

ORIGINAL

Decision No. 46618

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

|                                      |   |                       |
|--------------------------------------|---|-----------------------|
| In the Matter of the Application     | ) |                       |
| of PACIFIC ELECTRIC RAILWAY COMPANY, | ) |                       |
| a corporation, for authority to      | ) | Application No. 32334 |
| adjust and increase certain inter-   | ) |                       |
| urban fares.                         | ) |                       |

|                                   |   |                       |
|-----------------------------------|---|-----------------------|
| In the Matter of the Application  | ) |                       |
| of LOS ANGELES TRANSIT LINES, a   | ) |                       |
| corporation, and PACIFIC ELECTRIC | ) | Application No. 32335 |
| RAILWAY COMPANY, for authority to | ) |                       |
| make certain changes in fares.    | ) |                       |

APPEARANCES (SEE APPENDIX "A")

O P I N I O N

By Application No. 32335, as amended, the Los Angeles Transit lines seeks authority to adjust fares as follows:

1. Increase all intra-zone (i.e., single zone) fares from 10 cents to 15 cents.
2. Increase all inter-zone (i.e., multiple zone) fares 5 cents, so that present two-zone 15-cent fares would become 20 cents; and corresponding adjustments for other zones travelled.
3. Increase school commutation fares to 40 intra-zone rides for \$3.60, with an additional \$1.20 charge for each additional zone. The proposed school fares are to be available only to students under 18 years of age, regularly attending public elementary, junior and senior high schools or recognized parochial or private institutions.

In this same application Pacific Electric Railway Company seeks authority to adjust its fares in the Los Angeles local service so as to conform to the fares proposed by Los Angeles Transit Lines.

By Application No. 32334, Pacific Electric Railway Company proposes the following fare changes:

1. Eliminate all 30-day round-trip fares and all 10-day round-trip excursion fares.
2. Abolish all present 30-ride commutation fares and establish in lieu thereof a new 30-ride commutation fare in all cases where the one-way fare is 40 cents or more, said commutation fares to be 95 per cent of the one-way fares.
3. Reduce the age limit of 40-ride school commutation tickets to under 18 years of age, and limit the sale of these tickets to students regularly attending public elementary, junior and senior high schools or recognized parochial or private institutions.
4. Abolish present round-trip fares between Los Angeles, California, and Avalon, Santa Catalina Island, and establish in lieu thereof a round-trip baggage checking fare of \$6.92 for adults and \$3.46 for children 5 to 11 years, inclusive.

Public hearings were held in Los Angeles before Commissioner Potter and Examiner Syphers on October 9, 10 and 11, November 14, 15, 16 and 19, 1951, during which time evidence was adduced and on the last-named date the matter was submitted. It is now ready for decision.

At the hearing testimony was presented as to the financial results of operations of applicant companies. Exhibit No. 1 is a balance sheet of the Los Angeles Transit Lines as of August 31, 1951, and Exhibit No. 2 is a profit and loss statement for an eight-month period ending August 31, 1951.

Exhibit No. 3 is a statement of estimated rate bases in the amount of \$24,723,133 for the year ending November 1, 1951, and \$22,537,027 for the year ending October 31, 1952.

Exhibit No. 4 shows the weekly cash revenue of Los Angeles Transit Lines for a 22-week period commencing January 8, 1950, and a 22-week period commencing January 7, 1951, and indicates a decline in these cash revenues of 9.35 per cent per annum for the 1950 period and 9.56 per cent per annum for the 1951 period. Exhibit No. 5 sets out the estimated operating revenue and estimated vehicle miles for the 12 months beginning November 1, 1951. The company's estimates as set out in this exhibit are that the operating revenues under present fares will be \$20,792,128, and under the proposed fares \$25,673,317, while the vehicle miles under present fares will be 34,994,045, and under proposed fares 34,195,443.

A comparison of the passengers entering and leaving the downtown business districts during the spring of the years 1946, 1950 and 1951 is set out in Exhibit 6. This comparison indicates that during every hour of the day between 6 a.m. and 8 p.m. the number of passengers was lower in 1951 than in 1946 and likewise lower in 1951 than in 1950, with the exception of the period from 5 to 5:30 p.m. during which time there was a slight increase in 1951 over 1950. However, the general over-all picture is a marked decline in 1951 over the two previous years.

An estimate of the maintenance and operating expenses for the year November 1, 1951, to October 31, 1952, was set out in Exhibit No. 7 and the projected financial results of operation for this same period in Exhibit No. 8.

