. That under the present fare structure the passenger operations of Pacific Electric will not provide sufficient revenue to meet the out-of-pocket cost of providing the service.
2. That while the fare structure proposed by Pacific Electric will not produce sufficient revenue to meet the out-of-pocket cost of providing the service, it will permit a material reduction of the operating losses now being sustained.
3. That reducing the present 10¢ minimum fare on the Coach Lines through the addition of a token fare, to be sold for an amount less than 10¢, would have the effect of materially increasing the operating losses on Pacific Electric passenger operations.
4. That while the fare structure proposed by Pacific Electric will not provide the most desirable transfer arrangement in the Los Angeles area, it will, however, offer the riding public a greater flexibility of transfer privileges than obtains under the present arrangement.
5. That the passenger fares and charges proposed by Pacific Electric have been justified on this record.
6. That coincident with a fare increase on the lines of the Pacific Electric, service improvements should be made essentially along the lines recommended by the Commission staff in its Exhibit No. 32.
7. That the proceedings as to service matters should be held open subject to further consideration by the Commission.

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(9)

The specific recommendations referred to are Nos. 8 with respect to diversion of traffic to Southern Pacific, 15, 16, 17, 18, 19 and 22. (Exhibit No. 32, appendix A attached)

**ORDER**

Public hearings having been held in the above-entitled case and application, and based upon the evidence received and upon the conclusions set forth,

IT IS HEREBY ORDERED that Pacific Electric Railway Company be, and it is hereby, authorized to increase on not less than one (1) day's notice to the Commission and the public, certain of its passenger rates, fares, tolls, rentals, and charges for the transportation of passengers, newspapers, and minimum express charges, as set forth in Exhibit "B" of its final supplemental application and as amended by Exhibits Nos. 29 and 30.

IT IS HEREBY FURTHER ORDERED that Los Angeles Transit Lines and the Pacific Electric Railway Company be, and they hereby, are authorized to increase on not less than one (1) day's notice to the Commission and the public, certain of the passenger fares, tolls, rentals, and charges for the transportation of passengers on the lines of the Los Angeles Motor Coach Lines, as set forth in Exhibit "D" of its second supplemental application, and as amended by Exhibit No. 29.

IT IS HEREBY FURTHER ORDERED that Pacific Electric Railway Company be, and it is hereby, ordered to comply with the terms of certain of the recommendations as set forth in Exhibit No. 32 and attached hereto as Appendix "A", in the following manner:

1. The company shall commence the improvements encompassed in the following recommendations immediately and proceed to completion thereof, with dispatch, the final completion date to be within the time limit shown for the respective recommendations as follows:

<u>Recommendation Number from Ex. 32, Appendix "A"</u>	<u>Time Limit for the Completion from the Effective Date of the Order</u>
1 to 7, inclusive, 20, 21 and 35	60 days
23, 34, (with respect to Whittier), and 43	90 days
8 (exclusive of diversion to S.P.), 14 (with respect to Sierra Madre), 28 and 37 (with respect to installing automatic bus washer at Macy St. garage)	180 days
10, 12, 30 and 38	1 year
9, 11 (except possible deviations from G. C. No. 75-B), 14 (except Sierra Madre), 26 and 27	2 years

The company shall submit to this Commission statements showing the status of the compliance with the above recommendations at ninety-day intervals from the effective date of this order.

2. The company shall report to the Commission as to its plan of compliance with the following recommendations, showing both method and estimated time of completion in accordance with the time limit shown for the respective recommendations as follows:

<u>Recommendation Number from Exhibit No. 32, Appendix "A"</u>	<u>Time Limit for the Filing of Reports from the Effective Date of this Order</u>
13, 36, 37 (except that portion dealing with bus washer at Macy St. garage), 39, 40, 41 and 42	60 days
33 and 34 (with respect to Pasadena)	90 days
24, 25 and 29	6 months

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall be void unless the changes in fares and charges authorized in this order are published, filed, and made effective within sixty (60) days from the effective date hereof.

