

- B. Amendments of certain provisions and the extension of time in which to comply with other provisions of Decision No. 41152, dated January 19, 1948, in Application No. 27466 and Case No. 4843. (2)

Public hearings on a joint record were held in these proceedings at Los Angeles, October 13 and 21, 1948. On the latter date they were taken under submission and are now ready for decision.

The Commission has heretofore issued a number of orders extending the time within which to comply with the provisions of items "A" and "C" of Decision No. 33088. The last one provides for compliance on or before ^{December} ~~November~~ 15, 1948. The company now seeks an extension of time until August 15, 1949 to comply with the provisions of item "C" and until November 15, 1950 with those of item "A". The record shows that while all wooden cars have been removed from service on lines of the Northern District, some are still in service on the Long Beach-San Pedro Line, Venice Short Line, Santa Monica Air Line and Glendale-Burbank Line. Subsequent to the time the issues involved herein were heard the company has been authorized to substitute motor coaches for rail operation on its Long Beach-San Pedro Line. Witnesses for the applicant testified that studies have now advanced to a point where the management has determined to seek authority to substitute motor coach for rail operation on the Venice Short Line. The company takes the position that with the substitution of motor coach for rail operation on these two lines, sufficient steel equipment will be available to permit the discontinuance of the use of all wooden cars in regular service and thereafter restrict their use to certain lines for special service.

(2) These provisions deal primarily with passenger service matters.

The company's witnesses also testified that these studies indicate that motor coach service should be substituted for rail operation on a number of other lines and that in certain instances passenger rail operation should be discontinued without providing any substitute service.

As to the 13 Class 1650 motor coaches that have been fully depreciated and ordered retired from regular service, we conclude that if, as is contended by the company, these units are used in peak hour service and for unforeseeable emergencies, only, no justified public objection can be raised to continuing this equipment in service until November 15, 1950, as requested; provided, however, that their use is restricted as stated.

In arriving at the above conclusion we desire to make it clear that the finding goes only to those thirteen coaches for which exemption is specifically asked and should not be construed as applicable to any other equipment.

By said Decision No. 41152, Pacific Electric Railway was authorized to increase its fares and, coincident therewith, was ordered to comply with the provisions of certain recommendations set forth in the Commission's engineers' report, identified in the record as Exhibit No. 32. Applicant now seeks:

- A. An extension of time until July 1, 1949 within which to comply with the provisions of certain of these items. (3)

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- (3) Items taken from Exhibit No. 32 shown therein as recommendations:
- 20 - (Equipment replacement program)
 - 43 - (Future plan 90-day reports)
 - 14 - (Power Sierra Madre and Glendale-Burbank Lines)
 - 28 - (Track rearrangement Burbank)
 - 12 - (Electric switches)
 - 13 - (Main Street terminal)
 - 36 - (Enlarge car shop Macy Street)
 - 37 - (Enlarge bus stop at Macy Street and install bus washer)
 - 39 - (Construct bus facilities at Van Nuys)
 - 24 - (Track rehabilitation)
 - 25 - (Additional track - Echandia Junction)

- B. Reconsideration and modification of the terms of item No. 6 which refers to loading standards.
- C. Reconsideration and revocation of items Nos. 29 and 33 dealing with the double tracking of the Glendale-Burbank Line and the discontinuance of the Arrowhead Springs freight line through the City of San Bernardino, respectively.

The above items or recommendations have to do with the service rendered by Pacific Electric and at the same time have a bearing on the over-all earning position of the company. The company takes no issue with the contention of the Commission's staff that substantial improvement of the passenger service as a whole would result if these recommendations were carried into effect without further delay, but maintains that its financial condition is such that it is not in a position to make the capital expenditures necessary to effectuate the changes within the allotted time. Considerable evidence was offered by the applicant in support of its claims as to its present financial difficulty. A witness for the company testified:

"that it would require a 46.0 per cent increase in operating revenue on the interurban rail lines to reach the break-even point, with no profit involved (and) on the local lines an increase in revenue of 15.3 per cent would be required to break even."

The company has engaged the services of a consulting engineer to make a comprehensive study dealing with the operations of the entire property. Portions of the study have been concluded and the record shows that the entire study will be completed within 90 days after October 21, 1948. The company has assured the Commission that upon the completion of the study it will determine its future plans of providing public transportation within a reasonably short period of time.

The Commission's records show that over a period of years the company has been directed to improve its service with the attending good prospect of an improved earning position and in response thereto, we have been advised that "the matter is being studied." It now appears that for the first time, comprehensive studies are under way and that some concrete results will ensue. It is apparent that the company cannot continue to occupy the transportation field unless drastic changes are made in its policies and methods of operation. This is not only borne out by the statement of the president that "we do not propose to subsidize the public by further continuing financial losses," but also from the public's attitude demanding modern and adequate service at the lowest reasonable fares.