The City of Los Angeles presented results of studies conducted by its Department of Public Utilities and Transportation as to the financial condition and results of operations of the Los Angeles Transit Lines. These studies are contained in Exhibits Nos. 11 to 17 inclusive, and it should be noted that the estimated operating revenues, expenses, mileage and number of passengers are set out for four different fare structures, the present fares of the Los Angeles Transit Lines, the proposed fares and two additional fare structures, the first based on tokens of two for 25 cents in the inner zone only, and the second based upon an additional increase of 5 cents in the outer zones. The city's witnesses, in establishing their estimates, use a hypothetical year based upon a "middle week". This middle week was arrived at by plotting the actual trend of operations of this company from 1949 to September of 1951. This trend was then extended to May of 1952, the hypothetical middle week, which was then annualized to obtain the hypothetical year.

Exhibit No. 18 is a study presented by an engineer of the staff of this Commission setting forth a future mileage estimate for the Los Angeles Transit Lines. The method employed in making this study was to use revenue of the company as an index of traffic rather than to calculate the number of passengers. A comparison was made between the revenues for a three-week period during October-November, 1950, with a three-week period October-November,

1951, which comparison showed a six per cent decline in revenue. Likewise, this comparison showed a reduction in mileage of 3.7 per cent. The relationship between these two figures was pointed out to be 62 per cent. In the study set out in Exhibit No. 18, the Commission's engineer used the following figures: motor coaches, 40 per cent; street cars 50 per cent, and trolley coaches 60 per cent, and contended that these figures were conservative as demonstrated by the 62 per cent comparison hereinabove set out. It should further be noted that this study used a nine per cent. estimated annual traffic decline. The actual estimated mileages set out in this exhibit under present fares for the year ending October 31, 1952, is as follows: motor coach lines, 18,506,900; street car miles, 13, 341,700, and trolley coach lines 2,686,000, or a total of 34,534,600.

Exhibits Nos. 19 and 19-A are the studies presented by engineers of the staff of this Commission as to the estimated results of operations of the Los Angeles Transit Lines under present and proposed fare structures. The estimates under proposed fare structures include fares proposed by applicant herein, as well as a 13-cent intrazone fare and a 15-cent intrazone fare with tokens priced at two for 25 cents. It should be noted that this last-mentioned alternate case is practically the same proposal as set out in Case C submitted by the City of Los Angeles. A consideration of the various estimates of operations submitted by the parties hereto indicates that

Case B proposed by the City of Los Angeles, and Case IV proposed by the Commission's staff, should be eliminated from further consideration inasmuch as the city's Case B<sup>(1)</sup> would not result in a sufficient rate of return for the company and the staff's Case IV presents a highly undesirable situation inasmuch as it proposes an interzone fare of 13 cents cash or a 12½-cent token and a second zone fare of 20 cents or a token plus five cents. This would mean that the rider who paid a 13-cent cash fare in the inner zone would be required to pay an additional seven cents to travel to the second zone, while the rider who used a 12½-cent token would be required to pay only an additional five cents. Accordingly, we have eliminated these two proposals from further consideration.

Comparisons of the estimated revenues under present fares, under the fares proposed by applicant and under the alternate proposals of the City of Los Angeles and the Commission's staff are set out in the following tables:

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(1) Case B proposes a 15-cent cash fare or two tokens for 25 cents in the inner zone, with no increases in the other zones, and would result in an operating ratio of 96.26%. The city's exhibit did not show a rate base or rate of return.

PRESENT FARES

|                                       | : Applicant's      | : City's         | : Staff's        |
|---------------------------------------|--------------------|------------------|------------------|
|                                       | : Estimate         | : Estimate       | : Estimate       |
| Mileage - Rail                        | 13,565,774         | 13,574,267       | 13,341,700       |
| T.C.                                  | 2,735,368          | 2,679,882        | 2,686,000        |
| M.C.                                  | 18,692,903         | 18,728,142       | 18,506,900       |
| Total                                 | 34,994,045         | 34,982,291       | 34,534,600       |
| Revenue                               | (a) \$20,801,242   | \$21,245,340     | \$20,592,000     |
| Expenses                              | 22,889,110         | 21,910,922       | 21,423,900       |
| Operating Income Before<br>Income Tax | <u>(2,087,868)</u> | <u>(665,582)</u> | <u>(831,900)</u> |
| State Corp. Franchise Tax             | -                  | -                | -                |
| Federal Income Tax                    | -                  | -                | -                |
| Federal Excess Profits Tax            | -                  | -                | -                |
| Total Income Taxes                    | -                  | -                | -                |
| Net Operating Income                  | <u>(2,087,868)</u> | <u>(665,582)</u> | <u>(831,900)</u> |
| Rate Base                             | 22,537,027         |                  | 21,462,000       |
| Rate of Return                        | -                  |                  | -                |
| Operating Ratio After<br>Income Taxes | 110.04%            | 103.13%          | 104%             |

(Red Figure)

Results above obtained from Applicant's Exhibits Nos. 3, 5, and 8, from City's Exhibits Nos. 14 and 16 and Staff's Exhibits 19 and 19A.