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

The effective date of this order shall be January 30, 1948.

Dated at San Francisco, California, January 19, 1948.

R. E. [Signature]  
Julius F. Greener  
Harold P. Kula  
[Signature]

COMMISSIONERS

APPENDIX "A" FROM EXHIBIT 32

RECOMMENDATIONS OF COMMISSION'S ENGINEERS

Predicated upon the findings and conclusions developed in the preceding chapters, the following recommendations are offered:

1. Invest the management of the Pacific Electric Railway Company with sufficient authority to permit it to exercise its independent judgment in all matters pertaining to both passenger and freight service.

2. More consideration should be given to the institution of modern techniques and the development of a program designed to encourage the employment of young, trained men in offices of responsibility.

3. Establish a schedule department with sufficient personnel to collect and properly analyze all data necessary for adjusting schedules in conformance with actual traffic demands.

4. Establish an extensive and efficient program of supervision of operations and service, particularly in regard to on-time performance and elimination of delays.

5. Institute an educational program for bus operators and trainmen in order to reduce the number of accidents.

6. Operate additional rail and motor coach service where necessary to conform with loading standards specified in Chapter IV.

7. Establish express service between centers of population and Los Angeles, on both rail and motor coach lines during morning and afternoon traffic peaks wherever such operations can be economically justified.

8. Eliminate delays to passenger trains caused by freight operations through diversion of freight traffic to lines of Southern Pacific Company or other carriers, and restricting the remaining freight operations to those hours when conflict with passenger operations will be at an absolute minimum.

9. Wherever possible, eliminate existing speed restrictions at highway and street grade crossings through a program of closing the crossings, separating the grades or the installation of adequate protective devices such as automatic gates. This recommendation is intended only to cover those portions of the system where the tracks are on private right of way and will necessitate the full co-operation of the political subdivision through which the track passes.

10. Relocate, wherever possible, all passenger landings along tracks in private right of way at highway crossings to the far side of said crossings.

11. Install proper control circuits at all existing grade crossings presently protected with warning signals so that such warning devices will remain in continuous operation from the time the train approaches the crossing until the last car in the train has passed over said crossing. Also, there should be no further exemption to the provisions of the Commission's General Order No. 75-B in any future grade crossing signal installations. The betterment resulting from this recommendation should be charged to a subaccount to Account 517 - Signals and Interlockers - Freight, and the amortization of such betterment charged in its entirety to freight operations.

12. Install electrically-operated switches at Arden Junction, Sunset Boulevard and Park Avenue, Hollywood Junction, Santa Monica Boulevard and Highland Avenue, Crescent Junction, Ninth and San Pedro Streets, and Aliso and San Pedro Streets.

13. Place in effect the plan of operations of rail and motor coach service to and from the Sixth and Main Street terminal, Los Angeles, substantially in accordance with the plan outlined in Chapter IX of this report.

14. Place in effect the proposed power improvement program and also take steps to correct the power situation on the Sierra Madre and Glendale-Burbank Lines.

15. Establish one-man car operation with cars of suitable design on the Subway-Santa Monica Boulevard, Subway-Hollywood Boulevard, Hill Street-Hollywood Boulevard, San Vicente Boulevard, Glendale-Burbank and Venice Short Lines.

16. Assign ground loaders in sufficient numbers at points of heavy traffic concentration to assist the one-man car operators in loading passengers at such points.

17. Place an immediate order for a minimum of 50 new passenger rail cars of the PCC type, equipped for and to be operated on lines recommended for one-man car operation.

18. Convert a minimum of 80 of the 600 and 700-class rail cars for operation on the lines recommended for one-man car operation.

19. Abandon all wooden-bodied passenger rail cars as rapidly as the aforementioned new rail cars are received and substitute therefor cars of other classes substantially in accordance with the suggested equipment assignments set forth in Table No. 6-A.

20. Establish a program designed to replace presently-operated 1100, 1200, 1300, 300 (4500), 400 and 450 (4600) and 4700-class rail cars with equipment of modern design, such replacements to be made upon expiration of the estimated service lives of the various classes as set forth in Table No. 12-A.

