

Decision No. 20414

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
L. E. OMER, AGENT, on behalf of )  
ATCHEISON, TOPEKA & SANTA FE RAILWAY )  
COMPANY (Coast Lines), GREAT NORTHERN )  
RAILWAY COMPANY, SACRAMENTO NORTHERN )  
RAILWAY, SAN DIEGO & ARIZONA EASTERN )  
RAILWAY COMPANY, SOUTHERN PACIFIC )  
COMPANY (Pacific Lines), UNION PACIFIC )  
RAILROAD COMPANY and WESTERN PACIFIC )  
RAILROAD COMPANY and other carriers )  
for which such lines act as agent )  
under Powers of Attorney filed with )  
the Railroad Commission of the State )  
of California, also for tariff pub- )  
lishing agents for such carriers; for )  
an increase in passenger fares. )

Application No. 21655

BY THE COMMISSION:

OPINION AND ORDER

By application filed December 7, 1937, in the above entitled proceeding, common carriers of passengers, named or referred to above, seek authority under Sections 15 and 63 of the Public Utilities Act to establish increased passenger fares as outlined in said application for intrastate transportation within California. Applicants request that publication of said increases on ten (10) days' notice to the Commission and the public be permitted and that authority to depart from the terms of this Commission's Tariff Circular No. 2 to the extent outlined in the application be granted.

Applicants allege (1) that they are now subjected to increases in their operating costs so substantial as to create a highly critical situation which unless promptly met will seriously impair their ability to continue to render an adequate and efficient railway transportation service, (2) that there has been an increase in traffic along with the gradual improvement in business generally since the low point of depression in 1932, but that net revenues as a result

of this increase in traffic have been practically eliminated because of increased costs of operation brought about by increases in prices of materials and supplies, increases in taxes and increases in labor costs resulting from two mediation agreements entered into with representatives of employees pursuant to the procedure provided for in the Railway Labor Act (act of May 20, 1926, as amended) and, (3) that they are faced with further increased taxes on January 1, 1938, when taxes for unemployment insurance under the Social Security Act will be increased to 3% of their payroll taxable thereunder, as compared with 1% in effect in 1936 and 2% in effect in 1937.

It appears from the application that the financial condition of applicants is such that if the public is to be assured of an adequate transportation service some increase in revenue is essential. The proposed increases are similar to those which were authorized by the Interstate Commerce Commission for like transportation service between the same points on interstate traffic by special permission No. 165006, R-M No. 880 of December 2, 1937, and do not exceed the maximum fares of 3¢ per mile for travel in sleeping cars or 2¢ per mile for travel in coaches or chair cars as prescribed by that Commission in its Docket No. 26550 of February 28, 1936. These increases, if authorized, for intrastate traffic will avoid the confusion which will otherwise result from the maintenance of different fares on intrastate and interstate traffic.

It appears that this is not a matter in which a public hearing is necessary, that the proposed increases are justified and that the application should be granted.

It will be understood that any individual or group may properly challenge by complaint and in the usual manner the reasonableness or lawfulness of any individual increases herein authorized should such increases be regarded as unreasonable or in any other manner unlawful.

Therefore, good cause appearing

IT IS HEREBY ORDERED that applicants be and they are and each of them is hereby authorized to establish on not less than ten (10) days' notice to the Commission and to the public the increased passenger fares proposed by the application herein.

IT IS HEREBY FURTHER ORDERED that rates as authorized herein may be published without regard to the terms of Tariff Circular No. 2 to the extent proposed by the application herein.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will be void unless the increased fares authorized herein are published and filed with the Commission prior to March 1, 1938.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 17<sup>th</sup> day of December, 1937.

William H. Hall

Frank R. Sullivan

Robert W. Sullivan

Ray L. Kelley

Commissioners.