

Decision No. 19027.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application
of KEY SYSTEM TRANSIT COMPANY,
a corporation, for an Order Readjust-
ing Rates and Establishing just and
reasonable rates for the transporta-
tion of persons and property between
points on the Company's lines in the
State of California.

ORIGINAL

Application No. 11329.

Dunne, Brobeck, Phleger & Harrison, for
the Key System Transit Company,
G. V. Shoup and C. W. Durbrow, for the
Southern Pacific Company,
W. J. Locke, City Attorney, for the City
of Alameda,
Preston Higgins, City Attorney, for the
City of Oakland,
E. J. Sinclair, City Attorney, and John N.
Edy, City Manager, for the City of
Berkeley,
D. J. Hall, City Attorney, for the City
of Richmond,
C. W. White, for the Town of Hayward,
G. N. Richardson, for the City of Piedmont,
Thomas W. Girby, for the Town of Emery-
ville.

SEAVEY, COMMISSIONER:

O P I N I O N

On June 27, 1925, Key System Transit Company filed the above entitled application asking for an investigation and order authorizing reasonable fares. During the course of the investigation the need of some immediate financial relief became apparent and on December 31, 1925, the Commission, by Decision No. 15817, authorized interim rates.

Since the issuance of that order the Commission has

caused its staff in co-operation with the interested parties to make an extensive and thorough investigation of the facts pertinent to the issues in this proceeding. Numerous public hearings have been held during the course of which the results of these investigations have been placed in evidence together with other evidence by interested parties, and particularly by the applicant.

A summarization and restatement of the important evidence presented would be unduly voluminous, and will, therefore, be omitted from this opinion. After a careful consideration of all the evidence presented, the following findings of fact, clearly appear to be justified.

1. The fair value of applicant's property for rate making purposes in this proceeding, may be best measured by the historical reproduction cost of the operative property as shown in Commission's Exhibit No. 15, together with addition of certain allowances briefly restated as follows:

Historical reproduction cost of operative property as of December 31, 1926,	\$25,984,357.
Material and Supplies,	843,000.
Estimated Improvements during 1927,	<u>2,273,706.</u>
Rate Base	\$29,101,063.

2. The current financial results of operation of applicant's property may be fairly stated as follows:

Operating Revenues,	\$ 7,790,000.
Operating Expenses, Depreciation computed on the 5% sinking fund annuity method, and taxes,	<u>6,594,921.</u>
Net Income (Available for Return),	\$ 1,195,079.

3. The current net income of applicant represents a rate of return of 4.11 per cent on the rate base.

4. The reasonable financial requirements of the applicant justify an increase in net income of approximately \$1,000,000.

5. The applicant, Key System Transit Company, and the Southern Pacific Company could, without depriving the public of adequate service, eliminate unnecessary duplication of operation of their transbay facilities to the extent of effecting an annual saving of approximately \$400,000. The record does not disclose to what extent the applicant herein would participate in such annual saving of \$400,000.

6. Certain economies in operation can be effected on the street car facilities of applicant, with the co-operation of the communities served, by the use of one-man operation in connection with ground loaders to facilitate traffic, whereby an annual saving of \$296,000. may be effected.

7. The present service is unsatisfactory in certain respects, including comfort and speed, and this fact is a contributing cause of a decline of patronage.

8. Past horizontal fare raises have successively proven insufficient to meet the financial requirements of applicant and it appears reasonable to conclude that the remedy, at the present time, cannot be found by the granting of a further horizontal increase in fares.

9. The basic five-cent fare on street car lines has many meritorious advantages and a serious attempt should be made to develop a fare schedule built upon the basic five-cent fare that will meet the reasonable financial requirements of the company.

10. Sufficient accurate and dependable data as to the exact form of satisfactory rate schedules for applicant is not available and that, to secure such information, extensive experimentation should be made in the form, kind, amount and spread of rates for various services of applicant, and any such experimental rates established should be subject to prompt change or elimination whenever it becomes apparent that they are unsatisfactory or against the public interest.

11. That as an initial experiment, rates based upon a modification of the plan tentatively recommended by Commission's chief engineer should be made effective, as follows:

On Street Car Lines:

- (a) A five-cent fare within all points in the area having boundaries indicated by a line along Fortieth Street, Moss and Excelsior Boulevard, Chicago Avenue, Eighth Avenue and the Oakland waterfront.
- (b) A five-cent fare within area between limits of area described in (a) and limits of applicant's existing 7¢ fare zone.
- (c) Not more than two 5¢ fares to be charged between any two points within applicant's existing 7¢ fare zone.

- (d) Additional 5¢ fare zones to be established outside of existing 7¢ fare zone, provided no such zone shall have a maximum length of ride of less than three miles.
- (e) A transferable weekly ticket, good for unlimited use to holder within the week for which sold, to be sold for \$1.00, good between any points in existing 7¢ zone.
- (f) A transferable weekly ticket, good for unlimited use to holder within the week for which sold, to be sold for \$1.50, good between any two points and in all zones of applicant's system.
- (g) During the hours from 9:00 A. M. to 4:30 P.M., daily, a single 5¢ fare to be charged between all points within the existing 7¢ zone of applicant.