21. Discontinue the practice of carrying lighted kerosene lanterns in passenger rail cars and substitute therefor electric lanterns.

22. Abandon box motor operations and substitute therefor operations by motor truck.

23. Make a detailed study of the system looking toward the elimination of certain obviously unnecessary "safety stops" at signalized street intersections, junction points, etc.

24. Carry out a program of track rehabilitation substantially in accordance with that set forth in Table No. 14.

25. Construct two additional tracks between Echandia Junction and Indian Village in order to relieve congestion of train operation between those points. Also between Echandia Junction and Macy Street return the former inbound local track to passenger service and rearrange track layouts at Echandia Junction and Macy Street so that interurban trains operating through this section may use the two inside tracks and local cars the outside tracks.

26. Construct a second track on the Van Nuys Line between Los Nogales and North Sherman Way, except for that portion of the line in the vicinity of North Hollywood Station and at the four bridges over the Los Angeles River and Tujunga Wash. Also install block signals to protect these single-track sections. Install trailing spring switches in the direction of traffic at the approaches to the several bridges.



27. Install centralized train control (C.T.C.) on the Santa Ana Line with a maximum distance between sidings of two miles. This would involve the installation of two additional 2000-foot sidings and the extension of five existing sidings and would provide approximately 85% of the capacity of a double-track line. Block signals may be substituted for C.T.C. control in this recommendation if a reasonably expeditious service can be provided as a result of such installation.

28. Reverse the lead track into the Burbank Station and construct a second track in Glenoaks Boulevard between the Burbank Station and Providencia. Also remove track in Glenoaks Boulevard between said Burbank Station lead track and Cypress Avenue.

29. Construct a second track on the Glendale-Burbank Line between Arden Junction and Providencia.

30. Construct rail storage facilities west of Brand Boulevard on the Glendale-Burbank Line and discontinue storage of cars on Brand Boulevard at North Glendale.

31. Substitute a shuttle motor coach service for rail service between Sierra Madre and San Marino during periods of off-peak travel, transferring passengers from and to cars of the Monrovia-Glendora Line.

32. Substitute motor coach service for rail service on the Long Beach-San Pedro Line after 6:00 P.M. on weekdays and all day on Sundays.

33. Abandon the Arrowhead Springs freight line in and in the vicinity of the city of San Bernardino.

34. Construct off-street motor coach terminal facilities at Pasadena and Whittier so as to eliminate the standing of buses on the city streets.

35. Improve the standards of cleanliness in the waiting stations and rest rooms.

36. Enlarge and rearrange the car shop facilities at Macy Street for more efficient use.

37. Enlarge and rearrange motor coach garage facilities at Macy Street and install an automatic bus washer.

38. Construct a suitable bus garage at Ocean Park.

39. Provide facilities at or in the vicinity of Van Nuys for storage and servicing of motor coach equipment used in San Fernando Valley service, thereby eliminating unnecessary deadhead mileage to and from West Hollywood.

40. Exert every effort to insure that rail facilities are provided in the East Bypass so as to provide congestion-free entrance to and exit from the Sixth and Main Street Station for Pacific Electric trains from and to Pasadena, Glendora, El Monte, Long Beach, San Pedro and Santa Ana.

41. Institute a sincere and concentrated effort to have rail facilities provided on the Hollywood Freeway, thus connecting the Cahuenga Freeway and San Fernando Valley with a rail rapid transit line to downtown Los Angeles.

42. If efforts to provide rail facilities on the Hollywood Freeway prove unsuccessful, then the alternate rail route to the Cahuenga Freeway and San Fernando Valley via the Santa Monica and Crenshaw Freeways should be provided.

43. Advise the Commission in complete detail as to future plans for passenger operation, including a statement each 90 days as to progress on plans for providing service (either rail or coach) in the freeways when completed.