(a) Includes \$9,054 shown in Company's exhibit as "Interest Income."

PROPOSED FARES

|  | : Applicant's :<br>: Estimate : | City's :<br>Estimate : | Staff's :<br>Estimate : | Staff's :<br>Case III : | City's :<br>Case C : |
|--|---------------------------------|------------------------|-------------------------|-------------------------|----------------------|
| Mileage - Rail                         | 13,229,494                      | 12,700,448             | 12,474,500              | 12,941,400              | 13,081,433           |
| T.C.                                   | 2,650,058                       | 2,471,601              | 2,476,500               | 2,589,300               | 2,562,634            |
| M.C.                                   | 18,315,891                      | 17,769,397             | 17,544,500              | 18,062,700              | 18,187,793           |
| Total                                  | <u>34,195,443</u>               | <u>32,941,446</u>      | <u>32,495,500</u>       | <u>33,593,400</u>       | <u>33,831,860</u>    |
| Revenue                                | (a) \$25,687,371                | \$26,234,724           | \$25,519,000            | \$24,026,000            | \$24,362,469         |
| Expenses                               | 23,072,474                      | 21,122,185             | 20,771,500              | 21,147,200              | 21,472,804           |
| Operating Income<br>Before Income Tax  | 2,614,897                       | 5,112,539              | 4,747,500               | 2,878,800               | 2,889,665            |
| State Corp. Fran. Tax)                 |                                 | 197,978                | 182,900                 | 108,100                 | 109,063              |
| Federal Income Tax )                   | 1,323,431                       | 2,472,271              | 2,276,900               | 1,344,100               | 1,362,612            |
| Federal Excess Profits Tax             | -                               | 331,970                | 243,700                 | -                       | 24,680               |
| Total Income Taxes                     | <u>1,323,431</u>                | <u>3,002,219</u>       | <u>2,703,500</u>        | <u>1,452,200</u>        | <u>1,496,355</u>     |
| Net Operating Income                   | 1,291,466                       | 2,110,320              | 2,044,000               | 1,426,600               | 1,393,310            |
| Rate Base                              | 22,537,027                      |                        | 21,462,000              | 21,462,000              |                      |
| Rate of Return                         | 5.73%                           |                        | 9.52%                   | 6.6%                    |                      |
| Operating Ratio. After<br>Income Taxes | 94.97%                          | 91.96%                 | 92.0%                   | 94.1%                   | 94.28%               |

Results above obtained from Applicant's Exhibits Nos. 5 and 8, from City's Exhibits Nos. 14 and 16, and Staff's Exhibits 19 and 19A.

(a) Includes \$9,054 shown in Company's exhibit as "Interest Income."

(1) Staff's Case III and City's Case C both propose a single zone fare of 15 cents or two tokens for 25 cents, plus a 5 cent increase for each subsequent zone.



In analyzing the foregoing tables it is necessary to consider certain major differences.

The City of Los Angeles, in preparing its studies, estimated that the rate of decline in traffic will decrease materially during the projected rate year, while both the applicant and the Commission's staff have estimated that the rate of decline in traffic will continue approximately at the same rate as during the past year. In our consideration hereinafter, we have adopted the latter view believing it to be in conformity with the weight of the evidence.

The expenses set out in the estimates of both the City of Los Angeles and the Commission's staff were based upon wage scales currently being paid by applicant, with no allowance for future increases not already contracted for, whereas applicant's estimates include an additional 7 cents per hour effective June 1, 1952. The record is clear that this wage increase is not in the form of a definite commitment but is merely the subject of present negotiations between applicant and the Union, and will not be allowed in our estimates of expenses herein.

