ET

Decision No. 52095

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, a corporation, and SANTA FE TRANSPORTATION COMPANY, a corporation, for increases in railroad fares, bus fares and coordinated rail-bus fares.	Application No. 36802 as Amended
In the Matter of the Application of SOUTHERN PACIFIC COMPANY for authority to increase certain passenger fares applicable to and from intermediate points in San Joaquin Valley and East Bay areas.	Application No. 36900

F. G. Pfrommer and J. M. Souby, Jr., for The Atchison, Topeka and Santa Fe Railway Company and Santa Fe Transportation Company, applicants.
C. W. Burkett, Jr., for Southern Pacific Company, applicant.
Aaron W. Reese, Deputy City Attorney, for City of San Diego; Clarence A. Winder, for the City of San Diego and the City of Pasadena; Jean L. Vincenz, Director of Public Works, for the County of San Diego; John J. Garvey, Jr., for the City of Richmond; Bruce McKnight, in propria persona; interested parties.
Harold J. McCarthy, for the Commission staff.

O P I N I O N

On March 17, 1955, The Atchison, Topeka and Santa Fe Railway Company and Santa Fe Transportation Company, hereinafter sometimes jointly referred to as Santa Fe, filed Application No. 36802, and on April 7, 1955, these corporations filed their amendment to said application. In the application, as amended, these applicants request authority to increase rail-coach fares, bus fares, and rail-bus fares from a rate of 1.875 cents per mile to a rate of 2.5 cents per mile and authority to publish fares between certain points lower than the proposed basis in order to meet competitive fares between such points. The primary exception to the generally proposed 2.5 cents per mile rate is the fare between San Francisco and Los Angeles which applicants propose to increase from 1.50 cents per mile to 1.96 cents per mile.

Southern Pacific Company, hereinafter sometimes referred to as Southern Pacific, filed its Application No. 36900 on April 20, 1955. In this filing applicant points out that the fares sought to be increased by the Application No. 36802 herein of the Santa Fe Railway Company and Santa Fe Transportation Company include fares between San Francisco and Los Angeles and intermediate points via the San Joaquin Valley. Applicant Southern Pacific Company requests authority to increase its special coach fares between these points that are presently less than 2.5 cents per mile, up to 2.5 cents per mile, subject to the qualification that the resulting fares will in no event be greater than the present one-way fare of $8.50 and round-trip fare of $15.30 between San Francisco and Los Angeles and between Sacramento and Los Angeles. No change is proposed in the present special coach fares of $8.50 one-way and $15.30 round-trip between San Francisco and Los Angeles and between Sacramento and Los Angeles. Applicant further seeks authority to maintain through fares on a combination basis consisting of (1) the proposed increased special coach fares and (2) the regular coach fares of 2.75 cents a mile between points where said special coach fares are not applicable, on the one hand, and the nearest points where said special coach fares are applicable, on the other hand. Applicant also seeks authority to increase the local coach and first-class fares between San Francisco, on the one hand, and Oakland and Berkeley and other points in the East Bay area, on the other hand, to a minimum of 50 cents one way and $1.00 round trip.

Applicant Southern Pacific Company requested that its application be set for hearing at the same time and place as Application No. 36802 filed by The Atchison, Topeka and Santa Fe Railway Company and Santa Fe Transportation Company.

Public hearings were held before Commissioner M. J. Dooley and Examiner W. E. Cline in San Francisco on June 29 and 30 and October 24, 25 and 26, 1955. The matters were taken under submission following oral argument before the Commission en banc in Los Angeles on November 14, 1955.

Estimated Results of Operation of Santa Fe

The following tabulations taken from Exhibits Nos. 42 and 43 show the estimated annual results of operation under present and proposed fares both on an out-of-pocket basis and a full cost basis for selected passenger trains of Santa Fe operating wholly within the State of California. The selected trains are the Golden Gates, San Diegans and San Diego Budd Cars, which together accounted for approximately 88 per cent of the total intrastate passenger revenue of $2,425,141 for the year 1954. For these selected trains, the intrastate passenger revenue is approximately 72 per cent of the total passenger revenue. The estimates are primarily based on the experience of applicant in the year 1954.