APPENDIX "B" FROM EXHIBIT 34

SUMMARY OF PACIFIC ELECTRIC RAILWAY COMPANY'S POSITION  
WITH RESPECT TO RECOMMENDATIONS CONTAINED IN EXHIBIT 32.

1. Management of Pacific Electric Railway Company now has all of the authority customarily granted by Boards of Directors of transportation companies.
2. This is being done and will be continued.
3. Every reasonable improvement in functions of Schedule Bureau will be made.
4. Effectiveness of supervision will be improved in every manner possible.
5. Company already has an extensive program of this kind. Program will be augmented in every possible way to accomplish desired result.
6. Company is agreeable to establishing reasonable load standards, however is not in accord in all cases with standards suggested.
7. This is being done and policy will be continued.
8. Company concurs that delays to passenger trains caused by freight operations should be eliminated to every reasonable extent and will do everything reasonably possible to that end. Helpful actions have already been taken in the matter resulting in considerable improvement.
9. Company concurs in objectives of this recommendation.
10. Company concurs in this as a general policy when possible and practicable.
11. Will be undertaken on a progressive basis following complete study to be made.
12. Will be complied with, with the exception of intersection at Aliso and San Pedro Streets and Ninth and San Pedro Streets, these streets being dependent on conclusions reached as to service changes on Watts-Sierra Vista Line.
13. In connection with improvement of rail terminal Company has submitted plan which it feels will tie in more economically with ultimate plan of connecting with rail line on East Bypass.  
In the matter of motor coach terminal, Company has submitted a complete ultimate plan for motor coach operation which will properly work into operation on East Bypass when latter is completed, parts of which plan can be constructed and placed in operation in the meantime as necessity requires.  
For the time being, Company feels that operations should be continued on Main Street where conditions will be very much improved by the elimination of Pasadena trains, effective October 5, 1947, and the proposed elimination of Watts-Sierra Vista local service. Terminal is planned so that operations can be switched to San Pedro Street whenever it is found desirable to do this.
14. Company will install feeder line between Arcadia and Sierra Madre to correct power situation on Sierra Madre Line.  
Company feels that power on Glendale-Burbank Line is satisfactory.
- 15 - 16 - 17 - 18. Company feels that these matters are not susceptible of intelligent decision for long range program covering a large investment until the future of the construction of rail rapid transit facilities is definitely determined, because of the fact that if rail rapid transit service is to be operated an entirely different type of equipment will be required.

A competent representative committee of all interests in the City of Los Angeles is now actively considering the practicability as well as the possibility of financing rail rapid transit lines. It is expected that this study will be completed within six months. During this six month period Pacific Electric will exhaustively study the situation for improvement in service in its Western District operations on the basis both that rail rapid transit lines will not be constructed and also on the basis that same will be constructed, and submit to the Commission promptly when this matter is determined a plan for present and future operation of its Western District service.

19. Company is in accord with abandonment of wooden bodied passenger rail cars as quickly as possible. Studies referred to under Company's comments of this Recommendation will contemplate the abandonment of all wooden bodied passenger rail cars at earliest practicable date.

20. Company is generally in agreement but program is dependent on East By-Pass and other factors.

21. Will be complied with. Already started.

22. Decision in this matter requires a complete study be made which will require additional time. Study is in progress and position of the Company will be made known to the Commission as quickly as possible.

23. Suggested studies will be made.

24. Company concurs subject to possible changes as result of rail rapid transit study now in progress and other unforeseen factors.

25. Company is now studying plans for possible substitution of motor coaches for present rail service between Sierra Vista and Slauson Junction, to be submitted to the Commission in regular manner, which will obviate the necessity for construction of additional tracks between Echandia Junction and Indian Village.

26. Second track is to be constructed between Van Nuys and North Sherman Way. Company feels that a second track between North Hollywood and Van Nuys is not necessary, unless and until rail rapid transit line, now under study, is constructed. In the meantime Company plans to install additional siding and automatic block signals covering operations between North Hollywood and Van Nuys.

Suggestion for trailing spring switches in the direction of traffic at approaches to bridges, etc., will be complied with.

