

Decision No. 16782.

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 MOTOR TRANSIT COMPANY for an order )  
 permitting a revision of passenger )  
 fares on its Los Angeles-Downey )  
 Line and on its Pasadena-Long Beach )  
 Line. )

**ORIGINAL**

Application No. 11455.

H. W. Kidd, for applicant.

BY THE COMMISSION:

SECOND SUPPLEMENTAL OPINION

This is a second supplemental application by the Motor Transit Company, a corporation, filed August 23, 1927, and as amended, seeking authority to readjust passenger fares, one-way, round-trip, 10-ride and 30-ride between points on its line extending from Los Angeles to Downey, County Farm and Norwalk, hereinafter called the Downey Line, and on its lines extending from Pasadena to Long Beach, hereinafter called the Long Beach Line.

The Downey Line extends from Los Angeles to County Farm and Norwalk via Downey, a distance of 16.5 and 18 miles respectively; and the Long Beach Line from Pasadena to Long Beach via three separate routes, the first via Allendale Street and Downey, a distance of 32.8 miles; the second via El Monte and Downey, a distance of 42.1 miles; and the third via El Monte and Norwalk, a distance of 43.5 miles.

A public hearing was held before Examiner Geary at Los Angeles on October 19, 1927, and the proceeding duly submitted.

Subsequent to this submission applicant petitioned in Application No. 14295 for a certificate of public convenience and necessity to establish an additional route between Pasadena and Long Beach via Atlantic Avenue, substantially paralleling the proposed automobile stage operations of the Pacific Electric Railway between the same points, Application No. 14234. Due to the competitive conditions existing between Pasadena and Long Beach via the various routes we reopened Application No. 11455 and consolidated it for further hearing with Applications Nos. 14234 and 14293.

Public hearings were held before Examiners Geary and Williams at Los Angeles, Long Beach and Pasadena February 6 to 10 inclusive, and at Los Angeles March 19 and 20, 1928, Application No. 11455 being submitted on the latter date.

The present fares on both the Downey and Long Beach lines have been in effect since April 20, 1927, and were authorized in the instant proceeding by Decisions Nos. 15893 and 18005, January 22, 1926, and February 11, 1927, respectively. These one-way fares are based approximately 2½ cents per mile, with round-trip 85 per cent. of two one-way fares, 10-ride 75 per cent. of ten one-way fares, and 30-ride 60 per cent. of thirty one-way fares.

Applicant testified that while the gross revenues increased to some extent under the fares authorized, they have failed to produce sufficient revenue to cover even the cost of operations. Exhibits submitted in evidence at the different hearings show that during the period extending from May to December, 1927, under the fares authorized by Decisions 15893 and 18005, the operating revenues on the Downey Line were \$14,400.69 and the operating expenses \$19,041.97, a loss of \$4,641.28; and on the Long Beach Line during the same period the operating revenues were \$32,193.04 and operating expenses \$41,653.39, a loss of \$9,460.35.

Stated another way the revenue per car mile on the Downey Line amounted to 20.33 cents and the operating expenses per car mile 26.86 cents, while on the Long Beach Line the revenue per car mile totalled 19.24 cents and the operating expenses per car mile 24.90 cents.

For some time past the lines here at issue, as evidenced by the annual reports and the exhibits, have been operated at a loss, we having found by Decision No. 15893, supra, that the Downey Line during the years 1923 and 1924 and for the first eight months of 1925 had an actual operating deficit of \$15,371.23, and the Long Beach Line April 11, 1924, to September 23, 1925, sustained an actual operating loss of \$42,587.17. The annual report of the Motor Transit Company system for the year 1926 showed a deficit of \$171,089.50 and for 1927 a deficit of \$69,156.87.

Applicant is not here seeking an adjustment to net a reasonable return, or in fact any return, on the investment devoted to the operation of the routes in issue, and its General Manager testified that the primary purpose at this time was to secure a uniform and reasonable basis of fares, in a measure to relieve the financial burden under which the properties are now operating.

This proposed fare structure is based on a combination of mileage and arbitraries by determining the fare from the principal terminals to the first point at 2½ cents per mile, with a minimum fare of 10 cents, and from this point building up the fares to the points beyond by adding 5 cents for each two miles or fraction thereof, with round-trip fares 85 per cent. of two one-way fares, 10-ride fares 75 per cent. of ten one-way fares, and 30-ride fares 60 per cent. of thirty one-way fares.

The fares proposed in the instant proceeding are on substantially the same basis as those first applied for in the original application which the Commission refused to authorize

because the plan then submitted would have created inconsistent and discriminatory situations, resulting in one-way fares predicated upon  $2\frac{1}{2}$  cents per mile in some instances and 5 cents per mile and over in others, depending upon the distances between the fare-breaking points, which were then not uniformly spread at two miles apart. These inconsistencies were also reflected to a greater degree in the other classes of fares. Since the original decision, No. 15893, January 22, 1926, applicant has rearranged the fare-breaking points in such a manner that they are now practically two miles apart, thus removing the objectionable features found to exist at the time of the earlier hearings.

The record shows conclusively and we find that the volume of the present fares is insufficient to pay the actual out-of-pocket costs of operation.

As heretofore stated, this proceeding was submitted October 29, 1927, and was reopened because the Pacific Electric Railway Company and the Motor Transit Company in Applications Nos. 14234 and 14293 sought a certificate of public convenience and necessity to operate an automobile stage service between the cities of Pasadena and Long Beach, creating an entirely new route via Atlantic Avenue in the territory south of Belvedere Gardens.

Applicant alleges in Application 14293 that the proposed new service via Atlantic Avenue will not disturb but will result in the furnishing of an additional stage service to the traveling public at points south of Belvedere Gardens where no convenient services are now being rendered. The fares proposed via the Atlantic Avenue line are practically the same on a distance basis as those proposed in Application No. 11455. It is apparent from the record that the Atlantic Avenue line if authorized, and established either by this applicant or the Pacific Electric Railway, will to a greater or less extent affect the revenue via the present

lines in connection with the movement of passengers between the termini of Pasadena and Long Beach.

In view of the fact that the adjustments in the instant proceeding bring about no radical changes and the fares are practically those proposed in Applications 14234 and 14293, this application to adjust the fares via the three routes now in operation should be disposed of at this time, without prejudice however to any different conclusion that may be reached in the final determination of Applications Nos. 14234 and 14293.

After careful consideration of all the facts of record we are of the opinion and find that applicant should be authorized to establish on its Downey and Long Beach Lines between the points here involved the one-way, round-trip, 10-ride and 30-ride fares set forth in Exhibit No. 5 submitted at the hearing held March 19, 1928.

Applicant shall file with the Commission or or before the twentieth (20th) day of each month, for a period of not less than 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 compiled 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 conclu-

sions 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 not less than five (5) days' notice to the Commission and to the public on its Los Angeles-Downey and Pasadena-Long Beach Lines between the points here involved one-way, round-trip, 10-ride and 30-ride fares as set forth in Exhibit No.5 submitted at the hearing held March 19, 1928.

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 fares herein authorized 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 21<sup>st</sup> day of May, 1928.

Leon Whitell

Edmund  
Ernest  
Thos. J. Lewis

M. L.  
Commissioners.