JDH

Decision No. ___

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

Decision No. 264

- - - -

In the matter of the application of the Atchison, Topeka & Santa Fe Railway Company, Coast Lines, for authority to increase passenger fares between certain points on its Los Angeles Division.	Application No. 1444

E. W. Camp and J. F. Heid, for applicant.

LOVELAND, Commissioner:

O P I N I O N

In this application the Atchison, Topeka & Santa Fe Railway Company, Coast Lines, seeks authority to increase certain passenger fares between points on its Los Angeles division. The application is the outcome of the Commission's order in Case No. 214 (Application No. 4) directing the petitioner to present to the Commission for its approval within sixty days from the date of said order a proposed schedule of passenger fares between points on its Los Angeles Division fully meeting the requirements of Section 21, Article 12, of the Constitution prohibiting the charging of any greater compensation as a through fare than the aggregate of the intermediate fares.

As many of the increases proposed are in rates which apply between points between which there has heretofore been little, if any, passenger traffic, it is considered unnecessary to herein set out in detail all the fares which it is proposed to increase. The extent and effect of the proposed increases in fares on which there was any travel during the month of December, 1914, are shown in the following table:

MONTH OF DECEMBER, 1914.

		FARES			REVENUE		
Between	And	Present	Proposed	Number Collected	Under Present Fares	Under Proposed Fares	Increase
Santa Ana	Irvine	.25¢	.30¢	247	$61.75	$74.10	$12.35
	San Onofre	1.00	1.05	23	23.00	24.15	1.15
	Anaheim	.20	.25	179	35.80	44.75	8.95
Irvine	San Onofre	.80	.85	5	4.00	4.25	.25
	El Toro	.15	.20	14	2.10	2.80	.70
	Mateo	.65	.70	1	.65	.70	.05
	San Diego	2.55	2.70	3	7.65	8.10	.45
Aliso	San Juan Capistrano	.60	.65	1	.60	.65	.05
San Onofre	El Toro	.65	.70	5	3.25	3.50	.25
	San Juan Capistrano	.35	.40	24	8.40	9.60	1.20
San Diego	El Toro	2.40	2.55	10	24.00	25.50	1.50
	San Juan Capistrano	2.15	2.25	28	60.20	63.00	2.80
	San Onofre	1.80	1.85	38	68.40	70.30	1.90
	Las Flores	1.50	1.55	5	7.50	7.75	.25
	Don	1.55	1.60	2	3.10	3.20	.10
					$310.40	$342.35	$31.95

Yearly Increase in Revenue Based on Showing Above for One Month $383.40

It will be noted that the proposed increases range from five to fifteen cents, also that the yearly increase in revenue based on the traffic during December, 1914, will be approximately $383.40 if the proposed advances are authorized.

The petitioner contends that when the fares under consideration were established the basis was 3¢ per mile and in constructing fares at that time it was the custom to add sufficient to the fares ending in odd cents to uniformly make the fares end in an even multiple of 5. For instance, the fare between Los Angeles and San Diego was fixed at $3.85, although if computed at the rate of 3¢ per mile for the distance of 126.5 miles it would actually be $3.79. This method of constructing fares, it is stated, made the through fare in some cases exceed the aggregate of the intermediate fares but this condition was not considered improper until the Constitution was amended and the present prohibition in regard thereto incorporated therein. It is now contended by the petitioner that it should be permitted to increase the fares between the intermediate points between which the travel is light so as to preserve the integrity of the fares between the more distant points between which there is extensive travel; otherwise its passenger revenue, which it considers unremunerative under the existing fares, will be materially reduced. It is stated, for example, that if the application is denied and the petitioner required to bring its fares within the Constitutional requirements, it will be necessary to reduce the fares between San Diego and Los Angeles and other points and the revenue of the petitioner will be materially impaired. The extent of the reduction in the revenues of the petitioner, if the fares between more distant points are reduced as a consequence of the denial of this application, is exhibited in the following table:

MONTH OF DECEMBER, 1914.

Between	And	FARES Present	FARES If reduced to aggregate of present intermediate	Number Collected	REVENUE Under Present Fares	REVENUE If reduced to aggregate of present intermediate	Decrease
San Diego	Los Angeles	$3.85	$3.80	3,574	$13,759.90	$13,581.20	$178.70
	Orange	3.00	2.85	39	117.00	111.15	5.85
	Santa Ana	3.00	2.80	234	702.00	655.20	46.80
					$14,578.90	$14,347.55	$231.35

Yearly Decrease in Revenue, Based on Showing above for One Month, $2,776.20

255

Comparing this table with the table hereinbefore set out, it appears that, if the application to increase the fares to certain intermediate points is granted, it will not materially increase the applicant's revenue as the additional revenue for a period of one year would approximate but $385.00; whereas, if the petitioner's application is denied and it is required to establish between San Diego and Los Angeles, Orange and Santa Ana fares that do not exceed the aggregate of the present intermediate fares, a substantial reduction in its revenue will be sustained, approximately $2776.20 per annum.

