

Decision No. 46473**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of Key System Transit Lines, a)
corporation, for authority to amend)
its equipment lease with Railway) Application No. 32781
Equipment & Realty Company, Ltd.,)
by eliminating therefrom twenty-five)
(25) articulated 132-passenger)
rail units.)

Donahue, Richards, Rowell & Gallagher, by George E. Thomas, for Key System Transit Lines, applicant; John W. Collier, City Attorney, and Loren W. East, Public Utility Engineer, City of Oakland; Fred C. Hutchinson, City Attorney, and Robert T. Anderson, Assistant City Attorney, City of Berkeley; Mrs. Kathie Zahn, in propria persona; T. A. Hopkins, Public Utilities Commission; interested parties.

O P I N I O N

Applicant herein requests authority to amend an existing lease agreement with the Railway Equipment & Realty Company, Ltd., so as to eliminate from the lease twenty-five articulated 132-passenger rail units. Under this agreement applicant presently leases a total of 88 articulated units, and it is alleged that due to decreased traffic the maximum peak requirement now is only 57 units, leaving a surplus, including spare equipment, of 31 articulated units.

A public hearing was held in San Francisco on Friday, November 2, 1951, before Commissioner Potter and Examiner Syphers, at which time evidence was adduced and the matter submitted.

At the hearing testimony was presented by applicant showing the trend as to passengers carried during the last five years. Exhibit No. 1 shows the general trend toward the decreasing use of electric surface railway track in the United States, and also the increase of motor bus mileage. Exhibit No. 3 is a study of the trends on the Key System Transit Lines, and indicates that on this specific line the demand for rail service is decreasing and the demand for motor coach service increasing so far as its trans-bay operations are concerned. The following table, derived from Exhibit No. 3, shows this trend:

<u>RAIL LINES</u>				
<u>Date</u>	<u>Time</u>	<u>Passengers</u>	<u>Seats</u>	<u>% Ratio Passengers to Seats</u>
May 1946 ¹	A.M. Peak ³	12,720	12,012	106%
May 1946	P.M. Peak ⁴	12,578	10,296	122%
Sept. 1951 ²	A.M. Peak	6,893	8,316	83%
Sept. 1951	P.M. Peak	7,522	8,448	89%
<u>BUS LINES</u>				
May 1946	A.M. Peak	20,201	17,866	113%
May 1946	P.M. Peak	19,745	15,304	129%
Sept. 1951	A.M. Peak	13,604	16,062	85%
Sept. 1951	P.M. Peak	14,719	16,041	92%

- 1 - Average daily travel during period May 6 to 10, 1946.
 2 - Average daily travel during period Sept. 17 to 21, 1951.
 3 - A.M. Peak, 7:00 A.M. to 8:30 A.M.
 4 - P.M. Peak, 4:30 P.M. to 6:00 P.M.

Exhibit No. 3 further shows that for 1951 the rail articulated units scheduled amount to 57, and that the excess of available seats over passenger demand in the peak periods is

achieved with these 57 units. Accordingly, applicant contends that the sale of 25 articulated units will still leave the company with 63 units which can well meet the present peak requirement of 57 and include a surplus of six.

Figures as to passenger travel over the trans-bay bridge were submitted, and these show a decrease in total passengers carried per month ranging from 45.90% in January to 51.73% in September 1951, as compared with the corresponding months in 1946.

Applicant presented further testimony to the effect that there now exists a possibility of selling 25 of these units for an average price of \$30,000 a piece. Exhibit No. 2 shows the net depreciated value for each of these units to be \$23,319.81.

The staff of the Public Utilities Commission presented a study, contained in Exhibit No. 5, which generally confirms the downward trend of traffic as shown by applicant's exhibits, and likewise presented figures as to the depreciated value of 25 articulated units. The total net depreciated value, as of December 31, 1951, of 25 units, as shown by the testimony of the Commission's staff, amounted to \$574,632, as compared to the net depreciated value, as of September 30, 1951, as shown by applicant's Exhibit No. 2, in the amount of \$582,995.25.

While there were appearances for the Cities of Oakland and Berkeley, they were entered as interested parties. They participated in the examination of company and staff witnesses but no testimony was presented on their behalf.

The record shows that the present fleet of equipment

with a sufficient number of stand-by units would be sufficient to handle such traffic peaks as developed during World War II. Furthermore, the company possesses a considerably larger fleet of trans-bay motor coaches as potential support for trans-bay operations. However, in view of the present world crisis and in face of the fact that these units could not be replaced, we are of the opinion that the applicant should retain 10 spare units. After considering all of the evidence in this matter, we hereby find that existing passenger demands in the trans-bay service of the Key System can be met with the present number of scheduled articulated units, including stand-by units, and, accordingly, that 21 of the 25 units proposed to be sold are not now needed, and will not be needed in the foreseeable future, in conducting these operations. However, this record does disclose that the remaining 67 units are needed in conducting this operation, and applicant will be expected to retain 67 of those units which are in the best operating condition and to operate them to the fullest extent required by the public interest. The application will be approved.

ORDER

Application as above entitled having been filed, a public hearing having been held thereon, the Commission being fully advised in the premises and hereby finding it to be not adverse to the public interest,

IT IS ORDERED:

(1) That Key System Transit Lines be, and it hereby is, authorized to amend and modify its lease with the Railway

Equipment & Realty Company, Ltd. so as to eliminate therefrom 21 articulated passenger rail units.

(2) That applicant shall submit to this Commission a statement describing the units so eliminated and also a copy of the accounting entries reflecting the sale thereof.

The authority herein granted shall lapse if not exercised within one hundred eighty (180) days of the effective date hereof.

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

Dated at Los Angeles, California, this 27th day of November, 1951.

[Signature]
 President

[Signature]
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 Commissioners