Another principal reason for differences in the estimate of expenses is found in the fact that the city and the Commission's staff used lower mileage estimates. The staff's estimate was based upon an estimate as to dollars of revenue, while the traffic analyst for the applicant company contended that this method was erroneous and that the proper method should give consideration to the number of passengers and also to the headways operated. The mileage estimate of the Commission's staff for the year ending October 31, 1952, under

present fares is 34,534,600, and under proposed fares 32,495,500. The Los Angeles Transit Lines for this same period submitted mileage estimates of 34,994,045 under present fares and 34,195,443 under proposed fares. The contention of the applicant was that, since the estimates of expense are based upon mileage to a large degree, the Commission's staff by underestimating the mileage had made too small an allowance for operating expenses. Using for the approximate operating cost per vehicle mile the figure developed by the evidence of 30 cents, the staff's estimate of expenses is about \$138,000 lower than applicant's under present fares, and about \$510,000 lower under proposed fares.

Witnesses for applicant alleged that to reduce mileage below that set out in applicant's estimates would prevent it from maintaining a proper and adequate standard of service. The first obligation of a utility is to maintain such a standard, and on this record the Commission is persuaded that the mileage estimates of applicant are founded upon a sound basis and will be adopted.

Another principal difference between the estimates is to be found in the allowances for insurance for injuries and damages. Applicant based its estimate on an insurance premium rate of 7 per cent of passenger revenues, which was reduced on the last day of hearing to 6½ per cent, a rate to be followed for a trial period. The staff's estimate was based on the alleged experience of the company as related to equipment miles and numbers of passengers carried adjusted to make allowances for anticipated changes in expenses or damage awards. The estimate of the city was based on equipment miles.

The differences between applicant's estimates and those of the staff are as follows:

|           | <u>Present fares</u> | <u>Proposed fares</u> |
|-----------|----------------------|-----------------------|
| Applicant | \$1,341,821          | \$1,659,419           |
| Staff     | <u>1,200,000</u>     | <u>1,084,000</u>      |
|           | \$ 141,821           | \$ 575,419            |

The company contended that in order to effect the staff's allowances for insurance it would be necessary for applicant to become a self insurer, and further that applicant's previous experience as a self insurer was not successful. This experience was during the war period, and under conditions far different from those now existing. We find that a proper allowance for insurance expense should be one based upon the recent experience of the company. Such was the staff's estimate herein, which we hereby adopt.

The company contended that its rate base should include an amount of \$240,000 for stock in the Transit Casualty Company and an amount of \$600,000 for working cash. It attempted to justify the \$240,000 on the grounds it was a necessary investment in order to obtain the insurance. We cannot agree with this contention and find that this amount should be excluded from the rate base.

Likewise we find that the amount of \$600,000 should also be excluded from the rate base. The testimony clearly shows that applicant collects its revenues daily and that it has on hand sufficient cash to meet its working requirements. Furthermore, applicant does not pay many of its bills until some days after expenses are incurred. There is a time lag between the receipt of cash as income and the actual payment of many of the expenses including wages of the employees.

A further difference which should be mentioned is that amortization of payments to the City of Los Angeles for the cost of track removal and repaving was treated differently by the applicant and the Commission's staff. The applicant used an amortization period of five years, as compared to a ten-year period used in the staff's exhibits. The full amount included by the staff is \$140,000, whereas the amounts included by applicant are \$121,000 and \$78,908, or a difference of \$59,908. We find the staff's

estimate to be more reasonable, since the Company's allowance places too great a burden upon current riders.

There was testimony presented by both the applicant Los Angeles Transit Lines and the protestants and interested parties concerning the rates which the stockholders of the Company were realizing in the form of dividends, the price of the present market value of the stock and the price originally paid for it. This testimony is not controlling in the present case. The primary considerations in a rate case of this type are the public interest and the problem as to whether or not the Company is making a fair return on its investment, which is an entirely different matter than the dividends paid or the selling price of stock.

Other testimony of applicant was to the effect that it had been necessary to curtail maintenance and upkeep due to its declining revenue. At the same time the testimony also showed that applicant had paid regular dividends on its stock. The implication of applicant's testimony was that it had been forced to such a policy because this Commission had deprived it of an adequate return. However, it is clear that this course of action was of the Company's own choosing. This Commission condemns as highly improper the action of this applicant in impairing service and maintenance of facilities, as shown by the record herein, in order to pay regular dividends on its stock.