The Associated Chambers of Commerce of Orange County, California, protested the proposed increases in fares on the grounds that the present fares are just and reasonable in and of themselves and that any increase therein would be unjust and discriminatory against said intermediate points in that a higher rate per mile would be charged between said intermediates than between more distant points.

An examination of the fares applying between points on applicant's Los Angeles Division does not disclose that in fixing the fares between the points located thereon that a basis of 3¢ per mile was adhered to or that the applicant in every case increased the fares ending in odd cents to the next higher multiple of 5, as was testified by witness for applicant at the hearing. This conclusion is substantiated by the following statement of fares and mileages taken from applicant's petition No. 4, Case No. 214, filed with the Commission on December 28, 1911.

Los Angeles To	Mileage	Figured at Three Cents per Mile Would Be	Present Fare
Fullerton	23.8	$ .71	$ .70
Anaheim	26.6	.79	.80
Orange	31.4	.94	.90
Santa Ana	34.3	1.02	1.00
Aliso	36.3	1.08	1.10
Irvine	41.8	1.25	1.25
El Toro	46.9	1.40	1.40
Galivan	50.9	1.52	1.55
San Juan Capistrano	56.0	1.68	1.70
Serra	58.6	1.75	1.75
Mateo	62.7	1.88	1.90
San Onofre	67.5	1.92	2.00

256

Los Angeles to	Mileage	Figured at Three Cents per Mile Would Be	Present Fare
Don	74.8	$ 2.24	$ 2.25
Las Flores	77.5	2.32	2.30
Los Angeles Junction	82.9	2.48	2.50
Oceanside	85.0	2.55	2.55
Escondido Junction	86.0	2.58	2.60
Carl	88.1	2.64	2.65
La Costa	93.1	2.79	2.80
Merle	94.6	2.83	2.85
Encinitas	96.9	2.90	2.90
Cardiff	98.6	2.95	2.95
Del Mar	102.8	3.08	3.10
Sorento	107.9	3.23	3.25
Linda Vista	111.8	3.35	3.35
Selwyn	113.3	3.39	3.40
Ladrillo	118.1	3.54	3.55
Pacific Beach	119.6	3.58	3.60
Old Town	122.9	3.68	3.70
San Diego	126.5	3.79	3.85
National City	131.9	3.95	3.95

- - - -

It appears from the foregoing that fares were constructed on a more or less arbitrary basis. If the fares had been uniformly constructed on a basis of 3¢ per mile and fractional fares increased in all cases to the next multiple of 5, as alleged by applicant, the aggregate of the intermediate fares would not have been exceeded, in any case, by the fares between more distant points.

It was also stated by the witness for the applicant that the average cost of operating passenger trains per mile in California was $1.24 but it is impossible from the data filed in this case to determine the accuracy of that statement or its particular applicability to conditions on the Los Angeles Division; nor did the applicant furnish any statement of the earnings per passenger train mile for the entire Los Angeles Division for the same period to enable the Commission to determine whether the present fares are remunerative.

The applicant further contends that inasmuch as the travel on the fares which it seeks to increase is slight that it should be permitted to advance same to preserve the integrity of the fares to more distant points although it admits that the intermediate fares are not in and of themselves unduly low. This contention simply means that the carrier desires to maintain its fares between the more distant points so as to preserve its present revenue regardless of the effect of increasing the intermediate fares.

There was no showing made by the applicant that the aggregate of the present intermediate fares would not be just and reasonable fares between the more distant points and in fact if the Los Angeles - San Diego fare of $3.85 is reduced to $3.80 so as not to exceed the aggregate of the intermediate fares that Line will receive 3¢ per mile as is indicated by the statement hereinbefore set out and which rate the applicant states is generally recognized as a reasonable passenger fare rate.

The mere fact that the applicant's revenue will be diminished if its through fares are reduced to the aggregate of its intermediate fares is no justification for increasing the intermediate fares if they themselves are not unreasonably low and if the aggregate of such fares is not unreasonably low for the service between more distant points.

I am of the opinion that the applicant has failed to justify the proposed increases in its passenger fares and that the application should be denied.

I recommend the following form of order:

<u>O R D E R</u>

The Atchison, Topeka & Santa Fe Railway Company, Coast Lines, having filed its application for authority to increase certain of its passenger fares on its Los Angeles Division and a public hearing having been held in said application and a full investigation of the matters and things involved having been had and the Commission being of the opinion that the applicant has failed to justify the proposed increase in fares;

IT IS HEREBY ORDERED that the application in the above entitled proceeding be and it is hereby denied.

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 26th day of March, 1915.

Max Thelen

H. D. Loveland

Alex Gordon

Commissioners.