	Present Fares		Proposed Fares	
	Santa Fe	Commission Engineer	Santa Fe	Commission Engineer
Out-of-Pocket Cost Basis				
Passenger Revenue	$2,843,690	$2,947,200*	$3,290,481	$3,389,781*
Other Related Rev.	887,133	740,154	887,133	740,154
Total Oper. Revenue	$3,730,823	$3,687,453	$4,177,614	$4,129,935
Dining & Buffet Rev.		311,717		311,717
Total Oper. Rev. Excl. Dining and Buffet		$3,375,736		$3,818,218
Railway Oper. Exps.	4,507,074	3,991,564#	$4,507,034	3,991,564#
Railway Oper. Loss	$ 776,251		$ 329,460	
Bus Serv. Oper. Loss	224,604		188,839	
Railway & Bus Service Oper. Loss	$1,000,855	$ 615,828	$ 518,299	$ 173,346

	Present Fares		Proposed Fares	
	Santa Fe	Commission Engineer	Santa Fe	Commission Engineer
Full Cost Basis				
Passenger Revenue	$2,843,690	$2,947,299*	$3,290,481	$3,389,781*
Other Related Revenue	887,133	740,154	887,133	740,154
Total Oper. Rev.	$3,730,823	$3,687,453	$4,177,614	$4,129,935
Railway Oper. Exps.	6,388,440	6,239,409#	6,388,440	6,239,409#
Railway Oper. Loss	$2,657,617		$2,210,826	
Bus Service Oper. Loss	224,604		188,839	
Railway & Bus Service Oper. Loss	$2,882,221	$2,551,956	$2,399,665	$2,109,474

* Includes Revenue of Santa Fe Transportation Company.
\# Includes Expenses of Santa Fe Transportation Company.

Exhibit No. 21 shows that the operating ratios of The Atchison, Topeka and Santa Fe Railway System for passenger and allied services within the State of California during the calendar years 1947 to 1954 have ranged from 118.93 in 1947 to 164.93 in 1954. As shown on Exhibit No. 20 the operating ratios of this company for its total passenger and allied services during this same period have ranged from 103.66 in 1947 to 142.47 in 1954. The operating ratios shown in Exhibits 20 and 21 are based on allocations of full cost exclusive of taxes. Corresponding operating ratios based on out-of-pocket costs would be substantially lower.

Exhibit No. 19 sets forth the net railway operating income of The Atchison, Topeka and Santa Fe Railway System for the calendar years 1947 through 1954. During this period the annual net railway operating income has ranged from $54,302,000 to $81,213,000 and for the year 1954 it amounted to $63,990,000. The I.C.C. valuation of property used in transportation service has increased from $956,888,000 as of December 31, 1947, to $1,309,966,000 as of December 31, 1954. The rates of return on the basis of I.C.C. valuation are as follows:

1947 - 5.67%	1951 - 6.48%
1948 - 7.00	1952 - 6.01
1949 - 5.48	1953 - 6.30
1950 - 7.82	1954 - 5.34

A witness for the Santa Fe testified that passenger revenues on the California passenger trains included in Exhibit No. 4, for the months of February, April and June, 1955, amounted to $597,345 as compared to $705,985 for the same three months in 1954, which represents a decline of approximately 14 per cent. Expenses during these same periods declined approximately 8 per cent. The same witness stated that the net railway operating income for the system for the first eight months of 1955 was $48,554, 409 and for the first eight months of 1954, $40,383,839, an increase in excess of $8,000,000 or approximately 20.2 per cent. System passenger revenues for the first eight months of 1955, however, declined 6.7 per cent as compared to the same period in 1954.