The Pacific Electric Railway Company presented a study prepared by one of its engineers setting out the present status of the operations of that company and the estimates of future operations on the fares proposed. This study shows that this company is presently operating at a loss amounting to approximately 28.3 cents for each dollar of passenger revenue. In addition, the study shows that the expenses of the company are increasing and the

prospects are that the losses will further increase unless the company is granted some fare relief. Table 26 of Exhibit No. 9 shows the results of operations for a one-year period under the present and proposed fares to be as follows:

|   | <u>Lines Involved<br/>Principally<br/>in Joint App.</u><br>(1) | <u>Lines Involved<br/>Principally<br/>in PERY App.</u><br>(2) | <u>T o t a l</u><br>(3) |
|---|--|---|-------------------------|
| 1 - Passenger Revenue<br>under Present Fares  | \$7,616,000  | \$7,833,000   | \$15,449,000            |
| 2 - Other Revenue   | <u>230,000</u>   | <u>360,000</u>  | <u>590,000</u>          |
| 3 - <u>Total Revenue</u>  | 7,846,000  | 8,193,000   | 16,039,000              |
| 4 - Operating Expenses  | <u>8,550,000</u>   | <u>8,479,000</u>  | <u>17,029,000</u>       |
| 5 - <u>Net Revenue (Loss)</u>   | <u>(704,000)</u>   | <u>(286,000)</u>  | <u>(990,000)</u>        |
| 6 - Taxes   | <u>589,000</u>   | <u>717,000</u>  | <u>1,306,000</u>        |
| 7 - Net Operating Income  | <u>(1,293,000)</u>   | <u>(1,003,000)</u>  | <u>(2,296,000)</u>      |
| 8 - Estimated ADDITIONAL<br>Pssgr. Revenue due<br>to Fare Increases:                  |  |   |                         |
| Joint Application   | 2,446,000  | 166,000   | 2,612,000               |
| P.E. Ry.           "  | <u>32,000</u>  | <u>574,000</u>  | <u>606,000</u>          |
|   | 2,478,000  | 740,000   | 3,218,000               |
| 9 - Net Results if Both<br>Applications Are<br>Granted                                | <u>1,185,000</u>   | <u>(263,000)</u>  | <u>922,000</u>          |
| 10 - Estimated Deflection<br>(10% of Total Revenue<br>of Fares to be In-<br>creased)  | 1,010,000  | 359,000   | 1,369,000               |
| 11 - Estimated Savings in<br>Operating Expenses<br>because of Deflection<br>of Travel | <u>-505,000</u>  | <u>359,000</u>  | <u>864,000</u>          |
| 12 - Net Deflection   | 505,000  | -   | <u>505,000</u>          |
| 13 - <u>REVISED NET INCOME</u>  | \$ 680,000   | \$ <u>(263,000)</u>   | \$ 417,000              |

Estimated Operating Ratio  
After Taxes

98.7

(RED FIGURES)

While Pacific Electric has not complied with the usual requirement that operating results show a rate base, the Commission is satisfied that the fare increase which will be granted to said applicant will provide only a meager return upon its investment. Applicant is now placed upon notice that hereafter it must show a rate base in its operating results in any future rate application.

A consideration of all of the testimony presented in this case leads to the conclusion, and we so find, that both applicants are entitled to some fare relief. All of the relevant testimony in this respect shows that both applicants will operate at a loss under the present fare structures. However, we are of the opinion the relief prayed for has not been justified in this proceeding. When allowances are made for the controversial items as hereinabove discussed the Los Angeles Transit Lines would realize too great a return under the proposed fares.

An alternate fare structure was proposed by both the Commission's staff and the City of Los Angeles, as has been discussed hereinabove, and a full consideration of this record leads to the conclusion that this alternate fare structure would provide applicant with a return which would be adequate. The estimates of the staff for its Case III, and of the City of Los Angeles for its Case C are very similar resulting in operating ratios of 94.1 per cent and 94.28 per cent respectively. Further, the staff estimates a rate of return of 6.6 per cent. If these figures are adjusted to allow for the more liberal mileage estimates of the Los Angeles Transit Lines, as hereinabove discussed, the expenses of applicant will be increased by approximately \$510,000. The following table shows the effect of the adjustment:

|   |               |
|---|---------------|
| Revenue                                 | \$ 24,026,000 |
| Expenses                                | 21,657,200    |
| Operating Income Before<br>Income Taxes | 2,368,800     |
| Income Taxes                            | 1,177,200     |
| Net Operating Income                    | 1,191,600     |
| Rate Base                               | 21,462,000    |
| Rate of return                          | 5.55          |
| Operating Ratio (After Taxes)           | 95.0          |

We find that this will result in a just and reasonable fare structure and rate of return.

This fare structure will be granted to both applicants in Application No. 32335, and in Application No. 32334 the Pacific Electric Railway Company will be granted the relief prayed for which increase in fares we hereby find to be justified.