27. Company plans to install automatic block signals in a manner which will render reasonably expeditious service.

28. Company is now working out details with the City of Burbank which will comply with this recommendation.

29. Company is of the opinion that service is now being conducted in a satisfactory manner under present single track, which is handled by automatic block signals. It feels also that construction of double track from Providencia Street to Burbank, which will materially lessen present amount of single track, will further help in the situation. On this account, Company feels the investment of approximately \$175,000 in second track at this time is not justified, and feels that consideration of construction of second track should be deferred.

30. Company is ready to proceed in compliance with this recommendation and is awaiting on City of Glendale in the matter of zoning covering location of proposed storage facilities.

31. Authority will be requested to make this service change.

32. Will be complied with.

33. This is entirely a freight matter. Company does not concur and advises that Arrowhead Water Company is not agreeable to piping water to San Bernardino, due to necessity of wasting water stored in pipe line each time loading of cars is performed.

34. Company plans construction of station on property secured for that purpose at Whittier.

Company is investigating matter of facilities at Pasadena. In the meantime, will eliminate standing of motor coaches on city streets at layover point if requested by City of Pasadena.

35. Every possible attempt will be made to comply.

36. Company feels that car shop facilities at Macy Street are not inefficient and are adequate for present rail service. Company's study indicates that with construction and operation of East Bypass additional facilities can more economically be provided on Southern District and plans accordingly, which will reduce the extent of operations at Macy Street.

37. In connection with contemplated motor coach terminal facilities at 6th and Main Street, Company plans extensive servicing and washing facilities, confining Macy Street to heavy repairs. However, plans contemplate bus washer at Macy Street.

38. Company concurs that motor coach garage at Ocean Park is inadequate, but cannot intelligently plan for new facilities until the extent of future use of facilities can be determined. This will be determined with completion of study previously referred to of rail rapid transit service, at which time suitable motor coach facilities will be provided.

39. Necessary facilities will be provided when needed.

40. Company concurs in this recommendation.

41. Rail rapid transit facilities in Hollywood Parkway has been determined impracticable.

42. Company concurs in this recommendation.

43. Company willing to comply.

APPENDIX "C"

C. W. CORNELL and E. D. YEOMANS, for Applicant.  
GIBSON, DUDY & CRUTCHER, by Max F. Utt and F. H. Prince, for  
Los Angeles Transit Lines.  
K. C. BEAN, Chief Engineer and General Manager, and T. M. CHUBB,  
Assistant Engineer. Board of Public Utilities & Transportation,  
City of Los Angeles.  
ROGER ARNERBERG, Assistant City Attorney, for City of Los Angeles.  
HENRY McCLERHAN, City Attorney and JOHN H. LAUTEN, Assistant City  
Attorney, for City of Glendale.  
ARCHIE L. WALTERS, City Attorney, and GEORGE W. IRVING, Assistant  
City Attorney, for City of Burbank.  
LOREN W. JAST, Consulting Engineer, for Cities of Glendale and Burbank.  
S. McILLIAN, for City of Venice.  
CLYDE MOONWORTH, for City of Inglewood.  
THOMAS A. REYNOLDS, City Attorney, for City of Sierra Madre.  
K. R. BIRGE, for H. B. Noble, City Attorney, City of Pasadena.  
RONALD SORPSON, City Attorney, for City of Santa Monica.  
THEO. V. BESMEY, for California Progressives and Municipal League  
of Los Angeles.  
P. E. LESTER, President, and CLARA McDONALD, Secy., and  
JOY A. WYMAN, for Peoples Lobby of Los Angeles.  
E. W. WILKINS and P. R. JOSFILL, for Brotherhood of Railway  
Trainmen and Service Employees of Pacific Electric Railway.  
MRS. EDITH L. MARVIN, for Park Row Improvement Association and  
Los Angeles Pioneers.  
ALFRED L. PARKER, for Utility Workers of America and Industrial  
Union Council.  
WILLIAM GREGAN, for Transport Workers Union of America.