In the light of the promise made by applicant to come forward in the near future with some concrete proposals for improvement in service which will encompass compliance with the provisions of the Commission's orders under consideration, for which an extension of time is sought, there appears to be justification for a reasonable extension of time in which to comply with these provisions.

With respect to that portion of the Commission's order of said Decision No. 41152, dealing with the matter of abandoning applicant's Arrowhead Springs Line, operating through the City of San Bernardino, representatives of the city testified that this operation was objectionable from the city's standpoint in that it passed through high class residential and business areas and caused traffic interferences and created undue disturbance to residents adjacent to the line. Mention was also made of three derailments which caused traffic congestion and hazard to highway traffic. The city proposed that the water be transported from the reservoir to a

rail head point through a pipe line instead of having it moved in tank cars through the city, or that another rail connection could be made which would not involve passing through the main part of the city.

The company stated that it was operating under a franchise granted by the city and that it has taken steps to correct the cause of derailments referred to by the city witnesses. As for utilizing another method of transporting the water from the reservoir to a rail head point which would eliminate its transportation in rail cars through the city, the company witness stated that in addition to involving an investment of approximately \$85,000, such a plan of operation would require the draining of the pipe line after each service, which would entail a substantial waste of water, and furthermore, such a plan was not acceptable to the shipper. The company pointed out that these water shipments were transported in special rail equipment and delivered to many points on its lines, also that some shipments were turned over to connecting carriers for delivery. As for turning the business over to another rail carrier, the company objected on the ground that this is a profitable operation and the company could ill afford to lose this net revenue.

It is well-established law that abandonment of a rail line of this character requires approval of the Interstate Commerce Commission, since the company is an interstate carrier. The company was not directed in said Decision No. 41152 to abandon this line, but to submit what plans it had to carry out the recommendations of the Commission's engineers that operation over this line be discontinued. In the light of the present record the Commission will accept the company's showing as compliance with the terms of the order dealing with item No. 33.

One of the provisions of the Commission's order of Decision No. 41152 requires Pacific Electric Railway to report within six months from the effective date of the order as to its plan of compliance with the specified recommendations, showing both method and estimated time of completion of the work involved. One of these recommendations (No. 24) prescribes a track rehabilitation program. Included in this program is that section of the company's track through the City of South Pasadena along Huntington Drive.

Considerable testimony was offered through witnesses called by the City of South Pasadena as to certain objectionable features from their personal and alleged public interest, incident to freight operations along Huntington Drive. Both passenger and freight operations have been conducted over this section of track without a franchise from the city since the latter part of 1947. For the most part the objections were directed to the alleged failure on the part of the company to maintain its tracks to a reasonable standard through the city, thus causing excessive noise and vibration to adjacent buildings, and creating a dust nuisance through a densely populated residential and semi-business area. It was also contended that property values along Huntington Drive have been adversely affected as a result of the objectionable features incident to freight operations through this area.

The record shows that at the present time the city and company are negotiating a temporary franchise with particular reference to freight operations until such time as the Pacific Electric is able to build a connection between its Monrovia and San Bernardino Lines. It appears that such construction is planned for completion within the relatively near future, with five years as an outside limit. If and when this connection is built, it will permit the discontinuance of the freight operations complained of along Huntington Drive.

Pending agreement between the parties as to the terms of the temporary franchise, the Commission is asked to require the Pacific Electric to confine its freight operations to daylight hours, to impose speed restrictions, and improve the standard of maintenance.

Under date of November 1, 1948, the company advised that immediate steps were being taken to oil the sections of the right of way through South Pasadena for the purpose of eliminating the dust nuisance and that it is the intention of the company to improve the standard of maintenance on this section of track immediately. The Commission was also assured that the company was

" . . . actively engaged in the acquisition of right of way to the end of accomplishing as early as possible a connection between what is known as our Reliance Line to the Glendora Line in the vicinity of Azusa so all freight operations can be handled via San Bernardino-Baldwin Park Line, thence Glendora Line . . ."

It appears that, in the light of the company's report as to the question of track maintenance through South Pasadena as well as train operation over this section of track, these are matters which should be considered in connection with the over-all program of Pacific Electric Railway Company's future operations.

The only remaining item which requires disposition in this order is that dealing with the request that the loading standards as prescribed by the Commission, in conformity with the provision of Recommendation No. 6, be revised so as to be less restrictive and permit the carrying of standing passengers on all lines. It is the company's position that to comply with the prescribed loading standards will add an undue burden to the company's operating expenses. It is alleged that to date 25 new