Differences Between the Commission Staff Study and the Santa Fe Study

The Commission staff witness, in his study, eliminated Trains 70 and 75 which operate between Los Angeles and San Diego because these trains are operated primarily for head-end traffic, only 20 per cent of the total revenue of these trains being passenger revenue. The Santa Fe representatives, however, have pointed out that these two trains make local stops which cannot be made by any other trains if they are to maintain their present schedules. The Commission staff witness made no recommendation respecting the rescheduling of any Los Angeles-San Diego trains. Trains 70 and 75 were included in the estimated operating results submitted by the Santa Fe witness. Exhibit 41 shows that the estimated operating loss on these two trains for six selected months in 1954 was $43,911, which may be annualized to a deficit of $88,568. An appropriate portion of the loss on these two trains reasonably may be added to the out-of-pocket loss estimates submitted by the staff witness.

In the development of certain estimated expenses the Commission staff used system average cost per unit mile whereas the applicant based its estimates upon an analysis of actual costs or a test check of actual costs.

For illustration, the composite cost per unit mile used by Santa Fe in making its estimate of road locomotive repairs expense amounted to 10.6 cents whereas the system average cost per unit mile for the four-year period 1951 through 1954 which was used by the Commission staff amounted to 12.7 cents. The Commission staff witness stated that the higher four-year average system cost figure was used in making the staff estimates because the number of Class A repairs and inspections of locomotives can greatly affect the over-all unit mile cost for a particular year.

The 1954 system cost figure per trailing gross ton-mile for train fuel used by the Commission staff was lower than the cost figures developed by Santa Fe from tests of actual fuel consumption. The Commission staff witness stated that the results of the three-day tests made by Santa Fe fluctuated from one six-month period to another to such a great degree that he felt a system passenger experience would more truly reflect the actual fuel used.

The reasons for using the system cost figures rather than the cost figures developed by Santa Fe appear to be sound. The staff estimates based on such figures subject to the modifications required by this opinion will be adopted as reasonable by the Commission in this proceeding.

The Commission staff eliminated all revenues and all expenses attributable to the operation of the dining cars, lounge cars and snack lounge cars from their estimates of out-of-pocket cost. The staff witness stated that in his opinion passengers who do not use these facilities should not be expected to bear any part of the loss resulting from the operation of such facilities.

The lounge cars on the San Diegans and the lounge cars and dining cars on the Golden Gates are available for use by any of the passengers on these trains. One of the Santa Fe witnesses who is on a system committee which continually reviews dining car operations stated that the discontinuance of the dining cars on the Golden Gates would materially reduce the patronage on these trains and would increase the loss already being incurred, as many people will not travel for nine hours without being able to order a meal in the diner. He also stated that further increases in the prices of the meals served would only serve to decrease patronage rather than to decrease the operating deficit of the dining cars.

The evidence of record in this proceeding shows that both the revenues and the expenses incurred in the operation of the dining cars and the lounge and snack lounge cars should be included in the estimates on an out-of-pocket loss basis as well as on the full-cost basis.

Estimated Results of Operation of Southern Pacific Company

The following tabulations taken from Exhibits Nos. 37, 38 and 44 show the estimated results of operation on an out-of-pocket cost basis of the San Joaquin Valley trains which will be effected by Southern Pacific's rate proposal. The revenue estimates of Southern Pacific are based on revenues for May 2, 3, 6 and 8, 1955, annualized, and the expense estimates of this applicant are based on expenses for the week of May 8 through 14, 1955, annualized. The revenue and expense estimates of the Commission staff are generally based on the 1954 experience of the applicant. The staff estimates are developed both on the basis of the present operations of Southern Pacific and on the basis of complete dieselization of its motive power.

San Joaquin Valley Trains Out-of-Pocket Cost Basis

Item	Present Fares		Proposed Fares	
	Southern Pacific	Commission Engineer*	Southern Pacific	Commission Engineer*
Revenue	$4,710,000	$4,705,500	$4,790,600	$4,763,100
Present Oper. Exps.	8,070,000	6,810,800	8,070,000	6,810,800
Operating Loss	$3,360,000	$2,105,300	$3,279,400	$2,047,700
Modified Diesel Operating Exps.		5,870,200		$5,870,200
Operating Loss		$1,164,700		$1,107,100

* Dining room revenues and expenses are excluded from the Commission staff estimates.

