

Decision No. 15893

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA
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In the Matter of the Application)
of Motor Transit Company for an)
Order Permitting the Revision of)
Passenger Fares on its Los Angeles-)
Downey Line and on the Lines of)
Dillingham Transportation Company)
operated by Applicant under Lease.)

ORIGINAL

APPLICATION NO. 11455.

Herbert W. Kidd, for Applicant.

BY THE COMMISSION:

O P I N I O N

The Motor Transit Company, a corporation, has petitioned this Commission, under the provisions of Chapter 213, Statutes 1917, for an order granting authority to adjust passenger fares, one way, round trip, 10-ride and 30-ride, between points on its line extending from Los Angeles to Downey, and also the fares on the line of Dillingham Transportation Company, which company is now being operated by applicant under a lease arrangement by authority of Application No. 9917, Decision No. 13373, dated April 5, 1924. Permission is also requested to eliminate entirely the sale of 60-ride commutation fares at various points on the Los Angeles-Downey Line.

A public hearing was held at Los Angeles November 4, 1925 before Examiner Geary, and the case having been duly submitted is now ready for an opinion and order.

The Los Angeles-Downey Line, hereinafter referred to as the Downey Division, extends from Los Angeles to County Farm via Downey, a distance of 15.8 miles. The lines of Dillingham Transportation Company, hereinafter referred to as the Dillingham Line, extend from Pasadena to Long Beach via three separate routes. The short route is via Mountain View Heights and Bandini, a distance of 33 miles, and it is over this route that the preponderance of through traffic between Pasadena and Long Beach moves. The second route extends through Alhambra, El Monte, Whittier and Rivera, a distance of approximately 40 miles, while the third route is via Alhambra, Montebello, Whittier and Los Nietos, also a distance of about 40 miles. The two latter routes are primarily patronized by passengers traveling between the intermediate points, as practically no through business between Pasadena and Long Beach is handled via these longer routes.

Applicant maintains that the present fares in effect between points on these two lines are on an inconsistent basis, having been established by the former owners without adequate regard to the length of the haul, with the result that between some points the fares are too high, while between other points the fares are too low. It is claimed that under the present adjustment the fares do not produce sufficient revenue to cover the actual out-of-pocket costs of operation, and the purpose of the application is to secure additional revenue and to eliminate the inconsistencies in the present fares, resulting in both increases and reductions.

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Applicant contends that in the operation of the Downey Division, for the entire years 1923 and 1924 and for the first eight months of 1925, there was an actual operating deficit of \$15371.23, and on the Dillingham Line since April 11, 1925, the date on which applicant took over the operation of that line, there has been an actual operating loss of \$42587.17. It is further contended by applicant that the per car mile revenue received from the Downey Division and the Dillingham Line is considerably lower than the average per car mile revenue received from the operation of its entire system. For the year 1923 and 11 months of 1924, the Downey Division produced an average per car mile revenue of 20.01 cents, while during the same period the system as a whole, except the Mountain Division, produced an average per car mile revenue of 23.93 cents. The revenue per car mile received from the operation of the Dillingham Line during the period from April 1 to November 30, 1924 was 13.80 cents and the revenue per car mile from the entire system, except the Mountain Division, for that period, was 22.64 cents. Based on a travel check made for two representative periods of 15 days' duration, the fares proposed by applicant would produce a per car mile revenue of 23.2 cents on the Downey Division and 17.52 cents on the Dillingham Line.

The fares proposed are predicated on a combination mileage and arbitrary basis; that is, applicant proposes to determine the fare to the first point from the terminals by the use of a $2\frac{1}{2}$ cent per mile scale, with a minimum fare of 10 cents, and then from this base point build up the fares to the other points beyond by adding an arbitrary of 5 cents for each additional

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two miles or fraction thereof. The proposed round trip fares are based 85 per cent of two one way fares; the 10-ride fares 70 per cent of 10 one way fares, and the 30-ride fares 60 per cent of 30 one way fares.

The proposed basis of making one way fares is not logical and, in many instances, will produce the same inconsistencies in fares that applicant is hereby attempting to cure. As illustrative, there is proposed between Los Angeles and Power House, a distance of 9.5 miles, a one way fare of 25 cents, while between Power House and College Corner, a distance of but 4.8 miles, applicant also proposes to establish a one way fare of 25 cents. Numerous other inequalities of the same nature would result under the proposed adjustment. Indeed, this unsatisfactory situation would result at many points situated close together, as is aptly illustrated by the proposed adjustment between Power House and County Farm. Those points are slightly over 6 miles apart and between them are located four other points, namely; Laguna, Tweedy Corner, Downey and College Corner, all situated south of Power House, their geographical location being in the order named. From Power House to Laguna, a distance of .3 mile, applicant proposes to establish the minimum one way fare of 10 cents. For the additional haul of 1.4 miles to Tweedy Corner 5 cents is added; to Downey, 1.5 miles from Tweedy Corner, another 5 cents; to College Corner, 1.4 miles from Downey, still another 5 cents, and to County Farm, 1.5 miles from College Corner, a final 5 cents, making a fare of 30 cents for the 6 mile haul from Power House to County Farm, or at the rate of 5 cents per mile, as compared with the proposed fare of 25 cents for a 10 mile haul between Los Angeles and Laguna, or at a rate of $2\frac{1}{2}$ cents per mile.

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The round trip, 10-ride and 30-ride fares, being predicated on the one way fares the same disparities would exist.

A further instance of the inconsistencies flowing from this basis of making passenger fares is the difference in the proposed fares between Bandini and County Farm over the Downey Division and the Dillingham Line. The operation of these two lines between Bandini and County Farm is over the same route, but via the stage that operates over the Downey Division the proposed one way fare is 30 cents, while via the stage that operates over the Dillingham Line the proposed one way fare is 25 cents. There is no evidence in this record that would justify a difference in fares applicable between the same points served by two lines under the same management and where the circumstances and conditions surrounding the traffic are identical.

