

ORIGINAL

Decision No. 41321

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the application )  
of LANDIER TRANSIT CO., INC. for ) Application No. 28957  
an order granting permission to )  
increase its local passenger fares.)

Spray, Gould, Duckett and Bowers, by C. W. Bowers, for  
applicant. K. Charles Bean and T. E. Hoffman by T. E. Hoffman,  
for Department of Public Utilities and Transportation of the City  
of Los Angeles, interested party.

O P I N I O N

Landier Transit Co., Inc., a corporation, engaged in the business of transporting persons as a "passenger stage corporation" in the Watts area (City of Los Angeles), seeks authority, under Section 63(a) of the Public Utilities Act, to establish increased fares.

A public hearing was held in Los Angeles on February 11, 1948, before Commissioner Potter and Examiner Chiesa. Evidence, oral and documentary, having been adduced and the matter submitted, it is now ready for decision.

Applicant's president and general manager, and its accountant, testified in support of the application, and a Commission transportation engineer presented evidence showing results of operation under present and proposed fares.

Applicant is now operating along four routes varying in length from approximately 1.75 to 5.4 miles. Present fares vary from five cents, plus two-cent transfer charge, to seven cents with free transfer. A race-track service between Watts, on the one hand,

and the Santa Anita Park and Hollywood Park race tracks, on the other hand, is also operated by this carrier. Round-trip fares for the latter services are from \$1.00 plus federal tax to \$1.30 plus federal tax. Results of operation of the race-track service were not available as of the time of this hearing as the service was recently established. No increased fares are proposed for the race-track services.

The applicant, in its amended application, proposes a fare of ten cents cash or three tokens for 25 cents, with free transfer privilege. Tokens would be acceptable on all lines except for transportation on the proposed Compton Avenue Line (Application No. 24301, 9th Supplemental, as amended) between points north of Florence Avenue or between points north of Florence Avenue, on the one hand, and points south of Florence Avenue on the other hand, for which only a 10-cent cash fare, with free transfer privilege, is proposed. Applicant's president testified that the reason applicant does not propose to accept tokens for transportation on a portion of the Compton line is that the Pacific Electric Railway Company, which parallels said line approximately three blocks easterly thereof, has a cash fare of ten cents in the same area. The latter carrier, however, does not object to the token fare southerly of Florence Avenue although its fare there is also ten cents. Although the proposed Compton line would connect with the Los Angeles Transit Lines at Central and Slauson Avenues, the combination fare of said lines into the City of Los Angeles is in excess of the Pacific Electric Railway Company's fare from the same area. The evidence also shows that applicant's

proposed fare between Watts and Huntington Park, which is also north of Florence Avenue, is ten cents or a token. There is no evidence showing that a token fare between any points on applicant's proposed Compton Avenue line would materially affect the revenue of the Pacific Electric Railway Company in said area. Applicant also proposes a fare of ten cents cash or three tokens for 25 cents, with free transfer privilege, on its proposed East Imperial line (Application No. 24301, 9th Supplemental, as amended).

Applicant's accountant testified that, principally because of increased cost of labor, materials and supplies, taxes, and insurance, the company would incur a net loss of \$18,665 for the year ending December 31, 1948, if present fares are continued. He estimated a net profit of \$23,376, after federal and state taxes, under the proposed fare structure. For this period revenue was estimated at \$180,000 under present fare structure, and \$244,000 under proposed fares. Corresponding expenses are estimated to be \$198,665 and \$205,040.

Applicant valued its operating property, as of the date of the hearing, at \$52,162.85, before depreciation.

Applicant contends that the proposed increase is necessary in order to provide it with sufficient revenue to maintain an adequate and satisfactory service upon a profitable basis.

The Commission's engineering staff presented evidence of estimated results of operation under present and proposed fares for the year March 1, 1948, to February 28, 1949, as follows:

<u>Revenue</u>	Under Present Fares	Under Fares Proposed by Applicant as Amended \$.10 Cash - Tokens 3/.25 <u>Free Transfer</u>
Passenger	\$173,960	\$233,230
Other Operating Revenue	5,600	5,600
	<u>\$179,560</u>	<u>\$238,830</u>
 <u>Expenses</u>		
Maintenance	56,140	
Transportation	104,230	
Station	500	
Traffic & Adv.	1,250	
Insurance & Safety	13,820	
Administration	15,100	
Total Oper. & Mnce. Expense	<u>\$194,040</u>	\$194,040
Depreciation	12,850	12,850
Taxes (other than State & Federal Income)	21,640	23,170
Total Expenses	<u>\$228,530</u>	<u>\$230,060</u>
Net before Income Taxes	(48,970)	8,770
Operating Ratio	127.3%	96.3%
	<u>(Red Figure)</u>	

In comparing the estimates presented by applicant with those of the Commission's staff it may be noted that there is a material difference in revenue and expenses. The record shows this difference results from the fact that applicant's estimates are based only upon records of past performances which do not reflect the present and probable future conditions, whereas the Commission's engineer based his estimates on a detailed study of this operation and his estimates reflect the probable revenue and expenses for the ensuing year.

Upon consideration of all the evidence of record the Commission is of the opinion and finds as a fact that applicant is faced with net operating losses unless an increase in present fares is authorized; that revenues which may be expected from the proposed fares of ten cents, three tokens for 25 cents, will be reasonable and sufficient and have been shown to be justified; that the restriction on the use of tokens on a portion of the proposed Compton line

is unnecessary and unreasonable.

Applicant published and posted notice of hearing as required. Notices were also furnished to representatives of the communities affected. The application was not opposed.

Increased fares, as provided in the following order, will be granted. In other respects the application, as amended, will be denied.

ORDER

Application having been filed requesting authority to establish increased fares, a public hearing having been held, and the Commission being fully advised in the premises,

IT IS ORDERED:

- (1) That Landier Transit Co., Inc., a corporation be, and it hereby is, authorized to establish, on not less than five (5) days' notice to the Commission and the public, fares as follows:
  - (a) Increase its present fare of seven (7) cents cash with free transfer privilege to ten (10) cents cash or three (3) tokens for twenty-five (25) cents, with free transfer privilege.
  - (b) Increase its present fare of six (6) cents cash and its present fare of six (6) cents cash with one (1) cent transfer charge to ten (10) cents cash or three (3) tokens for twenty-five (25) cents, with free transfer privilege.
  - (c) Increase its present fare of five (5) cents cash and its present fare of five (5) cents cash with two (2) cents transfer charge to ten (10) cents cash or three (3) tokens for twenty-five (25) cents, with free transfer privilege.
  - (d) Ten (10) cents cash, or three (3) tokens for twenty-five (25) cents, with free transfer privilege on its Compton Avenue and East Imperial lines.

(2) That all other fares, and rules and regulations shall remain in full force and effect.

(3) That the authority herein granted shall expire except to the extent that the fares published pursuant to the authority herein granted are filed and made effective within ninety (90) days from the effective date of this order.

(4) That in all other respects, Application No. 28957, as amended, be, and it hereby is, denied.

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

Dated at San Francisco, California, this 16<sup>th</sup> day of March, 1948.

R. T. Anderson  
Justin J. Coe  
Frank Russell  
Harold Hale  
Berneth Pott  
COMMISSIONERS