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Decision No. 8302

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
of Motor Transit Company, a cor-)
poration, for permission to make)
a general adjustment in its rates)
for the transportation of persons,)
and to increase certain rates.)

APPLICATION NO. 5897.

H.W.Kidd and Harry A. Encell, for Applicant.
Jess Stephens and H.S. Payne for Los Angeles
Board of Public Utilities.

BY THE COMMISSION:

O P I N I O N

Motor Transit Company, a corporation, operating passenger stages between Los Angeles and various points in Southern California, applied for authority to publish tariffs showing a general readjustment of rates, resulting in increases in many instances.

Public hearings upon the application were held by Examiner Westover at Los Angeles.

The applicant now operates a line between Los Angeles and Bakersfield and Taft via the ridge route, one line between Los Angeles, Palmdale and Lancaster over two routes, one via Bouquet Canyon and one via Mint Canyon; a line between Los Angeles, San Bernardino, Redlands and Riverside via El Monte and Pomona,

and a line between Los Angeles and San Diego via Whittier, Fullerton and Santa Ana.

These lines were acquired at various times and in various portions, beginning on or about December 1, 1916, when it acquired a line between Los Angeles and Anaheim and Fullerton from a partnership operating under the name of P.E. Stage Line. It has adopted the rates in force on the respective lines or portions of lines acquired; or where it has established lines it has arbitrarily put into effect certain rates which it has ever since charged. The testimony shows that this has resulted in numerous inequalities in rates and that applicant has also experienced very substantial increases in various features of operating costs. It, therefore, asks authority to establish new schedules of rates for the purpose of producing additional revenue and adjusting its rates so they shall rest upon substantially the same basis in territory where operating conditions are similar. It also proposes to withdraw from sale its 10-ride and 52-ride commutation tickets in use on its Los Angeles-Santa Ana-Anaheim line, but continue its 30-ride and 60-ride tickets.

An analysis of the rates submitted shows that 199 rates remain unchanged, 849 rates are increased, and 1253 rates are decreased by the proposed tariffs, which result in ironing out the inconsistencies now existing.

Owing to the manner in which this applicant acquired its various properties, the very growth of the institution eliminates any possibility of showing a comparison of earnings and expenses for any appreciable period. The company started as a comparatively small operator and at the present time is the largest auto stage passenger carrier in the State.

The exhibits offered in this proceeding showed that for an eight months' period, January 1 to August 31, inclusive, the actual passenger revenue amounted to \$815,912.00, and that the actual expenses for the same period were \$880,592.68, or a deficit of \$64,680.68, an average of over \$8,000.00 operating loss per month. These figures include depreciation on the equipment of 20% per annum. The Commission, therefore, concludes that a real emergency exists wherein the applicant is entitled to immediate relief.

Beginning the middle of this year gasoline, oil and tire prices were greatly increased and a labor strike required this company to increase wages; it was also necessary to increase the rental paid to leased car owners from \$35.00 to \$40.00 per day, resulting in an actual operating loss for August of over \$11,000.00.

An exhibit shows that the revenue per car mile increased from January 1st 18 cents, to August 1st 21.2 cents, while the operating expense per car mile in January was 20.2 and in August 23.2. Owing to the manner in which a car mile base is arrived at; that is by including several sizes and types of equipment, and that the mileage also includes leased car miles, and for the further reason that small cars and large cars are not in use in territory where operating conditions are the same, a comparison on a car-mile basis is not stable and these figures cannot be relied upon or used as ~~XXXXXXXX~~ ~~XXXXX~~ a basis for rate making.

The adjustment proposed by applicant would bring about an increase in revenue of approximately 26% and this, we believe, would produce revenue in excess of what is required to meet all operating expenses, depreciation and a reasonable return upon investment. The investment account of this company, including \$25,000.00 cash

working capital, instead of \$215,000.00 as set up in the applicant's rate base figures, amounts to \$736,297.17. The Commission, therefore, concludes that on account of the emergency herein shown to exist the applicant cannot continue to serve the public under the schedule of rates at present in effect. We are not satisfied, however, that the rates should be increased by 26%, as the estimated figures indicate that such an increase in fares would produce more revenue than the situation warrants, but the Commission does believe that relief should be granted.

The Commission is of the opinion that the applicant should be authorized to cancel all round trip fares and other special reduced rate tickets and that it should be permitted to increase its present fares by 10%. In calculating rates under the authority given herein, fares must end in the nearest multiple of five.

The Commission in this decision does not finally pass upon whether the amount of relief allowed in this case is too much or too little, but the applicant will be required to keep an accurate and comprehensive record of its revenue and expenses and will be required to furnish the Commission with a report monthly, beginning with November and continuing for a period of six months, within which time the Commission will determine whether or not the fares shall continue in effect, or whether or not they shall be increased or decreased.

We hereby submit the following form of order:

O R D E R

IT IS HEREBY ORDERED that the applicant in this proceeding be authorized to increase its rates by 10% and to eliminate all

round trip fares and all special reduced rate tickets, and to iron out any inconsistencies in existing fares. Provided, however, that any increases over and above the 10% result through such adjustment, the same must be reported to the Commission showing the increases and points between which such fare applies.

IT IS FURTHER ORDERED that the applicant shall be required to furnish the Commission with a report monthly showing the amount of revenue and expenses, beginning with November and continuing for a period of six months.

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 30th day of October, 1920.

H. Loveland
Frank R. Quinn
H. B. Brundage
Dwight Martin
Commissioners.