The adjustments proposed would undoubtedly produce some additional revenue, but applicant has apparently given more study to the establishment of consistent fares between the points where the preponderance of traffic moves than between the points where the traffic is light. The purpose of the application is twofold; first, to secure sufficient revenue to at least cover the operating costs and fixed charges; and second, to eliminate the inconsistencies in the present fares. The first purpose would be realized to some extent, but as for the second applicant has failed to suggest fares which would entirely cure the maladjustment now prevailing. In fact, the inconsistent fares that are proposed would, no doubt, retard traffic to some extent, with a resultant loss in revenue, thus in a measure offsetting the benefits derived from the fares that are established with due

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regard to the length of haul.

On this record it appears positive that applicant is in need of additional revenue to enable it to properly conduct its common carrier duties over the two lines herein under consideration, especially in view of the fact that an examination of applicant's annual report for the year 1924, which was made a part of the record in this proceeding, shows that in the operation of its entire system for that year there was an actual operating loss of \$56,363.04.

We are of the opinion and find that applicant should be afforded relief, and while we cannot approve of the fare structure proposed we will authorize fares between the terminal points on both the Downey Division and the Dillingham Line, as follows:

1. Between Los Angeles and County Farm a one way fare of 40 cents; round trip 70 cents; 10-ride \$2.80 and 30-ride \$7.20.
2. Between Pasadena and Long Beach via Mountain View Heights a one way fare of 75 cents; round trip \$1.30; 10-ride \$5.25 and 30-ride \$13.50.
3. Between Pasadena and Long Beach via Alhambra, El Monte, Whittier and Rivera, and via Alhambra, Montebello, Whittier and Los Nietos, a one way fare of \$1.00; round trip \$1.70; 10-ride \$7.00 and 30-ride \$18.00.

The one way fares between intermediate points may be graded according to distance, but not in excess of $2\frac{1}{2}$ cents per mile, observing the minimum fare of 10 cents between the local points. Round trip fares will be 85 per cent of two one way fares; 10-ride commutation 70 per cent of 10 one way fares, and 30-ride commutation 60 per cent of thirty one way fares.

In computing and applying the fares authorized herein,

fractions will be treated as follows: Amounts of less than $2\frac{1}{2}$ cents will be dropped; amounts of $2\frac{1}{2}$ cents or more, but less than $7\frac{1}{2}$ cents will be stated as 5 cents, and amounts of $7\frac{1}{2}$ cents or more, but less than 10 cents, will be stated as 10 cents.

There now remains for consideration applicant's request for authority to eliminate the sale of 60-ride commutation books on the Downey Division. This class of transportation is now sold only between Los Angeles on the one hand, and on the other Bandini, Laguna, Downey and County Farm and is limited to 30 days from date of sale. The 60-ride commutation books are not used to any great extent, the commuting public preferring to purchase in lieu thereof two 30-ride books, the use of which is limited to 90 days from date of sale. The evidence submitted in support of this contention indicates that the sale of 60-ride commutation books is negligible and in view of the fact that the fares now produce a revenue per passenger per mile of less than 1.5 cents, we are of the opinion and find that applicant is entitled to eliminate the sale of 60-ride commutation books on its Downey Division, and cancellation of the 60-ride commutation books is hereby authorized.

The applicant shall file with the Commission on or before the twentieth (20th) day of each month, for a period of six (6) months, a statement for the previous month showing in detail the total revenue received under the fares herein authorized and what would have accrued under the fares now in effect, also the total operating expenses, depreciation and taxes and the net operating revenue. The revenue and expenses should be com-

piled in conformity with the Commission's order of January 1, 1922, Uniform Classification of Accounts.

This proceeding will be held open for a supplemental order should the actual results obtained make such action necessary.

O R D E R

This application having been duly heard and submitted, 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 applicant, Motor Transit Company, be and it is hereby authorized to establish on fifteen (15) days' notice to the Commission and to the public the following fares:

1. Between Los Angeles and County Farm a one way fare of 40 cents; round trip 70 cents; 10-ride \$2.80 and 30-ride \$7.20.
2. Between Pasadena and Long Beach, via Mountain View Heights, a one way fare of 75 cents; round trip \$1.30; 10-ride \$5.25 and 30-ride \$13.50.
3. Between Pasadena and Long Beach, via Alhambra, El Monte, Whittier, and Rivera, and via Alhambra, Montebello, Whittier and Los Nietos, a one way fare of \$1.00; round trip \$1.70; 10-ride \$7.00 and 30-ride \$18.00.

IT IS HEREBY FURTHER ORDERED that applicant, Motor Transit Company, be and it is hereby authorized and directed to establish at the intermediate points between Los Angeles and County Farm and between Pasadena and Long Beach a schedule of fares, one way, round trip, 10-ride and 30-ride, graded on the basis specifically

authorized in the preceding opinion.

IT IS HEREBY FURTHER ORDERED that applicant, Motor Transit Company, be and it is hereby authorized to eliminate all 60-ride commutation fares applicable between points on its Los Angeles-Downey Division.

IT IS HEREBY FURTHER ORDERED that applicant, Motor Transit Company, file with this Commission on or before the twentieth (20th) day of each month, for a period of six (6) months after the new fares become effective, a statement showing for the preceding month the number of passengers handled between all points on its lines here under consideration, the earnings under the old and 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, California, this 22^d day of January, 1926.

W. H. Brundage
C. A. Sawyer
George D. Squires

Commissioners.