

Decision No. 15088

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application)
of Pickwick Stages System for an)
Order granting permission to ad-)
just its Passenger Fares on the)
Los Angeles-Santa Ana Division.)

APPLICATION NO. 10835

Warren E. Libby, for Applicant
George W. Reid, for Anaheim Chamber of Commerce
A. L. Oliger, for Santa Ana Chamber of Commerce.

BY THE COMMISSION:

O P I N I O N

Pickwick Stages System, a corporation, by Lewis A. Monroe its Agent, has petitioned this Commission under the provisions of Chapter 213, Statutes 1917, for an order granting authority to readjust its passenger fares, one way, round trip, 10-Ride Family, 10-Ride School and 30-Ride Family, between various points on its Los Angeles-Santa Ana Division, as set forth in Exhibit A, attached to and made a part of the application, and also to eliminate entirely the sale of 60-Ride Individual Commutation fares now in effect at all points on this operating division.

A public hearing was held at Los Angeles May 18, 1925 before Examiner Geary and the case having been submitted is now ready for an opinion and order.

The operating line of applicant's Los Angeles-Santa Ana Division extends from Los Angeles to Orange and Santa Ana, distances of 37 and 40 miles respectively and in addition to the above three points named also serves Bandini, Rio Honda, Santa Fe Springs, Norwalk, La Mirada, Standard Oil Station, Buena Park, Fullerton, Anaheim, Sub-Station, County Hospital and Orange Junction. This line was acquired March 15, 1924 from A.B. Watson, owner of the Crown Stage Lines, by authority of this Commission's Decision No. 13177, Application No. 8431, dated February 19, 1924.

Applicant alleges that its present fares do not produce sufficient revenue to provide for the actual operating expenses, depreciation and fixed charges; that the results flowing from the readjustments proposed are estimated to enable it to operate without an out-of-pocket loss, but will not be sufficient at this time to produce any return upon the invested capital. The increases are between a limited number of points and, in most cases, for the one way fare are 5 cents; round trips 5 and 10 cents; the 10-Ride Family and 10-Ride School tickets vary from 10 to 50 cents, and only one change is made in the 30-Ride Family; that is, of 50 cents between Los Angeles and La Mirada, where there are practically no sales. The total elimination of the 60-Ride commutation fares will leave only the 30-Ride Family in effect. These 60-Ride fares, inaugurated at the commencement of operations, many years ago, are at the very low rate of less than one cent per mile, and are now being freely used, which fact, applicant's witness testified, is responsible in a great measure for the present financial condition of the line.

Exhibits show that during the period March 15, to December 31, 1924, the total revenues were \$185,275.01 and the total operating

expenses, including depreciation, \$201,148.77, a net loss of \$15,873.76. The depreciation charge included in operating expenses, was \$25,602.88. For the months of January, February and March, 1925 the total revenue was \$51,407.03 and the total expenses \$57,679.74, including depreciation of \$9,572.52, a net loss of \$6,272.71. The average loss for the entire period March 15, 1924 to March 31, 1925 was approximately \$1,770.90 per month. Depreciation is a proper and necessary item to be considered in operating expenses. In this situation the applicant has charged depreciation into operating expenses, but same has not been earned in its entirety, therefore at the present time the service is being continued by the depreciation of the property, which practice must ultimately result in a discontinuance of operation when the equipment has worn out.

The total assets as of March 31, 1925 (Exhibit No.6) are given as \$239,908.72. Of this amount \$231,703.00 is invested in plant and equipment. Upon this investment no return is included in the proposed fares. The statements of revenues, expenses, etc. have been checked by the Commission's Auditing Department and, with the exception of a few minor changes, have been found correct.

Since this applicant acquired the property from the Crown Stages and commenced operations March 15, 1924 the service has been improved by the addition of larger and more modern busses, eliminating double heading of schedules necessary by the predecessor company because of the small equipment it employed. This change, and others, resulted in substantial reductions in the operating expenses, but not sufficient to effect a profit. The heavy travel is to and from Los Angeles, the record showing that the volume is large in the morning to the city and very heavy in the afternoon in the

opposite direction. This situation requires the dead-heading of equipment in both directions and makes for expensive operation and the investment of additional capital, an unavoidable condition if the service required by the public is given.

As heretofore stated, applicant does not expect the proposed fares to produce sufficient revenue to more than meet the operating expenses, taxes and depreciation. In fact, the president of the company testified that it must rely upon an increase in business to secure a return upon the investment.

Representatives of the Chambers of Commerce of Norwalk, Santa Ana and Anaheim were present at the hearing, and subsequent thereto submitted a report, the result of a check of the statements and books of the Pickwick System. That report stated there had been considerable decrease in travel between Santa Ana and Santa Fe Springs, due to the changed conditions in the oil fields, which resulted in a decrease of 31 per cent of the business since August, 1924. The representatives of the three Chambers of Commerce agreed that the applicant should be permitted to increase the fares, with the exception of Norwalk, who was of the opinion that the 60-Ride books should not be discontinued. The final recommendation was that the fares be permitted to go into effect and that at the end of a ninety day period the applicant endeavor to re-establish the 60-Ride commutation fares upon a proper and equitable basis.

Upon consideration of all the facts of record we find that the present fares of applicant for the transportation of passengers on its Los Angeles-Santa Ana Division are unjust, unreasonable and insufficient and that the just, reasonable and sufficient fares are those shown in Exhibit A attached to and made a part of the application. We also find that applicant is entitled to eliminate all

60-Ride commutation fares. The Commission suggests that applicant give careful consideration and study to the suggestions of the Chambers of Commerce and endeavor to publish within ninety days a schedule of 60-Ride commutation fares to meet the requirements of the commuting public.

The applicant will file with the Commission on or before the twentieth day of each month for a period of six (6) months a statement showing in detail the total revenue received under the rates authorized and what would have accrued under the rates now in effect, also the total operating expenses, depreciation and taxes and the net operating revenue. The revenue and expenses should be compiled in conformity with the Commission's order of January 1, 1922, Uniform Classification of Accounts.

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

O R D E R

This application having been duly heard and submitted by the parties, full investigation of the matters and things involved having been had and basing this order on the findings of fact and the conclusions contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that the Pickwick Stages System, a corporation, be and it is hereby authorized to establish within twenty (20) days from the date hereof the one way, round trip, 10-Ride Family, 10-Ride School and 30-Ride Family fares between the various points on its Los Angeles-Santa Ana Division, as set forth in Exhibit A, attached to and made a part of the application.

IT IS HEREBY FURTHER ORDERED that the Pickwick Stages System, a corporation, be and it is hereby authorized to eliminate all 60-Ride commutation fares applicable between points on its Los Angeles-Santa Ana Division.

IT IS HEREBY FURTHER ORDERED that the Pickwick Stages System, a corporation, file with this Commission on or before the twentieth (20th) day of each month, for a period of six (6) months after the new rates become effective, a statement showing the number of passengers handled between all points on its Los Angeles-Santa Ana Division, the earnings under the old and the new fares, and the revenue and expenses, the information as to the revenue and expenses to be compiled in conformity with the Commission's order effective January 1, 1922, Uniform Classification of Accounts.

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, this 15th day of June, 1925.

H. P. Brundage
Charles
Egerton Shaw
George D. Squires
Ernest
Commissioners.