

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of  
 Fairfax Incline Railway Company,  
 J. Hochfelder, President and Manager,  
 for permission to raise fares on  
 above railway operating between base  
 and top of hill at Fairfax, Marin  
 County, California.

Application No. 13,176.

J. Hochfelder, for Applicant.

WHITSELL, COMMISSIONER:

O P I N I O N

In this application the Fairfax Incline Railroad Company, erroneously designated in the title of this proceeding as the Fairfax Incline Railway Company, asks permission of this Commission to increase the rates of fare charged upon its railroad as per exhibit attached to and made a part of its application.

A public hearing was held in this matter in Fairfax, at which time evidence was offered and the matter submitted.

The Fairfax Incline Railroad Company was incorporated on June 16th, 1913. When the Company began operation, passengers were carried without charge, it being implied that the railroad would continue for the benefit of the adjacent property owners. However, soon thereafter a tariff was put into effect and on the date this application was filed fares of five cents (5¢) for a single trip and three dollars (\$3.00) for a book of one hundred (100) rides were in effect.

Applicant asks permission to increase the single trip fare from five cents (5¢) to ten cents (10¢) on Sundays and Holidays and to discontinue the book of one hundred (100) rides. Applicant's representative testified that the greater portion of the revenue was obtained during the summer months and that during six summer months of 1926 (March to August, inclusive) the Company incurred a deficit of \$71.99 after paying operating expenses, taxes and fixed charges but without making any allowance for depreciation. It was further testified that certain material revenue derived from sight-seeing busses was lost in the early part of the year, due to a change in route of these busses and that due to this loss of revenue and the relatively small amount of revenue earned during the winter months, the loss shown above will be greatly increased at the end of a year's operation.

The Commission's Assistant Engineer, John E. Cooper, presented an estimate of the results from operation for an entire year. This estimate was based upon the six months' operation as shown in Applicant's exhibit and upon the operations during the year 1925. On this basis it was estimated that the Company, under existing rates, would incur an operating deficit of approximately \$730.00. No allowance for depreciation was made in the above estimate and much needed repairs will, if taken care of this year, greatly increase the above loss.

A valuation of the physical property as of April 30th, 1925, was prepared by the Commission's Engineering Department, at which time the value was estimated on a Historical Reproduction Cost basis to be \$18,641. A survey of the property at the present time disclosed no additions or betterments and it is concluded that the Historical Reproduction Cost, previously estimated, is a fair statement of value for the purposes of this proceeding.

Applicant does not ask the Commission for any given return upon its investment. Testimony was offered to the effect that

the rates prayed for would probably not result in any material return upon the investment, but would, it was thought, produce sufficient revenue to pay operating expenses. The question then before the Commission is to establish rates which will permit the Company to pay operating expenses and properly maintain the railroad in order to render the public a safe and satisfactory service.

Intervenors testified that the railroad was very necessary and that rates should be fixed which would make possible its continued operation but suggested that the commute book, similar to the one now in effect but containing less tickets per book, be retained.

The testimony also showed that the bulk of the travel on Sundays and Holidays consisted of hiking parties and pleasure seekers who employed this incline railroad merely as a part of the days outing.

In view of the facts, as above set forth, and the entire record in this proceeding, it is concluded, and we find as a fact, that the present passenger fares of applicant are unreasonable and insufficient.

Applicant will be authorized to publish a new tariff establishing the following fares:

One way, honored daily, except Sunday and Holidays,	.06 cents
One way, honored only on Sundays and Holidays,	.10 "
Family 50-Ride Commutation Ticket,	\$ 1.80

The commutation ticket to be in card punch form and will be honored for use of purchaser and family.

Holidays within the meaning of this schedule will be: The first day of January, the thirtieth day of May, the Fourth of July, Labor Day, the ninth day of September, Thanksgiving Day and the twenty-fifth day of December.

When a holiday falls on Sunday the following Monday is observed.

Children under five years of age free when accompanied by adult passenger.

The testimony indicates that certain necessary maintenance has been deferred and that major repairs are necessary. It is believed the above rates will result in some return but regardless of the amount of this return, public safety requires that the operation of this railroad be safe-guarded in every possible manner and that it be maintained at all times in first-class condition.

### O R D E R

Public hearings having been held in the above entitled proceeding, the Commission being apprised of the facts, the matter being under submission and ready for decision,

It is hereby found as a fact that the rates charged by the Fairfax Incline Railroad Company are unreasonable and insufficient. Basing its order upon the foregoing finding of fact and other findings of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED, that the Fairfax Incline Railroad be authorized to publish and file within twenty (20) days from the date of this order, in conformity with Section 14 of the Public Utilities Act, a tariff containing the fares and rules as described

in the Opinion which precedes this Order.

For all other purposes the effective date of this order shall be twenty (20) days from the date hereof.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 22<sup>nd</sup> day of November, 1926.

H. B. ...  
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...  
Leon ...  
...  
Commissioners.