

Decision No. 17971

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of the Pasadena-Ocean Park Stage)
Line for permission to establish)
on one day's notice a new sched-)
ule of rates involving reductions)
and increases in the present fares.)

ORIGINAL
APPLICATION NO. 9069.

R. T. Eddy, for Applicant.

BY THE COMMISSION:

O P I N I O N

Pasadena-Ocean Park Stage Line has made application to the Railroad Commission for authority to establish a revised schedule of passenger fares, alleging that the present fares do not produce sufficient revenue to meet operating expenses, taxes, depreciation, and provide a return upon the investment.

It is proposed to make increases in the fares over the entire territory, except as to that portion of the service between Pasadena and Glendale. The adjustment suggested would result in reductions of four fares by 5 cents each and increases in twenty-two fares - twelve by 5 cents; four by 9 cents; two by 8 cents; two by ten cents and two by 13 cents.

A public hearing was conducted by Examiner Williams at Los Angeles.

The service of applicant extends a distance of about thirty miles between Pasadena and Ocean Park (now a part of the city of Venice) and serves Eagle Rock, Glendale, Hollywood, Sherman, Beverly Hills, Sawtelle, Santa Monica and the intermediate territory. No local service is permitted between Hollywood and Ocean Park.

Exhibit F, attached to the application, is a summary of the business handled for the year ending August 31, 1922, and gives the total revenue received as \$53,231.34; the total operating expenses as \$54,354.03, and the operating loss as \$1,122.69. The total number of passengers handled was 214,064, covering a total of 397,696 car miles and 2,688,260 passenger miles. The average fare collected per passenger mile was approximately 2 cents, while the average cost per passenger mile was .0203 cents, and the average distance traveled per passenger was 12.5 miles.

Another exhibit shows that for the year ending December 31, 1922 the total revenue was \$60,252.97, with total operating expenses of \$60,705.86, leaving a net operating deficit of \$452.89. The maintenance expenses include an item of \$9,387.69 for depreciation, which is at the rate of 2 per cent per month, or 24 per cent per year. There is no explanation in that exhibit of the number of passengers carried, the passenger miles nor the car miles.

Proof was submitted as to the value of the equipment and the property used by the applicant. After a careful study of all the figures presented it would appear that the reasonable value of this property may be fixed at \$41,863.00.

At the hearing there was presented as Exhibit No. 2 a passenger check for the months of January, February, March and April, 1923. The application of the proposed fares to the business handled during those four months would result in additional revenue of \$4,707.52. The exhibit sets forth the

number of passengers carried and clearly illustrates that there is a constant growth in the traffic. During the month of September, 1922, a heavy travel month, 3453 passengers were carried between Pasadena and Hollywood, while for the month of April, 1923, between the same points 5467 passengers were carried. The first four months of the year cannot be considered representative, and it is fair to assume that the actual revenue over a full twelve months' period would be much greater than that based on the average during the first four months of the year.

It is apparent that the fares proposed would produce net profits far in excess of a fair return on the value of the property devoted to the service, but applicant is entitled to a reasonable readjustment of these fares to provide sufficient revenue to take care of all operating expenses, depreciation and a proper return upon the investment. To that end we find as a fact, based on the evidence and the exhibits before us, that the fares now charged are unjust, unreasonable and unremunerative to the extent that they differ from the fares set forth in the following table:

ONE WAY FARES

<u>Between Stations</u>	Pasadena	Annandale- Golf Club	Eagle Rock	Glendale	Los Angeles River
Annandale-Golf Club	15	:	:	:	:
Eagle Rock	15	:	10	:	:
Glendale	20	:	11	6	:
Los Angeles River	20	:	16	11	10
Hollywood	25	:	27	22	16
Sherman	40	:	35	30	24
Beverly Hills	43	:	39	34	28
Sawtelle	50	:	46	41	35
Santa Monica)	60	:	56	52	46
Ocean Park)	:	:	:	:	41

We have not fixed the fares at all points, and applicant is hereby authorized to establish such intermediate

fares, on a basis not to exceed 2 $\frac{1}{2}$ cents per mile, observing a minimum fare of 6 cents. We believe the increases here authorized, together with the steadily increased volume of business, will produce sufficient revenue to meet all requirements.

The applicant will file with the Commission within fifteen (15) days after the 1st of each month, for a period of six (6) months, a statement showing in detail the total revenue, total operating expenses, including depreciation, and the net operating revenue.

The proceedings will be held open for a supplemental order should the actual results obtained under the new fares make such action necessary.

O R D E R

The Pasadena-Ocean Park Stage Line (Webb, Hendricks and Hamilton, owners), having filed an application with this Commission for authority to increase passenger fares on its automobile stage route, and a regular hearing having been held,

IT IS HEREBY ORDERED that the Pasadena-Ocean Park Stage Line be and the same is hereby authorized to publish and file, in a tariff to become effective within twenty (20) days from the date of this order, and to thereafter charge the fares as set forth in the tabulation which precedes this order.

IT IS HEREBY FURTHER ORDERED that the applicant submit to the Commission on or before the Fifteenth day of each

month, for a period of six (6) months, a statement covering the business handled for the preceding month, giving in detail the total revenue, total operating expenses, including depreciation, and the net operating revenue; also showing what revenue would have accrued under the old fares.

IT IS HEREBY FURTHER ORDERED that this proceeding be held open for a supplemental order should the Commission deem further action necessary.

Dated at San Francisco, California, this 31st
day of December, 1923.

C. J. Healey

Livingston Masterson
Ernest S. Shore

Commissioners.