

ORIGINAL

Decision No. 41642

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
THE PULLMAN COMPANY)
for authority, under Sections 15) Application No. 29303
and 63(a) of the Public Utilities)
Act, to increase rates.)

In the Matter of the Application)
of)
THE ATCHISON, TOPEKA & SANTA FE)
RAILWAY COMPANY and SOUTHERN) Application No. 29331
PACIFIC COMPANY for authority to)
increase parlor car seat fares.)

Appearances

C. W. MacLeod, for The Pullman Company.
W. F. Brooks and Robert L. Pierce,
for The Atchison, Topeka & Santa
Fe Railway Company and Southern
Pacific Company, respectively.

O P I N I O N

The Pullman Company seeks authority to increase its present rates for sleeping accommodations in bedrooms, bedroom suites, compartments, drawing rooms and master bedrooms. It also seeks to increase the rates for seating accommodations in sleeping, parlor and composite cars.

The Atchison, Topeka & Santa Fe Railway Company and the Southern Pacific Company seek like increases in connection with their parlor car seat fares.

The complete proposals are set forth in the application.¹

Generally, however, the proposed rates are based as follows:

SLEEPING ACCOMMODATIONS IN STANDARD CARS

Bedroom Rates-

For one passenger's use: The equivalent of 1.9 Lower Berth rates.

For two passengers' use: The equivalent of 2.2 Lower Berth rates.

Bedroom Suite Rates-

The equivalent of the sum of the increased rates for two separate Bedrooms singly occupied.

Compartment Rates-

For one passenger's use: The equivalent of 2.25 Lower Berth rates.

Drawing Room Rates-

For one passenger's use: The equivalent of 3 Lower Berth rates.

For two or more passengers' use: The equivalent of the sum of the increased rates for two separate Bedrooms singly occupied.

Master Room Rates-

For one passenger's use: The equivalent of 3.5 Lower Berth rates.

Disposition of Fractions

In computing rates for rooms, based on the equivalent of the Lower Berth rates, fractions of 5¢ (2½¢ or more) will be increased to the next higher multiple of 5¢; fractions of 5¢ (less than 2½¢) will be discarded.

SEATING ACCOMMODATIONS

Sleeping, Parlor and Composite Cars-

The equivalent of 120 per cent of present rates.

Roomettes and Duplex-

For one passenger's use: The equivalent of one and one-half of the increased seat rate.

For two passengers' use: The equivalent of two increased seat rates.

¹ The increases sought are identical with those published and filed with the Interstate Commerce Commission for interstate operations to become effective on June 1, 1948.

Composite Cars - One Way Service-

Minimum charge based on 30 times proposed minimum seat rate of 80¢ - \$24.00.

Disposition of Fractions

In computing rates for seating accommodations based twenty per cent (20%) more than present seat rates all fractions of 5¢ will be increased to the next higher multiple of 5¢.

These matters were publicly heard at San Francisco on May 20, 1948, before Commissioner Craemer and Examiner Lake.

In support of the relief sought, The Pullman Company states that wage increases of 15½ cents per hour have been granted to all of its employees.² For system operation, applicant asserts that the wage increases will cause an estimated additional expense of \$12,200,000. Of this amount an estimated \$159,000 would result from California operations. It contends that although substantial savings are being realized through the adoption of all possible economies, additional revenues are essential to meet the added expenses incurred by the salary adjustments and additional payroll taxes in connection therewith. It also alleges that the proposed rates are necessary to insure proper quality of service without further adding to the financial burdens of the railroads.³

Increased rates are assertedly sought only on so-called luxury accommodations for which present demands generally exceed the available supply and where needed revenue can be secured without diversion of traffic.

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For Pullman conductors the wage increase was made effective November 1, 1947. For all other groups of employees it was made effective September 1, 1947.

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Under operating agreements, the railroads are required to make up the deficits of this petitioner.

At the hearing a statement was submitted showing revenues and expenses for petitioner's California intrastate operations in 1947, as follows:

Revenues received	\$1,590,337.00
Expenses incurred	<u>1,782,963.00</u>
Deficit for 1947	\$ 192,626.00
Deficit adjusted to reflect increases for the entire year, at rates effective October 1, 1947 ⁴	101,589.00
Revenue adjusted to reflect effect of the proposed rates for the same period	73,888.00
Adjusted deficit for 1947	27,701.00

It was pointed out that on a system-wide basis the increased expenses resulting from the wage increases would almost completely offset the additional revenues anticipated from the October, 1947, rate adjustments.

The Atchison, Topeka & Santa Fe Railway Company and Southern Pacific Company likewise seek to increase the present parlor car seat fares by 20 per cent. This increase is necessary, they contend, in order to maintain continued parity of rates with The Pullman Company. It is stated that the proposed increase in parlor car seat fares will result in a minimum increase of 15 cents and a maximum increase of 40 cents per parlor car seat on the lines of the Southern Pacific Company. On the lines of the Santa Fe the increase will amount to 25 cents per seat on traffic moving

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Increases effective October 1, 1947, were authorized by this Commission and by the Interstate Commerce Commission on California intrastate and on interstate traffic, respectively.

between Los Angeles and San Diego. In connection with fares between Oakland and Riverbank on the one hand, and Earstow on the other hand, the proposed increase will result in minimum increases of 25 cents per seat and a maximum increase of 95 cents per seat. It is asserted, however, that no parlor cars are presently operated between the latter points. Applicants contend that the additional revenue which will be derived should the proposed increases be authorized will be nominal and such increased fares will result in just, reasonable and sufficient charges.

No one opposed the granting of the applications.

The record shows that The Pullman Company is in need of additional revenues and that the increases sought are reasonable and necessary. The record also shows that the parity of rates and fares heretofore mentioned for similar services offered by applicants herein should be continued. The applications should be granted.

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 these applications are justified. Applicants will be authorized to increase the rates and fares as proposed concurrently with the changes they are making in interstate rates and fares.

O R D E R

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

IT IS HEREBY ORDERED that The Pullman Company, The Atchison, Topeka & Santa Fe Railway, and Southern Pacific Company, be and they are hereby authorized to establish, on not less than one (1) day's notice to the Commission and to the public, the increased rates and fares proposed by the applications herein.

IT IS HEREBY FURTHER ORDERED that The Pullman Company be and it is hereby authorized to publish said increased rates in the form requested. To the extent departure from the terms and rules of Tariff Circular No. 2 of this Commission is required to accomplish such publication authority for such departure be and it is hereby granted.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall be void unless the rates and charges authorized in this order are published, filed and made effective within sixty (60) days from the date hereof.

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

Dated at San Francisco, California, this 25th day of May, 1948.

R. J. Murray
Justice J. Cravens
Grant L. Lowell
Harold S. Kula
Kenneth Potter
Commissioners