

Decision No. 39302

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the application of PACIFIC ELECTRIC RAILWAY COMPANY, a corporation, for an order granting permission to increase and adjust passenger rates and fares for the transportation of persons between points in the State of California;

Los Angeles Motor Coach Lines for an order granting permission to increase and adjust certain passenger rates and fares for the transportation of persons between points in the State of California, to conform to any increases that may be granted to Pacific Electric Railway Company, so that the parallel rates affected may be equalized and in harmony.

ORIGINAL

Application No. 27466

APPEARANCES as shown in Appendix "B".

CRAEMER, Commissioner

O P I N I O N

Public hearings were held on this application in Los Angeles on June 24, 25, and 28, 1946. The matter was taken under submission upon the filing of concurrent briefs with the Commission on or before July 29, 1946. Briefs have been filed and the matter is now ready for decision.

In this application financial relief is sought on an emergency basis primarily to meet added passenger service operating expenses resulting from increases granted to the company's employees. (1)

(1) The following statement was made by applicant's attorney (Tr. 1, pp. 5-7).

"Prior to the filing of this application, in accord with the national adjustment in wages, a 16-cent an hour wage increase was given to employees, retroactive to January 1, 1946.

"Since that time, pursuant to settlement by the President of the United States, an additional 2-1/2 cent per hour has been given Pacific Electric employees, effective May 22, 1946.

"This, together with cost of rules changes granted operating employees, makes a material increase in Pacific Electric operating expenses, over those set forth in the application, the amount of which will be shown in evidence."

The following table summarizes applicant's present and proposed fare changes, except for special and specific cases.

I T E M	F A R E	
	Present	Proposed
<u>PACIFIC ELECTRIC RAILWAY CO.</u>		
5¢ fares except in Zones 1, 2, 3.	5¢	7¢
5¢ fares in Zones 1, 2, 3.	5¢	6¢
10¢ fares - 3 contiguous zones	10¢	10¢
15¢ fares - 4 contiguous zones	15¢	15¢
Los Angeles to Santa Monica	20¢	25¢
Token fares	6 1/2¢	7¢
Round trip fares	--	*
School fares	3¢	4¢ - 5¢
" "	4 1/2¢	5¢
Commutation fares	--	*
All other fares	--	*
Joint weekly pass	\$1.50	\$1.50

* Increase 15% and in general rounding to nearest full cent.

LOS ANGELES MOTOR COACH LINES

Inter-zone fares **		
Between two zones	10¢	12¢
" three "	15¢	17¢
" four "	20¢	22¢
Special	25¢	27¢

** Certain existing fares are to remain unchanged, as specifically shown in the application.

Footnote (1) Cont'd

"The application also asks for changes in Los Angeles Motor Coach Lines' fares to reconcile them with changes proposed in fares of Pacific Electric Railway Company.

"This greatly increased operating expense can not be met out of present earnings, and, therefore, increased earnings are necessary if applicant is to continue its present service.

"It is respectfully requested that relief be given promptly as the situation is critical. The wage increases must be paid, and materials and supplies must be purchased at the added prices.

"These are conditions which have been brought about by conditions beyond our control. The only way to meet the situation is to have established increase in rates for the service rendered.

"It is believed that this is a proper case for an interim order putting into effect the rates set up in the application which will give added revenue to apply to the increased costs, although it is not anticipated it will cover all of the increased operating expenses."

Sixteen exhibits were filed in this proceeding: 14 by the applicant, one by the City of Burbank, and one by the Commission's staff. Applicant's Exhibit No. 8 shows the estimated operating results that will be obtained during a 12-month period ending June 30, 1947, on two different bases - one under present fares and the other employing the proposed fare. Exhibit No. 15 by the Commission's staff, as expanded by oral testimony, shows the estimated operating results covering the 12-month period ending June 30, 1947, employing the proposed increased fares.

The following tabulation is taken from the two exhibits referred to above covering applicant's passenger operations, including applicant's share of the Los Angeles Motor Coach Lines, for the 12-month period ending June 30, 1947.

I T E M	: PACIFIC ELECTRIC R.WY. CO.:		COMMISSION'S STAFF		
	: Exhibit No. 8		: Exhibit No. 15		
	: Present	: Proposed	: PROPOSED FARES		
	: Fares	: Fares	: P.E.Ry. only	: Share L.A.M.C.	: TOTAL
Revenue	\$22,036,521	\$23,921,521	\$23,112,970	\$ 1,911,200	\$25,024,170
Expenses	23,497,273	23,497,273	21,891,120	1,314,000	23,205,120
Net Income	(1,460,752)	424,248			
Taxes	1,669,765	1,669,765	1,703,950	133,500	1,837,450
Total Expense			23,595,070	1,447,500	25,042,570
Operating Income	<u>\$ 3,130,517</u>	<u>\$1,245,517</u>	<u>\$ 182,110</u>	\$ 463,700	<u>\$ 18,410</u>

Footnote (1) Concluded

"The proposed rate increases have been kept at a minimum in an effort to avoid question of the justification for emergency relief.

