

Decision NO. 12297.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of the Fairfax Incline Railroad)
Company for authority to increase)
passenger fares and make certain)
changes in its operating time)
schedule.)

APPLICATION No. 8877.

Wm. T. Eckhoff, for Applicant.
Thos. C. Jordan, for Protestant.

ORIGINAL

MARTIN, COMMISSIONER:

O P I N I O N

This is an application of the Fairfax Incline Railroad Company by G.C.F. Seidel, its President, for authority under Section 63 of the Public Utilities Act to increase passenger fares and make changes in the operating time schedule.

It is proposed to increase the present one-way fare from 5 cents to 10 cents and the book containing 100 rides from \$3.00 to \$6.00; in other words, an advance of 100 per cent.

The new time schedule proposes that the car leaving the top of the Incline Railroad at 11:20 p.m. and the one leaving the foot at 11:25 p.m. will run Saturday only instead of daily. Also that an additional car will leave the top of the Incline at 6:10 a.m. daily.

In justification of the proposed changes the applicant alleges that the fares now in effect are too low for the services performed and that its revenues are insufficient to meet even the operating expenses and taxes.

The Fairfax Incline Railroad is located at Fairfax, in Marin County, and operates a single car up the mountain side by use of a cable for a distance of about 1400 feet. The company was incorporated July 16, 1913 with 10,000 shares of preferred stock having a par value of \$1.00 per share, all of which, according to the annual report for the year ending December 31, 1920, with the exception of one share, was held in the name of Rivers Bros. The annual reports for 1921 and 1922 show that 9998 shares of this stock are now owned by G.C.F. Seidel, the present operator and president of the property.

The applicant commenced filing annual reports with the Commission in the year 1920 and the tabulation set forth below shows the results during the three years ending December 31, 1920-21-22.

INCOME STATEMENT

ITEMS	Year Ending December 31.		
	1920	1921	1922
Railway Operating Revenues	\$ 2,085.85	\$ 2,140.90	\$ 2,503.80
Railway Operating Expenses	2,215.83	3,249.71	3,233.50
Net Revenue - Railway Operations	129.98	1,108.81	729.70
Taxes Assignable to Ry. Operations	-	98.09	347.84
Operating Income (Deficit)	129.98	1,206.90	1,077.54

It will be noted from these figures that the operating revenue for the year ending December 31, 1920 was \$2,085.85, for the year 1921 \$2,140.90 and for the year 1922 \$2,503.80, an increase in 1922 over 1920 of \$417.95. At the same time the operating ex-

penses for the year 1920 amounted to \$2,215.83; in 1921 \$3,249.71 and in 1922 \$3,233.50, an increase, including taxes, of \$1,365.51. In the segregation of the operating expenses for the year 1922, the two large items are - power \$547.09 and labor \$2400.00. The latter item is compensation credited to the owner, Mr. Seidel, and is the only labor charge included in the operating expenses. The other operating expenses are - water \$18.71 and miscellaneous expenses \$181.10. It will thus be seen that the only operating expenses of any importance are those for power and labor. The company keeps practically no books and, therefore, the Commission sent an employee from its Auditing Department to check the accounts, but few vouchers were found to cover the minor miscellaneous expenditures. However, there was a complete record and vouchers to cover the large charges, such as power, light, water, taxes and insurance. As to the operating revenues the testimony and our check showed these are accounted for in a very indifferent manner, there being no cash register on the single car employed by the company, and the amounts shown in the Cash Book are entries made by Mr. Seidel himself, who makes the collections while operating the car and enters the total at the end of the day's business. It would appear that the cash collected is not kept separate and distinct from other financial transactions during the day, but is mixed up with Mr. Seidel's miscellaneous activities, such as the sale of milk, newspapers, the conduct of a laundry route, etc. Prior to the purchase of the property by Mr. Seidel a cash register was carried on the car, but it was claimed this register was inaccurate and unsatisfactory, principally for the reason that unauthorized persons patronizing the car, especially transient hiking parties, would tamper with the register and ring up fares when the operator of the car was not in a position

to prevent.

