

Decision No. 12345

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of TANNER MOTOR TOURS, LTD., FOR)
AN ORDER AUTHORIZING APPLICANT TO)
INCREASE CERTAIN RATES.)

Application No. 23700

BY THE COMMISSION:

ORIGINAL

OPINION AND ORDER

Applicant Tanner Motor Tours, Ltd., a common carrier engaged in the transportation of persons by means of passenger stages, operates between Hollywood and Los Angeles on the one hand and Pasadena on the other hand, on New Year's Day of each year. This service is patronized by persons attending the Tournament of Roses parade and the football game held annually in Pasadena on that holiday. The existing round trip fare of \$1.50, published in applicant's Tariff C.R.C. No. 11, permits passengers to return from Pasadena after the morning parade or after the afternoon football game. By this application, as supplemented, authority is sought to increase the fare to \$2.50 for the service rendered those passengers returning after the football game.

In support of the application it is represented that under the existing fare applicant has experienced a net loss of \$1,178.17 since 1936 in performing the service involved.¹ It is claimed that when the existing service and fare were established it was anticipated that approximately three-fourths of the total number of passengers

¹ A statement submitted by applicant shows the following results from this operation:

Year	1936	1937	1938	1939	1940
Revenue	\$2,296.50	\$1,791.00	\$2,886.25	\$2,128.50	\$2,182.50
Expense	2,852.95	2,279.10	2,860.61	2,263.62	2,206.64
Profit or Loss:	556.45*	488.10*	25.64	135.12*	24.14*

* Indicates Loss

would be returned from Pasadena upon the conclusion of the parade shortly after noontime, but that applicant's experience since 1936 has been that only one-fourth return at that time. This is said to be the chief reason for the substantial loss sustained by applicant because it resulted in operating expenses being incurred which were substantially higher than those expected. These higher costs are represented as having been caused by the necessity of holding most of the equipment in this service for a full day, instead of the half-day anticipated at the time the fare was put in effect. Applicant also claims that it is faced with increased expenses amounting to at least \$286.36 per year for the 1941 service and for future operations. This additional expense is said to represent the higher cost which will prevail for municipal licenses, rental of equipment, advertising, drivers' wages, repairs and supplies.² Applicant's statement shows that it lost \$24.14 from the operation in 1940. It estimates that future losses will, therefore, amount to not less than \$310.50 per year if the \$1.50 fare is maintained.

According to the applicant its losses will be much heavier in the event inclement weather or some other unforeseen cause results in less than normal patronage of the service. It is explained that these further losses would be occasioned by such expenses as advertising and rental of equipment which would be contracted for in advance on the usual basis and could not be recovered when the unforeseen circumstance developed.³

² The detail of the additional expense is shown as \$142.00 for licenses, \$87.50 for equipment rental (\$75.00 to \$100.00), \$27.86 for advertising, \$17.00 for drivers' wages, and \$12.00 for repairs and supplies.

³ Applicant estimates advertising expense at \$306.48, and equipment rental at \$890.50 per year. A large part of these expenses, it is said would be nonproductive in the event of subnormal patronage.

Applicant argues that the proposed fare of \$2.50 reflects the reasonable cost of the service to be rendered thereunder in consideration of it being a single day's operation in each year and the attending hazard of serious loss in the event of subnormal patronage.

Due to the nature of the service it is said to be impracticable, if not impossible, for the applicant to ascertain from its patrons whether or not they would offer objections to the granting of the application. Tourist agencies, through which reservations, are made, are said to have informed applicant that the proposed increase would not be objected to by their clients.

It appears that this is a matter in which a public hearing is not necessary. On this record it is clear that the existing fare of \$1.50 per passenger is insufficient to enable applicant to defray its expenses in rendering the service involved. It is also clear that the losses which have been sustained are attributable chiefly to the greater expense attending the return of the majority of the passengers late in the day rather than at noontime. It is not suggested that the present fare is unremunerative for the service rendered those passengers who will return at noontime. It is evident, therefore, that the increased revenue reasonably necessary to reflect the cost of service should be derived from fares to be collected from the passengers who choose to remain in Pasadena until after the football game. On the showing made the proposed fare of \$2.50 per passenger for the service appears justified.

Therefore, good cause appearing,

IT IS HEREBY ORDERED that Tanner Motor Tours, Ltd., a corporation, be and it is hereby authorized to publish and file on not less than five (5) days' notice to the Commission and to the public an in-

creased fare which shall not exceed \$2.50 per person for the transportation of passengers from Los Angeles and Hollywood to Pasadena and return on New Year's Day when the return trip is made after the football game.

The authority herein granted is void unless the fare is made effective on or before January 1, 1941.

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

Dated at San Francisco, California, this 7th day of December, 1940.

Ray & Rice
James P. Smith
H. B. Allen
Justin J. Cameron
Commissioners