In arriving at these conclusions we are aware of the arguments and testimony presented as to the undesirability of further fare increases and the burdens that such increases would place upon the riding public. We have carefully considered the great amount of public testimony that was presented in these hearings and have carefully weighed the contentions therein made. This Commission is reluctant to authorize a fare structure which will increase materially the costs to the riding public, but our duty under the law is clear. In fixing a fare structure we must permit applicants to make a reasonable return. To achieve this on this record it is necessary to authorize certain fare increases. However, in the public interest, we are holding these increases to a minimum. We are also aware of the arguments presented as to the special cases relating to fares for school children, proposals for passes of various sorts and the contentions made for particular localities. In this connection we point out the particular contentions made by the City of Long Beach, wherein it was alleged that the proposed increase in the 30-ride commutation book imposes an inequitable increase on the riders in that area. Rate structures used in the past cannot, in all instances, be used as criteria for rates under present-day conditions and requirements. These proposals are for a general fare increase, and in our opinion, and according to this record, the increases proposed are general and designed to be equitable for all riders of the systems of both applicants.

While applicant requests that school fares be limited to students under 18 years of age attending designated types of schools, we find no reason on this record for making this limitation.

Applicants requested that any changes authorized be permitted on one day's notice, and further that they be exempted from the requirement of flagging each change in the tariff as prescribed in Tariff Circular No. 2. The changes will be authorized on five (5) days' notice. The other request appears reasonable and will be granted.

O R D E R

Application as above entitled having been made, public hearings having been held thereon and the Commission being fully advised in the premises and good cause appearing,

IT IS HEREBY ORDERED:

(1) That the Los Angeles Transit Lines be, and it hereby is, authorized to adjust its fares as follows:

- (a) Increase all intrazone fares from 10 cents to 15 cents, or one token sold at the rate of two tokens for 25 cents.
- (b) Increase all interzone fares to 15 cents cash or one token for the initial zone plus five cents for each additional zone traveled.
- (c) Increase school commutation fares to 40 intrazone rides for \$3.60, with a \$1.20 charge for each additional zone.

(2) That the Pacific Electric Railway Company be, and it hereby is, authorized to establish the fare provisions set out in Appendix B, attached hereto, and also to:

- (a) Eliminate all 30-day round-trip fares and all 10-day round-trip excursion fares.
- (b) Abolish all present 30-ride commutation fares and establish in lieu thereof a new 30-ride commutation fare in all cases where the one-way fare is 40 cents or more, said commutation fares to be 95 per cent of the one-way fares.



(c) Abolish present round-trip fares between Los Angeles, California, and Avalon, Santa Catalina Island, and establish in lieu thereof a round-trip baggage checking fare of \$6.92 for adults and \$3.46 for children 5 to 11 years, inclusive.

(3) That the foregoing changes may be made on not less than five (5) days' notice to the Commission and the public.

(4) That applicants, in complying with this order, be authorized to depart insofar as necessary to effect the fare changes herein authorized from the provisions of Rule 33 (b) of Tariff Circular No. 2 and from Rule 4(n) of General Order No. 79.

(5) That the authority herein granted shall expire unless exercised within ninety (90) days from the effective date of this order.

(6) That in all other respects these applications are hereby denied.

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

Dated at San Francisco, California, this 4<sup>th</sup> day of

January, 1952.

*P. E. Anderson*  
PRESIDENT  
*Justus F. Cramer*  
*Harold P. Hills*  
*Lawrence P. Patton*  
*Edwin E. Mitchell*  
COMMISSIONERS

Appendix "A"

APPEARANCES

Gibson, Dunn & Crutcher, by MAX EDDY UTT and FRANCIS M. WHEAT, for applicant Los Angeles Transit Lines.

C. W. CORNELL and E. D. YEOMANS, for applicant Pacific Electric Railway Company.

BARBARA LUCILE COMO, in propria persona; R. L. BAKER, in propria persona; REUBEN W. BOROUGH and ARTHUR S. TAKEI, for Independent Progressive Party, County Central Committee; NEAL J. BOYLE, in propria persona; CHARLES S. CURTISS, for Socialist Party; PAUL MAJOR, for California Legislative Conference; D. B. TROTH and CLARA McDONALD, for United Patriotic People, U.S.A.; W. L. WOOD, for Grand Lodge Negro Masons of the State of California; MARGARET MASTIN, in propria persona; MISS ELSIE MARTIN, in propria persona; HOMER E. BELL, City Attorney for City of Monrovia; WILLIAM HOGAN, in propria persona; protestants.

