

**ORIGINAL**Decision No. 40299

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 The Atchison, Topeka & Santa Fe Railway )-  
 Company, Northwestern Pacific Railroad )  
 Company, Pacific Electric Railway Company, )  
 San Diego & Arizona Eastern Railway Company, )  
 Southern Pacific Company, Union Pacific ) Application No. 28396  
 Railroad Company and Western Pacific )  
 Railroad Company for authority to increase )  
 certain local, inter-division and joint )  
 passenger fares. )

Appearances

J. E. Lyons, C. W. Burkett, Jr., J. E. Hennessy,  
and J. M. Souby, Jr., for applicants.

O P I N I O N

Applicants are common carriers of passengers by railroad. They seek authority under Section 63 of the Public Utilities Act to increase certain intrastate local, inter-division and joint fares.<sup>1</sup> The sought adjustments are set forth in the following table:

<u>Classes</u>	<u>Present</u>	<u>Proposed</u>
Round Trip, First Class	1½ One Way, First Class	1-2/3 One Way, First Class
Round Trip (#) First Class	1-2/5 One Way, First Class, 18 Day Limit	1-2/3 One Way, First Class, 3 Months Limit
One Way, Intermediate Class	2.475 cents per mile	2.75 cents per mile
Round Trip, Intermediate Class	180% of 2.475 cents per mile	180% of 2.75 cents per mile
Round Trip, Intermediate Class (#)	\$17.60	\$19.55

# Applies between San Francisco and Los Angeles.

<sup>1</sup> The Pacific Electric Railway Company seeks authority to adjust its rail interline fares only.

Adjustments are also sought in the round-trip mixed class fares between San Francisco and Los Angeles, corresponding to those proposed for the separate factors.

A public hearing was had at San Francisco on May 16, 1947, before Examiner Freas.

The last change in the California intrastate passenger fare structure occurred in February 1942 at which time the fares here involved were increased 10 per cent. (Decision No. 35007 in Application No. 24670.) Since that time operating expenses have increased substantially. For example, it was pointed out that wages were increased materially in 1943. For the principal Class I railroads serving California the average straight time hourly rate of compensation has risen from 81 cents in 1942, to \$1.12 for the year 1946, an increase of more than 39 per cent. The cost of fuel oil increased from 90 cents per barrel in 1942, to \$1.35 per barrel in 1946, an increase of 50 per cent. The cost of materials and supplies generally is said to have risen in proportion during the period in question. The record also shows that by virtue of the provisions of Federal Legislation payroll taxes were increased on January 1, 1947, from  $6\frac{1}{2}$  to  $8\text{-}3/4$  per cent on salaries up to \$300.00 per month.

The evidence of record discloses that passenger miles and passenger revenue of the principal lines serving the state declined during the past two years. The passenger miles of the carriers in question for January, February, March 1947, were 45, 43 and 39 per cent of the passenger miles for the months of January, February, March 1945, respectively. As to passenger revenue, compared for the same period, the percentages were said to be 47, 51 and 44 per cent, respectively.

In so far as intrastate traffic is concerned, the proposed fares are calculated to return, on an annual basis, an additional \$440,000 annually for the Southern Pacific Company, \$6,600 for The Atchison, Topeka and Santa Fe Railway Company, and but little additional revenue for other carriers involved. It was explained that during 1946, 70 per cent of the passengers transported by Southern Pacific Company traveled in chair cars or coaches at low economy fares, which fares it is not here proposed to increase.

According to the record, Class I roads serving the State of California during 1946 earned a net of 3.19 per cent on the book value of the property used in transportation service less depreciation. During that year the freight service provided a net railway income of \$121,220,359, while the passenger service produced a deficit of \$17,705,568.

The increased fares herein sought correspond in general to those which applicants and connecting carriers in the territory west of Chicago and Mississippi River Gateways will establish for interstate traffic, effective June 1, 1947; the Interstate Commerce Commission granted these carriers authority to make the sought fares effective on not less than ten days' notice.<sup>2</sup> It is the purpose of the instant application and of those filed with other western state regulatory bodies to maintain, subsequent to June 1, 1947, the existing relationship between the intra and interstate fares.

No one opposed the granting of the application.

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The authority of the Interstate Commerce Commission is not required in order to publish higher fares since they remain below 3.3 cents per mile, prescribed by that agency as maximum in Case No. 26550 of February 28, 1936, as amended by Ex Parte 148 and 162.

Upon careful consideration of all the facts and circumstances of record in this proceeding the Commission finds as a fact that the increases involved in this application are justified. Applicants will be authorized to increase the fares as proposed concurrently with the changes they are making in their interstate fares.

O R D E R

Public hearing having been had in the above entitled application, and based upon the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that the above entitled application be and it is hereby granted; and that the increases in passenger fares herein authorized may be established within sixty (60) days from the effective date hereof on not less than five (5) days' notice to the Commission and to the public.

IT IS HEREBY FURTHER ORDERED that where the total increased fares are less than one dollar, fractions of less than one-half cent shall be dropped and fractions of one-half cent or greater may be increased to the next whole cent, and that where the total increased fares are more than one dollar, such fares shall end in 0 or 5, but not more than 2.5 cents shall be added to the present

fares as herein authorized to be increased, in order to make such total fares end in 0 or 5.

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

Dated at San Francisco, California, this 20<sup>th</sup> day of May, 1947.

Harold P. Hule  
Justin F. Garner  
Wesley Powell  
R. F. [unclear]  
Kenneth [unclear]  
Commissioners