Transbay Lines:

- (a) A twenty-cent one-way fare between San Francisco and any point on the transbay facilities of applicant in the East Bay territory.
- (b) A monthly commutation non-transferable ticket, good for one ride each way daily, except Sundays, between San Francisco and points on the transbay facilities of applicant to be sold for \$5.50.
- (c) A monthly commutation non-transferable ticket, good for one ride each way daily between San Francisco and points on the transbay facilities of applicant to be sold for \$6.00.

12. The earnest and aggressive use of modern merchandising methods on the part of applicant is essential to the success of any fare plan.

O R D E R

The Key System Transit Company having filed the above entitled application for an adjustment of its rates, public hearings having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision,

IT IS HEREBY ORDERED that applicant be and is hereby authorized and directed to establish within thirty (30) days from the date of this order, upon not less than three (3) days' notice to this Commission and to the general public by filing and posting tariffs in the manner prescribed in Section 14 of the Public Utilities Act, and to thereafter maintain and apply the rates

and fares prescribed in Exhibit "A," attached hereto and made a part hereof, subject, however, to the following conditions:

(1) The applicant shall file with the Commission monthly reports of such operating and traffic statistics as the Commission may prescribe from time to time, on forms approved by the Commission. Further, upon request, the applicant shall furnish copies of said operating and traffic statistics to the duly accredited representative of each community in which the applicant's lines are operated.

(2) The Commission reserves the right to abolish or to modify or change from time to time, by supplemental order herein, the rates and fares prescribed in said Exhibit "A," and to make such further orders in this proceeding as may be deemed right and proper.

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 9th day of November, 1927.

Frank J. [Signature]
Ch. [Signature]
Leon [Signature]
John [Signature]
M. J. [Signature]
Commissioners.

TRACTION DIVISION

ONE-WAY CONTINUOUS PASSENGER FARES

1. One-way fare 5 cents between all points within an area designated as Zone 1, having boundaries indicated by an imaginary line extending from the western water front to the vicinity of Fortieth Street in one direction and Eighth Avenue in the other, more accurately described as follows:

All of the West Eighth, West Twelfth, West Sixteenth and Rollis Street lines; the Grove, Telegraph, College and Piedmont at Fortieth Street; the San Pablo Avenue at Park Avenue; the Moss Avenue bus at Grand Avenue; the Oakland Avenue at Santa Clara Avenue; the Grand Avenue and Lake Shore Avenue at Perry Street; the Park Boulevard at Chicago Street; the East Fourteenth Street and the East Eighteenth Street at Eighth Avenue; and the Alameda line at Water and Webster Streets.

2. Between all points within the area extending from the outermost boundary limits of Zone 1 but not through Zone 1 in Oakland, Alameda, Berkeley, Piedmont, Emeryville, Albany, County Line and San Leandro, hereafter referred to as Zone 2 --- 5 cents.

3. Between all points in Zone 1 on the one hand and on the other all points in Zone 2 --- 10 cents.

4. Between all points in Zone 2 on the one hand to all points in Zone 2 on the other hand when journey is through Zone 1 --- 10 cents.

5. Between San Leandro and Ashland 5 cents
 Ashland and Hayward 5 cents
 County Line and Richmond
 (East of 20th Street) 5 cents
 Richmond (20th St. and West)
 and Pt. Richmond 5 cents
 Richmond (20th St. and West)
 and San Pablo 5 cents
 Richmond (20th St. and West)
 and East Richmond 5 cents

TRACTION DIVISION

(continued)

6. A weekly transferable ticket between all points within or between Zones 1 and 2, good for unlimited use of the holder during the calendar week for which sold \$1.00.

7. A weekly transferable ticket between any and all points on the Traction Division good for unlimited use of the holder, during the calendar week for which sold \$1.50.

8. A one-way fare daily during the hours from 9 a.m. to 4:30 p.m. between all points within or between Zones 1 and 25 cents.

KEY DIVISIONONE-WAY CONTINUOUS PASSENGER FARES

Between San Francisco and

Berkeley, Bancroft Way, Northbrae, Albany,
Claremont, Piedmont, Broadway, Third Avenue
and E. Eighteenth Street, Forty-first Avenue,
Trestle Glen and intermediate stations,

Adults 20 cents.
Children 5 years of age, but under 12 years 10 cents.

INDIVIDUAL MONTHLY COMMUTATION FARES

Between San Francisco and

Berkeley, Bancroft Way, Northbrae, Albany,
Claremont, Piedmont, Broadway, Third Avenue
and E. Eighteenth Street, Forty-first Avenue,
Trestle Glen and intermediate stations,

Calendar Month, good for one round-trip daily,
except Sunday \$5.50
Calendar Month, good for one round-trip daily 6.00

Between San Francisco and

Richmond,

Calendar Month, good for one round-trip daily \$6.50