The applicant claims that the total original cost of the Fairfax Incline Railroad was \$11,682.15, but declined to state the price he paid for the property. In order to secure a tentative valuation of the property the Engineering Department of the Commission made an investigation and as of April 30, 1923 gave the historical reproduction cost as \$18,641.00 and the historical reproduction cost, less depreciation, as \$12,026.00.

We do not think it necessary to enter into any details of the valuation of this property, as the question before us is not one of receiving a just and reasonable return on the property, but is an effort to arrive at rates which will at least pay operating expenses and taxes and at the same time render a service satisfactory to the public.

The single trip fare of 5 cents and a fare of \$2.00 for 100-ride books were originally established July 24, 1913. The single trip fare has never been changed but, effective May 5, 1920, upon an informal showing before the Commission, the 100-ride book of tickets was increased from \$2.00 to \$3.00. Applicant is now contending for a single trip fare of 10 cents and a 100-ride book of \$6.00.

Interveners presented a number of witnesses, whose testimony was mainly directed to the fact that under Mr. Seidel's control the patronage of the line had fallen off, the service had been very poor and not at all times considered safe. Their conclusion appears to be that if the line were handled under a different management, with more courteous treatment and a special effort to please the patrons, the revenues would be greatly increased by reason of the fact that permanent residents in Fairfax Tract would use the cars regularly instead of, as at the present

time, walking whenever the opportunity offers. There was also testimony to the effect that at the beginning passengers were carried without charge when the real estate was being sold and the purchasers of the property were then given to understand that the railroad would be continued for the benefit of the property owners, but notwithstanding this implied agreement the duty devolves upon this Commission to see that the traveling public receive satisfactory service at reasonable rates, also that the utility, when possible, receive a fair and reasonable return upon the property devoted to the service.

Upon this record our conclusion as to the necessity for an increase in revenue would be easy of determination were it not for the doubt as to the total revenue collected, which, as heretofore stated, is accounted for in a very unsatisfactory manner but, notwithstanding this uncertainty, the sworn testimony indicates an inadequate return to cover even the operating expenses and taxes.

We conclude and find, in view of all the circumstances of record in this proceeding, that the present passenger fares of applicant are unjust, unreasonable and insufficient, and that a fare of six (6¢) cents for a single trip and a fare of \$3.50 for a 100-trip book are just and reasonable. The 100-trip book to be sold under the condition and rule that tickets will only be honored for transportation of the bearer and party and will be valid for use of any person and for any number of passengers not exceeding the number of coupons remaining in the book when presented; coupons not to be honored if presented without the book.

Applicant has not justified any change in the time sched-

ule and authority is denied to discontinue the weekday trips of the 11:20 and 11:25 p.m. cars.

The Commission expects applicant to keep accurate record of his receipts and expenses and of the money invested in new property. While this may entail some additional work, it is essential that such records be kept in order that should the Commission hereafter be called upon to revise applicant's rates, it will be possible for applicant to furnish accurate information. The Commission has heretofore directed all companies and individuals operating electric railways to keep their accounts in accordance with the Uniform System of Accounts prescribed by the Interstate Commerce Commission.

The increases in fares authorized should permit of better results and, therefore, this applicant is instructed to immediately give careful consideration to the details of operation and render such service as will meet with the approval of the regular patrons of the line. In a situation of this kind the cooperation of all interested parties is necessary and if the service via this 1400 feet of incline railroad is to continue, it must have the support and assistance of those who patronize the line.

O R D E R

Public hearings having been held in the above entitled proceeding, the matter having been submitted, the Commission having been duly advised, and basing its order on the findings of fact set

forth in the preceding opinion.

IT IS HEREBY ORDERED that the Fairfax Incline Railroad be authorized to establish, within twenty (20) days from the date of this order, a single trip fare of 6 cents and a fare of \$3.60 for a 100-trip book, coupons from the book to be honored only when presented in connection with the book and for any number of passengers, not exceeding the number of coupons in the book when presented.

The foregoing opinion and order are hereby ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 29th day of June, 1923.

C. A. Shoney

James Martin

J. T. Whittier
Commissioners.