ROGER ARNEBERGH, Assistant City Attorney, T. M. CHUBB, Chief Engineer and General Manager, R. W. RUSSELL, Senior Engineer, for the Department of Public Utilities and Transportation, City of Los Angeles; THOMAS ARNOTT, for Asbury Rapid Transit System; JOHN H. LAUTEN, Assistant City Attorney for the City of Glendale; HENRY E. JORDAN, for Bureau of Franchises and Public Utilities of the City of Long Beach; HARMON R. BENNETT, Transportation Engineer for the City of Burbank; EVERT L. PARKER, for Civic Betterment League of Los Angeles; SIGMUND ARYWITZ, for International Ladies' Garment Workers' Union, A.F. of L.; CHRISTOPHER J. GRIFFIN, for the City of Huntington Park; HENRY M. BUSCH, City Attorney, City of Ontario; ELLIOTT P. FAGERBERG, in propria persona; G. DELPERT MORRIS, Assemblyman 63d District, Assembly Interim Committee on Public Utilities and Corporations; EMIL J. BROZ, for Office of Price Stabilization; interested parties.

WILSON E. CLINE, Associate Counsel, Public Utilities Commission.

APPENDIX B

SEC. A.

Other than as specifically set forth below, the fares, zones, rules and regulations applying thereto, as named in Local Passenger Tariff No. 1482, Cal. P. U. C. No. 3713, will remain unchanged:

1. Rule 3, Section 2, Page 5, to read as follows:

3. FARES FOR CHILDREN

Children under five years of age, when accompanied by parent or guardian, will be transported free of charge.

Children five years of age and under twelve years of age will be charged one half the adult one-way or round-trip fares shown herein, adding sufficient, when necessary, to make child's fare end in "0" or "5", SUBJECT TO THE FOLLOWING EXCEPTIONS:

- (a) NO REDUCTION for children will be made in connection with one-way fares marked "+" in Sections 5 and 6 hereof.
- (b) Minimum child's one-way fare shall be 15 cents, except as shown in (c), (d), and (e).
- (c) To or from points within the "Inner Zone", "Hollywood-Zone 2", "Wilshire-Zone 2", "West-Zone 3", "Glendale-Zone 2", "Highland Park-Zone 2", or "Watts-Zone 2", or between such zones, no reductions will be made for children.
- (d) To or from points within zones mentioned in (c) to or from points within or west of "Culver City-Zone 4" or "West Los Angeles-Zone 5", north of "Highland-Cahuenga-Zone 3" or "Glenoaks-Zone 4", child's fare will be constructed by adding the child's fare applicable within or to or from such zones together with the adult fares applicable within or between zones mentioned in (c).
- (e) To or from Los Angeles (Main Street Station or Subway Terminal), minimum child's one-way fare shall be 20 cents in connection with one-way fares named in Section 6 hereof (except where adult one-way fares to or from such points are 15 cents, such adult fares shall apply for children also).
- (f) Thirty-ride or forty-ride commutation tickets shall not be sold on basis of child's fares for use on any line.

2. Rule 6, Section 2, Page 6, will remain unchanged.
3. Section 3, Page 8, to be amended by eliminating the school fare of 40-rides for \$2.40 good where the one-way fare is 10¢, thereby establishing a minimum 40-ride school commutation fare of \$3.60.
4. Zone limits of Glendale-Zone 2 as shown by Index No. 40, Section 4, Page 12, to be extended from Glenhurst to Monte Sano.
5. Adult one-way fares as shown in Tables 1, 2, and 3, Section 5, Pages 13 and 14 and in Table 3, Section 6, Page 16, all to be increased 5¢.
6. The following one-way fares named in Table 2, Section 6, Page 15, will be changed as follows:
  - (a) Fare between Los Angeles (Subway Terminal) and Culver City (Sawtelle Blvd.) increased from 20¢ to 25¢.
  - (b) Fare between Los Angeles (Subway Terminal) and Alla (P. E. Crossing) increased from 25¢ to 30¢.
  - (c) Fare between Los Angeles (Subway Terminal) and Playa del Rey (Century Blvd. & Trask Ave.) increased from 30¢ to 35¢.
  - (d) Fare between Vineyard (West Blvd.) and Culver City (Sawtelle Blvd.) increased from 15¢ to 20¢.

(e) Fare between La Brea Avenue and Alla (P. E. Crossing) increased from 15¢ to 20¢; and fare between Culver City (La Cienega Blvd.) and Alla (P. E. Crossing) increased from 10¢ to 15¢.

(f) Fare between Sawtelle Blvd. and Playa del Rey (Century Blvd. & Trask Ave.) increased from 10¢ to 15¢.