The Commission staff report also sets forth estimates on an out-of-pocket basis and full cost basis for the San Joaquin Valley trains and the Coast trains assuming present operation and assuming complete dieselization of motive power. These estimates are set forth below. The intrastate passenger revenue of these trains accounted for approximately 95 per cent of the total California intrastate passenger revenue for the year 1954.

Commission Engineer Estimates

Item	Out-of-Pocket Cost Basis*		Full Cost Basis	
	Pres. Fares	Prop. Fares	Pres. Fares	Prop. Fares
San Joaquin Valley Trains				
Revenue	$ 4,705,500	$ 4,763,100	$ 4,939,700	$ 4,997,300
Pres. Oper. Exps.	6,810,800	6,810,800	10,577,400	10,577,400
Operating Loss	$ 2,105,300	$ 2,047,700	$ 5,637,700	$ 5,580,100
Modified Diesel Oper. Exps.	5,870,200	5,870,200	9,116,400	9,116,400
Operating Loss	$ 1,164,700	$ 1,107,100	$ 4,176,700	$ 4,119,100
Coast Trains				
Revenue	$ 6,885,000	$ 6,885,000	$ 7,340,000	$ 7,340,000
Pres. Oper. Exps.	6,561,400	6,561,400	10,190,000	10,190,000
Oper. Profit	$ 323,600	$ 323,600	($ 2,850,000)	($ 2,850,000)
Modified Diesel Operating Exps.	5,719,500	5,719,500	8,882,200	8,882,200
Operating Profit	$ 1,165,500	$ 1,165,500	($ 1,542,200)	($ 1,542,200)

	Out-of-Pocket Cost Basis*		Full Cost Basis	
	Pres. Fares	Prop. Fares	Pres. Fares	Prop. Fares
Total San Joaquin Val.& Coast Trns.				
Revenue	$11,590,500	$11,648,100	$12,279,700	$12,337,300
Pres.Oper. Exps.	13,372,200	13,372,200	20,767,400	20,767,400
Operating Loss	$ 1,781,700	$ 1,724,100	$ 8,487,700	$ 8,430,100
Modified Diesel Oper. Exps.	11,589,700	11,589,700	17,998,600	17,998,600
Operating Profit	$ 800	$ 58,400	($ 5,718,900)	($ 5,661,300)

(Red Figure)

* Dining and buffet revenue and expenses are excluded from estimates on an out-of-pocket cost basis.

Exhibit No. 34 shows that the net railway operating income of Southern Pacific Company (Pacific Lines) during the seven years from 1948 through 1954 has ranged from $28,000,165 to $58,096,302 and that during the calendar year 1954 it was $42,134,783. The I.C.C. valuation of property used in transportation service has increased from $788,181,549 as of December 31, 1948, to $1,024,159,305 as of December 31, 1954. The following tabulation shows the rates of return on the basis of the I.C.C. valuation for the seven years of 1948 through 1954:

1948 - 4.51%	1952 - 6.09%
1949 - 3.24	1953 - 4.60
1950 - 5.31	1954 - 4.11
1951 - 4.75	

A witness for Southern Pacific testified that the net railway operating income for Southern Pacific Company, Pacific Lines, for the nine months' period ended September 30, 1955, amounted to $39,098,712. Projecting this figure on a 12-month basis produces an estimated net railway operating income for the year 1955 of $52,131,616, an increase of 23.72 per cent over 1954.

This amount produces a rate of return on book value as of the close of 1954 of 3.79 per cent and a rate of return on the I.C.C. valuation as of the close of 1954 of 5.09 per cent.

This witness pointed out that these figures do not take into consideration certain wage increases effective October 1, 1955, which on an annual basis will amount to $3,813,000.