motor coaches have been purchased at a cost of \$437,500, in order to comply with these loading standards. The company contends that if it is permitted to operate under its proposed loading standards it would have the effect of improving the company's earning position for both rail and motor coach operation in the amount of \$597,000 annually. The Commission's engineers recommended service on a basis of a seat per passenger on all the interurban and longer suburban lines; whereas the company recommended service on a basis of 150% of the seating capacity on all lines during periods of peak travel. In considering this request we recognize that peak hour service involves assembling equipment and crews for a short period of time, with the attending heavy expense. It appears from this record, however, that a substantial portion of the added expense made necessary to meet this peak demand on a basis of a seat per passenger could be reduced through proper scheduling and the institution of short turn-around operation on many of the lines. This conclusion is supported by charts which were submitted by company witnesses. We cannot concur in the opinion of a company witness that the earning position rather than the comfort and convenience of the passengers is of paramount importance in determining loading standards. The difference of opinion between company witnesses and those of the Commission's staff, with respect to loading standards, exists on the interurban and suburban lines, only, as there is no substantial difference in the loading standards recommended by these engineers for local service. Attention is called to the fact that patrons are normally required to pay higher fares on interurban and suburban lines than is the case with local operation, and, therefore, are entitled to a preferential type of service. We conclude that nothing has been presented in this record that would justify the conclusion that the loading standards as set forth in

Exhibit No. 32 for the longer suburban lines and interurban service should be modified at this time. Our conclusion in this matter is further supported by the fact that, of the 408 coaches available for service as of October 5, 1948, only a small number are equipped with usable rear exit doors so as to permit circulating loads. Many of the coaches have rear exit doors but the step wells have been floored over and the doors are not in service. Furthermore, 75 of the units are designed for interurban or intercity operations with narrow, depressed aisles in which two passengers cannot readily pass. These latter units have no rear exit doors.

A careful review of this record impels the conclusion that the company should be granted further time in which to comply with the provisions of the Commission's orders involved herein. This conclusion is based primarily upon the fact that the company is now making a comprehensive study of its operations looking toward an improvement in service and has committed itself to present to the Commission its revised plan of operations as soon as the study is completed and the results can be analyzed by the management. The Commission is not disposed, however, to grant as long an extension of time for compliance with the various provisions of the order as is requested. On the other hand, it will limit this extension to what is conceived to be a reasonable length of time to conclude the determination of the many operating problems which have been under consideration for a number of years. The company has signified that the comprehensive study will be completed within 90 days from the date of submission of the record. It appears that 30 days thereafter should allow the company sufficient time to present to the Commission its conclusions in the various matters involved. On or before that time the Commission will expect the company to file any necessary applications as to how the various items should be finally determined. The Commission will then take such action as appears appropriate.

On this record we find that:

1. The time within which to comply with the provisions of item "A" of paragraph VII of the order in Decision No. 33088 should be conditionally extended to November 15, 1950.
2. The company's report in connection with compliance with item No. 33 of Decision No. 41152 has satisfied the requirements of the order.
3. The company's request to revise the prescribed loading standards applicable to the interurban and suburban service does not justify modification. ~~at this time.~~
4. An extension of time in which to comply with the terms of the various other items involved herein has been justified to March 1, 1949.
5. In all other respects the application should be denied.

The following order will so provide.

O R D E R

Public hearings having been held in the above-entitled proceedings and, based upon the evidence received and the findings set forth,

IT IS HEREBY ORDERED:

- I - That Pacific Electric Railway Company is authorized to continue in operation the 13 motor coaches referred to as item "A" of paragraph VII of the order in Decision No. 33088 until November 15, 1950; provided the use of this equipment is restricted to peak hour service and emergency requirements.
- II - That Pacific Electric Railway Company's report as to Recommendation No. 33 of Decision No. 41152 has satisfied the requirement of this order.
- III - That Pacific Electric Railway Company is granted an extension of time until March 1, 1949 in which to comply with the provisions of the following recommendations, as set forth in Decision No. 41152; Nos. 20, 43, 14, 28, 12, 13, 36, 37 (exclusive of bus washer at Macy Street), 39, 24, 25, and 29. Also item "C" of paragraph VII of the order in Decision No. 33088.

IV - That in all other respects the applications involved herein are denied.

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

Dated at San Francisco, California, this 14th day of December, 1948.

R. E. [Signature]
Justice J. [Signature]

Harold P. [Signature]

[Signature]
Commissioners

APPENDIX "A"

Additional Appearances

A. S. Hewitt, appearing for the Herald and Express.
Clyde Woodworth, City Attorney, for the City of Manhattan Beach.
Dailey S. Stafford, City Attorney, for the City of Covina.
Arlo E. Rickett, City Attorney, Pomona.
H. R. Griffin, City Attorney, City of San Bernardino.
Robert A. Michalski, Deputy City Attorney, Pasadena.
B. E. Gigas, City Attorney, South Pasadena.
J. R. Roark, City of Glendale.
Joseph Mellen, Planning Chairman, City of Glendale.
Stanley M. Lanham and D. D. Canning, interested parties.
Donald E. Dunbar, Assistant City Attorney, City of Compton.
Joy A. Winans, for the Peoples Lobby of California.
George S. Dennison, City Attorney, City of Newport Beach.
Thomas A. Reynolds, for City of Sierra Madre.