"By proceeding in this manner the Commission could retain jurisdiction for whatever study may be desired by parties and the Commission's staff, and the record could be supplemented and rates adjusted up or down as may then be found justified.

"The payment of the increased costs can not be deferred; likewise the increased revenue should not be deferred."

It was stipulated that all reports filed with the Commission by this company, which are open to the public, should be considered, by reference, as part of the record herein. A comparison of data shown in Exhibit 15 with that of current monthly reports on file with the Commission shows that the principal item of variance in Exhibits 8 and 15 was due to the different allowance for "Injuries and Damages" amounting to approximately \$800,000. The allowance in Exhibit 15 was based on 1945 actual experience, whereas, in the case of Exhibit 8, this annual expense was based on the estimated cost for the first four months of 1946.

The cities of Burbank, Glendale, and Long Beach took the position that both the present and proposed fare structures impose a discrimination to patrons using applicant's facilities in traveling to and from these cities, and urged that the Commission review this entire situation looking toward establishing just and reasonable rates on a system-wide basis. These features will be considered by the Commission in connection with the general investigation into the company's entire operations.

This record is conclusive that applicant's revenue under prevailing conditions is not sufficient to meet the increased operating expenses resulting primarily from wage increases; in fact the record shows that even under the proposed fare increase the company will still fail to meet its passenger service operating expenses, including depreciation, without any return on the investment. This record compels the conclusion that applicant should be granted immediate relief. Such relief, however, should be considered as temporary pending the completion of a comprehensive survey covering the operations not only of this carrier but those of the Los Angeles Transit Lines, which company is now before the Commission seeking authority to increase its system fare structure. To this end the Commission is instituting an investigation on its own motion to inquire into all phases of applicant's operations and of the rate and transportation problem in the Los Angeles Metropolitan area.

Upon this record the Commission finds that applicant has justified the fare changes set forth in the following order which in effect grants the relief sought, except in the case of the Los Angeles Meter Coach operation wherein the zone fare is increased from 7 cents to 10 cents cash with three tokens for 25 cents, as was granted the Los Angeles Transit Lines, a joint owner of this operation.

The following form of Order is recommended.

O R D E R

Public hearings having been held in the above-entitled application, the proceeding submitted, and the evidence and briefs fully considered, and good cause appearing;

IT IS ORDERED that Pacific Electric Railway Company and Los Angeles Meter Coach Lines are and each of them is authorized to establish on not less than five days' notice to the Commission and the public the increased fares provided in Appendix "A" attached hereto and by reference made a part hereof.

IT IS FURTHER ORDERED that in all other respects the above-entitled application is denied.

IT IS FURTHER ORDERED that the authority herein granted shall be void unless the fares authorized in this order are published, filed and made effective within sixty days from the effective date of this order.

The effective date of this order shall be twenty (20) days from the date hereof.

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 31
day of July, 1946.

Harold Anderson
Justus F. Craemer
Frederick D. ...
... D. ...
Harold P. Hull
Commissioners

APPENDIX "A"

PACIFIC ELECTRIC RAILWAY COMPANY

ONE WAY FARES

One way fares to be increased 15%, adding 1/2 cent where necessary to make fare end in full cent, except as follows:

- (1) Present 5-cent fares (not including 5-cent fares applying within each of Los Angeles Local Fare Zones Nos. 1, 2, and 3) to be increased to 7 cents.

- (2) Los Angeles Local Fare Zones Nos. 1, 2, and 3.
Retaining present zones, increase fare from 5 cents to 6 cents in each zone, including joint fare between Pacific Electric Railway and Glendale City Lines in Atwater Zone 3.

Increase rate for tokens sold for passage between zones 1 and 2, or between zones 2 and 3, from 4 for 25¢ (6-1/4 cents per ride) to 5 for 35 cents (7 cents per ride).

- (3) Los Angeles Local Fare Zone No. 4.

Present 5-cent fare to be increased to 7 cents.

- (4) Present 10-cent fares to be increased to 15 cents between the following points.

Between Camden and Wilshire, Carolwood and Sunset, or Beverly Hills Station and Santa Monica-Ocean Park-Venice.

Between Culver City (Roynier Park) and Venice-Ocean Park-Santa Monica.

Between Culver City (Roynier Park) and Playa Del Rey (Waterview Street).

- (5) Present 20-cent fares to be increased to 25 cents between Los Angeles and Santa Monica-Ocean Park-Venice.

- (6) Glendale-Burbank Local Zones

Discontinue tokens sold at 4 for 25 cents within each of these zones.

- (7) One way fares between Los Angeles and points on lines in San Fernando Valley to be 10 cents over fares applying between Hollywood Blvd. and Highland Avenue and points in San Fernando Valley.

- (8) 6-1/4 cent token fare between Zone 1 (Los Angeles) and Eastern Avenue, on Los Angeles-El Monte-Covina rail line: Increase token rate from 6-1/4 cents (4 for 25 cents) to 7 cents (5 for 35 cents).