The present fares of Southern Pacific between San Francisco and points in the East Bay area are considerably lower than the fares of Key System. The proposal to increase the one-way fares to $.50 and the round-trip fares to $1.00 between these points will equalize Southern Pacific's fares with those of Key System between San Francisco, on the one hand, and Oakland 16th Street, Oakland 1st Street, Fruitvale, and Berkeley, on the other hand. The proposed one-way fares of Southern Pacific between San Francisco, on the one hand, and Stege, Richmond, Elmhurst, San Leandro, and Lorenzo, on the other hand, are $.10 to $.20 less than those of Key System and the proposed round-trip fares between these points are $.20 to $.40 less than those of Key System. A witness for Southern Pacific estimated that the proposed fares would result in additional revenue of $51,566 annually with the same volume of ticket sales. The Commission staff witness estimated that the additional revenue would amount to $28,500 after making an allowance for diminution.

Differences between the Commission Staff Study and the Southern Pacific Study

For the reasons stated above in our review of the differences between the estimates of Santa Fe and those of the Commission staff, in our opinion the Commission staff estimates should be adjusted to include the revenues and expenses attributable to the operation of the dining cars and lounge cars of Southern Pacific.

The Commission staff appropriately submitted estimates of the operation expenses that might be expected upon complete dieselization of Southern Pacific's passenger trains. The Southern Pacific Company is continuously further dieselizing its operations to take advantage of the economies which result therefrom. The Commission will take these further savings in operating expenses into consideration.

In order to give the Commission a more complete picture of Southern Pacific's passenger operations in California the Commission staff included estimates respecting the operations of the Coast trains as well as the San Joaquin trains, even though no changes in fares on the Coast trains are requested in this application. The present fares on the Coast trains between points intermediate to San Francisco and Los Angeles and between intermediate points, on the one hand, and San Francisco and Los Angeles, on the other hand, are based on 2.75 cents per mile.

Comparison of Rail Coach Rates

Both the Santa Fe and Southern Pacific rely heavily on comparisons of their California intrastate basic one-way coach rates with their interstate and other intrastate basic one-way coach rates, and with the basic one-way coach rates of other rail carriers, as justification for the proposed increase in basic rates herein. The following tabulation sets forth such comparisons.

	Basic One-Way Coach Fare in Cents per Mile
Santa Fe	
California Intrastate	1.876
Intrastate Excluding California	2.5
Interstate	2.5
Southern Pacific	
California Intrastate	2.75
Interstate	2.75
Trunk Line Territory	3.375
New England Territory	3.375
Southern Territory	2.75

The following comparison of rates is taken from Exhibits Nos. 7, 8, 27 and 28 and the Santa Fe application. Where more than one fare is shown between two points, only the lowest fare is listed below.

			Present		Proposed	
Between	Railroad	Mileage	Fare	Rate per Mile	Fare	Rate per Mile
San Francisco -	AT & SF	432	$6.50	1.50¢	$8.50	1.96¢
Los Angeles	SP	482	8.50	1.76¢	No Change	
San Francisco -	AT & SF	209.5	3.93	1.88¢	4.87	2.32¢
Fresno	SP	206	3.84	1.86¢	4.87	2.40¢
San Francisco -	AT & SF	319.9	5.65	1.77¢	7.50	2.34¢
Bakersfield	SP	313	5.65	1.81¢	7.50	2.40¢
Fresno -	AT & SF	110.4	2.07	1.87¢	2.72	2.46¢
Bakersfield	SP	107	2.10	1.96¢	2.72	2.50¢
Fresno -	AT & SF	224.4	3.91	1.74¢	5.57	2.48¢
Los Angeles	SP	278	4.66	1.68¢	5.57	2.00¢
Stockton -	AT & SF	233.5	4.38	1.87¢	5.80	2.48¢
Bakersfield	SP	230	4.43	1.93¢	5.80	2.50¢
Stockton -	AT & SF	347.5	5.81	1.67¢	8.50	2.45¢
Los Angeles	SP	399	7.28	1.82¢	8.50	2.13¢
Sacramento - Los Angeles	SP	477	8.50	1.90¢	No Change	
Sacramento - Fresno	SP	170	3.84	2.26¢	4.30	2.50¢
Merced -	AT & SF	168.3	3.16	1.88¢	4.12	2.45¢
Bakersfield	SP	163	3.06	1.88¢	4.09	2.50¢
Los Angeles - San Diego	AT & SF	126.3	2.37	1.87¢	3.16	2.50¢
Los Angeles - Oceanside	AT & SF	84.9	1.59	1.59¢	2.12	2.49¢
Chicago - Louisville	Penn RR	313	10.38	3.32¢	-	-
New York - Washington	Penn RR	225	7.58	3.37¢	-	-
Chicago - Cleveland	NYC	340	11.57	3.40¢	-	-
New York - Boston	NYNH&H	229	7.75	3.38¢	-	-
Cincinnati - Nashville	L&N	301	8.56	2.84¢	-	-
Atlanta - Birmingham	Sou Ry	161	4.59	2.85¢	-	-