#### SEC. B.

The following one-way interurban fares to be changed as shown below:

1. Fare between Monterey Road & Huntington Drive and Avenue 66 & Pasadena Ave. and between Avenue 57 & Figueroa Street and South Pasadena Local Zone to be increased from 10¢ to 15¢ as shown in Table 1, Local Passenger Tariff No. 1462, Cal. P. U. C. No. 3662.
2. Fare between Lincoln Park (S.P. Crossing) and Alhambra (Garfield Avenue) increased from 15¢ to 20¢, as shown in Table 3, Local Passenger Tariff No. 1462, Cal. P. U. C. No. 3662.
3. Fare between Lincoln Park (S.P. Crossing) and Mission & Fair Oaks or La Senda (Garfield Avenue) increased from 15¢ to 20¢, as shown in Table 3-A, Local Passenger Tariff No. 1462, Cal. P. U. C. No. 3662.
4. Fare between Lincoln Park (S.P. Crossing) and La Senda (Garfield Ave.) increased from 15¢ to 20¢, as shown in Table 4, Local Passenger Tariff No. 1462, Cal. P. U. C. No. 3662.
5. Fare between Los Angeles and Slauson Avenue and between Slauson Avenue and Palomar increased from 10¢ to 15¢, as shown in Table 1, Local Passenger Tariff No. 1463, Cal. P.U.C. No. 3663.
6. Fare between Los Angeles and Slauson Avenue and between Slauson Avenue and Watts (Abila) increased from 10¢ to 15¢, as shown in Tables 2 and 5, Local Passenger Tariff No. 1463, Cal. P. U. C. No. 3663.
7. Fare between Los Angeles and U. S. Rubber Plant (Fidelia St.) increased from 15¢ to 20¢ and fare between Lorena Street and U. S. Rubber Plant (Fidelia St.) increased from 10¢ to 15¢, as shown in Table 4, Local Passenger Tariff No. 1463, Cal. P. U. C. No. 3663.
8. Fare between Huntington Park and Lynwood (P. E. Station) increased from 10¢ to 15¢, as shown in Table 7, Local Passenger Tariff No. 1463, Cal. P. U. C. No. 3663.
9. Fare between Los Angeles and Glendale (Monterey Road) increased from 15¢ to 20¢. Fare between San Fernando Road & Verdugo Road and Glendale (Monterey Rd.); between Glendale Avenue & San Fernando Road and Glendale Junior College (Lower Junction of Verdugo & Canada); and between Glendale (Broadway at Glendale Ave. or Brand Blvd.) and Sunview Drive increased from 10¢ to 15¢, as shown in Table 1, Local Passenger Tariff No. 1464, Cal. P. U. C. No. 3664.

10. Fare between Los Angeles and Eastern Avenue increased from 10¢ to 15¢, as shown in Table 2, Local Passenger Tariff No. 1464, Cal. P.U.C. No. 3664.
11. 15¢ fare between Los Angeles and Hendricks (Saybrook Ave.) increased to 20¢ and 10¢ fare between Lorena Street and Hendricks (Saybrook Ave.) and 10¢ fare between Eastern Avenue and Montebello (2nd St.) increased to 15¢, as shown in Table 7, Local Passenger Tariff No. 1464, Cal. P.U.C. No. 3664.
12. Fare between Los Angeles and U.S. Rubber Plant (Fidelia St.) increased from 15¢ to 20¢ and fare between Lorena Street and U.S. Rubber Plant (Fidelia St.) and between Eastern Avenue and Bandini (Greenwood Ave.) increased from 10¢ to 15¢ as shown in Table 8, Local Passenger Tariff No. 1464, Cal. P.U.C. No. 3664.

SEC. C.

All joint one-way fares applicable between the Pacific Electric Railway Company and the Los Angeles Transit Lines as named in Joint Passenger Tariff No. 1483, Cal. P.U.C. No. 3714 to be increased 5¢. Joint school commutation fares to be on the basis of 40 rides at the rate of \$1.20 for each 5¢ of fare with minimum sale \$3.60.

All joint one-way fares applicable between the Pacific Electric Railway Company and the Glendale City Lines as named in Joint Passenger Tariff No. 1467, Cal. P.U.C. No. 3667, as supplemented by Supplement No. 3, to be increased 5¢. Joint school commutation fares to be on the basis of 40 rides at the rate of \$1.20 for each 5¢ of fare with minimum sale of \$3.60.

Tokens, good where the present 10¢ fares herein are increased to 15¢, shall be sold at the rate of 2 for 25¢.