

Electric Railway Department

Ontario Railway and Municipal Board Order Re Toronto Railway.

The report to the Ontario Railway and Municipal Board on a survey of traffic requirements in Toronto and service furnished by the Toronto Ry., made by C. R. Barnes, assisted by J. H. Cain and J. M. Campbell, and which was summarized in Canadian Railway and Marine World for July, was taken up by the Board during October and the early part of November at several hearings, at which numerous witnesses were examined. On Nov. 9 the Board's opinion was announced as follows:—

This application was launched in Nov., 1911, and sets out in detail a list of alleged defaults of the respondent, and of defects in its street railway service in Toronto, having regard to the agreement between the parties hereto, and claims a remedy appropriate to each. These allegations and claims may be summarized as follows:—The refusal of the respondent to issue to passengers requesting them transfers from cars operating on one route to cars operating on another route, and asking an order directing the respondent to issue such transfers. The failure of the respondent to operate its cars on the Dundas St. route to the west limit of Keele St., and asking an order directing the respondent so to operate such cars. The failure of the respondent to operate its cars on the Queen St. route northerly along Roncesvalles Ave., and asking an order directing the respondent to operate all such cars along Roncesvalles Ave. to the Y at Humber side, and returning down Roncesvalles Ave. to Queen St. The failure of the respondent to operate its cars on the Church St. route to and around the Union Station, and asking an order directing the respondent so to operate such cars. The failure of the respondent to operate a sufficient number of cars, in consequence of which the cars operated are greatly overcrowded, and asking an order directing the respondent to operate 200 more cars. That the respondent withdraws its cars from operation too early during the hours when traffic is heaviest, and asking an order directing the respondent to continue to operate all cars in special service during such rush hours till 9 a.m. and till 7 p.m. That the respondent did improperly Y certain of its cars operated on the Bathurst St. route at Dupont St., and asking an order directing the respondent to Y all such cars at Christie St. That the respondent did improperly Y certain cars operated on the Parliament St. route at Papé Ave., and asking an order directing the respondent to Y all such cars at Greenwood Ave. The failure of the respondent to operate all the cars on the King St. route to the easterly terminus of that route, and asking an order directing all such cars to be operated to said terminus.

After a number of sittings for taking evidence, the hearing of the application was adjourned on Feb. 20, 1912, in order that the applicant might procure a report from a traffic expert upon street railway transportation in Toronto, with suggestions for its improvement. Bion J. Arnold, of Chicago, was employed by the city, and submitted a report, Oct. 25, 1912, which was put in as evidence in support of the application. This report, in the traction improvement and development of the Toronto metropolitan district, contained a number of recommendations for the improvement of the street railway service in Toronto, and as a result the city's application was in effect enlarged,

and in addition to the claims made in the original application, the city asked for an extension of the respondent's tracks and service along a number of specified streets, and for a rerouting of a number of the car services. Both parties subsequently submitted evidence bearing both upon the claims made in the original application, and those suggested by the recommendations contained in Mr. Arnold's report. In view of the fact that that report was based upon a survey of the requirements of the so called Toronto metropolitan district, which embraces areas in respect of which this Board has no jurisdiction upon this application, and in view further of the fact that the matters under enquiry required for their determination technical knowledge, and an experience to be gained only by long familiarity with street railway transportation problems in large cities, and their solution so far as they have been found susceptible of solution under present day conditions, the Board decided to procure the services of an independent expert adviser. C. R. Barnes was accordingly retained by the Board, he having had some 20 years experience as Electric Railway Expert on the Public Service Commission of New York State, investigating methods of construction, equipment and operation of electric street railways. Mr. Barnes presented his report to the Board, dated May 15, 1914, in which, after a comprehensive and detailed survey of the company's equipment and operation in its various departments, he made certain recommendations for the improvement of the service. These recommendations fall naturally into three groups, dealing respectively with:—Track extension and reconstruction; additions and improvements to rolling stock; improved methods of operation.

The expenditure involved in a compliance with these recommendations was estimated by Mr. Barnes at \$2,950,000. The concluding paragraph of the report reads:—"Discussion of terms of franchise, contracts and protection of investment, has been intentionally omitted from this report, as it is considered that these matters do not properly come within the scope of this investigation." In this, no doubt, Mr. Barnes acted wisely, as he was concerned only in suggesting those physical changes and additions which, in his judgment, were necessary to bring the equipment and service up to the standard of completeness and efficiency which he had in mind. Obviously, however, those matters which Mr. Barnes properly excluded from his consideration cannot be overlooked by the Board, when expenditure of nearly \$3,000,000 is in contemplation, and the suggestion is made that a large part of the company's equipment, still capable of rendering service, should be compulsorily retired and virtually scrapped. In particular it must be borne in mind that of the company's franchise period of 30 years, less than 7 years remain to run, and that the unexpired term of the franchise, and the earning power which it represents, are an important, if not the chief asset, of the company in financing so large an expenditure.

Another and recent development which cannot be overlooked by the Board is the fact that the company's revenues have shown a serious falling off for the last three months. The commencement of this de-

cline is coincident with the outbreak of hostilities in Europe, and in view of the widespread trade disturbance caused by the onset of war, the shrinkage of the company's receipts may well have been occasioned by it. To what extent this falling off is due to the inevitable reaction after a period of expansion and overtrading, it is impossible to determine—equally conjectural is the probable duration of the period of depression on which we have entered. This is certain, that since early in August the company's receipts have fallen off, on an average, \$1,000 a day. So serious a factor in the problem, affecting as it does the company's ability to assume new financial burdens, must not be lost sight of. Besides, the depletion of revenue evidences a falling off in the volume of travel, and therefore a probable proportionate relief of the chief grievance, to remedy which the application was launched—overcrowding.

At the hearing on Oct. 21 last, the attention of Mr. Barnes, when under examination, was called to this decline in revenue, and he was questioned as to it and its effect by Mr. Osler, and in reply said, "I would not make this report, and these recommendations, under existing conditions?"

Mr. Barnes replied:—"I would like to explain that answer; the report was based upon the condition of traffic which at that time had been reached by progressive increases from year to year, and on the assumption that these increases would be continued."

Mr. Barnes was then questioned as to whether consideration should be given to the fact that, owing to a general depression, the company's revenues were declining, combined with the fact that its franchise period was nearing an end. He was asked:—"Having regard to the financial conditions which you know to exist, and to the franchise condition of this company, and having regard to these changed conditions which we have been speaking of up to the present time, do you think that it is now reasonable—and having regard to the large number of cars which you can see the company has been putting on—do you think it is reasonable to ask the company to undertake capital expenditures at the present time?" He answered: "I can repeat what I said before—that the recommendations were based upon a condition of traffic which necessitated improvement in the service, the changed conditions relieve to the extent of the change the necessity for improvement which is self-evident. On the question of franchise, the report states that I did not take that into consideration. The decreased earnings as shown by these statements submitted in this city, and the decreased earnings which I know are taking place in the State of New York, would make the time inappropriate to require companies to make capital expenditure, and companies should be permitted to curtail operating expenses to the lowest possible point consistent with reasonable service. On the question of the short term of the franchise, based on my experience in railway affairs, I would say that the company could not be equitably requested to make the capital expenditures necessary by the recommendations, unless some arrangement for reimbursement was made at the expiration of the franchise."

Before indicating the board's conclusions upon the matter of claim still undisposed of,