- (9) San Bernardino, Colton, Riverside and Arlington areas: Discontinue tokens sold at four for 25 cents.

APPENDIX "A" (Cont'd)

ROUND-TRIP FARES

Increase round trip fares 15%, adding 1/2 cent where necessary to make fare end in full cent.

SCHOOL FARES

Fares for 40-ride school commutation tickets to be increased as follows:

- (1) Present one-zone school ticket for use in Los Angeles Local Fare Zones 1, 2, or 3, or between Zone 3-Atwater and Atwater Zone of Glendale City Lines, to be increased from \$1.20 (3 cents per ride) to \$1.60 (4 cents per ride).
- (2) Present one-zone school ticket for use in Los Angeles Local Fare Zone No. 4 to be increased from \$1.20 (3 cents per ride) to \$2.00 (5 cents per ride).
- (3) Present school commutation ticket good between any two contiguous zones of Los Angeles local fare zones 1, 2, 3, or 4, to be increased from \$1.80 (4-1/2 cents per ride) to \$2.00 (5 cents per ride).
- (4) Where one-way adult fare is to be increased from 5 cents to 7 cents, school ticket is to be increased from \$1.20 (3 cents per ride) to \$2.00 (5 cents per ride).

COMMUTATION FARES

Increase for 10-ride party commutation tickets and 30-ride individual commutation tickets, including joint fares for such tickets applying in connection with Glendale City Lines, Inc., and Pasadena City Lines, Inc. by 15%, fractions of less than 2-1/2 cents to be dropped and fractions of 2-1/2 cents or over to be increased to the next multiple of 5 cents, with the exception that fare of 75 cents for 30 rides (2-1/2 cents per ride) within No. 1 Zone of Los Angeles, in connection with 30-ride commutation tickets applying to and from Los Angeles, is to be discontinued.

JOINT ONE-WAY AND ROUND-TRIP FARES

- (1) In connection with Wilmington Transportation Company:

Increase Pacific Electric Railway share of joint one-way and round-trip fares in effect between Los Angeles on lines of Pacific Electric Railway Company and Avalon, Santa Catalina Island, on line of Wilmington Transportation Company by 15%, adding sufficient where necessary to make the fare end in full cent.

APPENDIX "A" (Concluded)

(2) In connection with Los Angeles Motor Coach Lines:

Increase joint one-way fares with Los Angeles Motor Coach Lines by 15%, adding 1/2-cent where necessary to make fare end in full cent; except in the case of 10-cent joint fare applying wholly within Los Angeles Local Zone area.

(3) In connection with Pasadena City Lines Inc.:

Increase 6-cent fare applying between Pasadena Zone of Pasadena City Lines, Inc. and Columbia and Fair Oaks on Pasadena Short Line or Monterey Road on Pasadena via Oak Knoll Line to 7 cents.

LOS ANGELES MOTOR COACH LINES

- (1) Increase the present 7-cent cash fare to 10 cents.
- (2) Increase the present 7-cent token fare to 3 tokens for 25 cents.

APPENDIX "B"

C. W. CORNELL, for Pacific Electric Railway.
GIBSON, DUNN & CRUTCHER, by WOODWARD M. TAYLOR and
MAX EDDY UTT, for Los Angeles Transit Lines.
ROGER ARNEBERGH, Assistant City Attorney, for City of
Los Angeles.
K. CHARLES BEAN, for Board of Public Utilities and
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HENRY M. BUSCH, for City of Upland.
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Beach and Hawthorne.
H. BURTON NOBLE, City Attorney, for City of Pasadena.
BENJAMIN CHAPMAN, Price Attorney, for Office of Price
Administration.
E. D. YEOMANS, for Pacific Electric Railway.
JOHN E. LAUTEN, for City of Glendale.
HENRY McCLERNAN, City Attorney, for City of Glendale.
DAILEY S. STAFFORD, City Attorney, City of Covina.
B. E. GIGAS, for City of South Pasadena.
JAMES WHYTE, by MAURICE O'CONNOR, City of Claremont.
GEORGE W. IRVING, Deputy City Attorney, for City of
Burbank.
HARMON R. BENNETT, Planning and Transportation Engineer,
for City of Burbank.
E. L. PARKER, for P. E. Local 1420 Utility Workers Union
of America (Legislative Representative).
JAMES L. DAUGHERTY, Nat. Rep. Utility Workers, Union of
America.
J. E. WYNNE, U. S. Post Office, Los Angeles.
P. H. LESTER, People's Lobby.
JOY A. WINANS, for People's Lobby of California, also
Municipal League of Los Angeles.
CLARA McDONALD, People's Lobby of California.
EAWART L. MANN, in Propria Persona.
CHRISTOPHER J. GRIFFIN, for City of Huntington Park.
SANFORD GOLDNER, for National Citizens Political Action
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EDWARD MOOK, for National Citizens Political Action
Committee.
ROY SHINAMAN, in Propria Persona.
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