Motions to Dismiss

Upon completion of the direct presentation by Santa Fe but prior to cross-examination, the attorney for the City of San Diego moved that the application of Santa Fe be dismissed. The basis for the motion was that the applicant had failed to make a sufficient showing that the proposed rate increases were justified. In his opinion an over-all rate of return of 5.34 per cent on I.C.C. valuation and an operating ratio of 75.05 are not such as will justify the proposed increases in fares. He pointed out that historically the passenger revenues standing alone have not been sufficient to produce a reasonable rate of return. He further stated that no attempt has been made to submit separation studies and that the present proceeding is not one for the adjustment of rates between the freight department and the passenger department. He claimed that the evidence showing the comparison of rates between California and other portions of the United States has no probative value in this proceeding.

An interested party from Stockton joined in the above motion to dismiss. He stated that in the past freight rates have been established at a level to cover the deficiency in passenger rates, and that Santa Fe in this proceeding has offered no proof that its present over-all rate of return is insufficient.

In the oral argument before the Commission en banc the attorney for the City of San Diego renewed his motion to dismiss. He also urged that authorization of Santa Fe's proposed increased fares would result in a preferential rate as to the Los Angeles-San Francisco passengers and a discriminatory rate as to the San Diego-Los Angeles passengers. He pointed out that Santa Fe proposes to raise the one-way fares on the Los Angeles-San Francisco portion of its system from 1.5 cents per mile to only 1.96 cents per mile, whereas it proposes to raise the one-way fares on the Los Angeles-San Diego portion of the system from 1.87 cents per mile to 2.5 cents per mile. He then referred to Exhibit 33 submitted by the Commission staff which shows that under present fares the annual out-of-pocket loss on the San Diegans, excluding

Train No. 75, and the San Diego Budd Cars will amount to $52,875 and that on the Golden Gate trains operating between San Francisco and Los Angeles such annual out-of-pocket loss will amount to $562,953.

Upon completion of the direct presentation both by Santa Fe and Southern Pacific but prior to cross-examination of the witnesses, the attorney for the Commission staff moved that both applications be dismissed. The basis for this motion was that although applicants have offered evidence as to the rate of return on their system-wide interstate business and that they are suffering out-of-pocket losses on certain service within California, they have offered no evidence as to revenue, expenses, or rate of return as to their respective total California intrastate operations.

No rulings were made on the motions to dismiss at the hearing. They were taken under submission and will be disposed of herein.

Following the submission of the motions at the hearing both applicants introduced evidence respecting the feasibility of separating revenues, expenses and property investment applicable to intrastate service from system figures.

The Assistant General Auditor of Santa Fe testified that he had given a great deal of study to this problem for several years and had reached the conclusion that sufficient essential information is not available to the railroads and cannot be developed with sufficient accuracy to produce a representative separation for intrastate traffic in any state. He stated that the intrastate freight and passenger revenues, for the most part, are located direct, but that operating expenses and investment present a difficult problem. He further pointed out that expenses are not kept in such detail as to provide a reliable basis for processing them. He concluded that making such a separation of expenses would be a meaningless statistical exercise and that the separation itself would be unreliable as a basis for judgment. In his opinion the separation would either seriously overstate or understate expenses attributable to intrastate traffic in each state and would inversely distort expenses attributable to interstate traffic. He stated that the problem of assigning the investment in fixed property and equipment to intrastate service on a formula basis has much the same characteristics as the problem of separating operating expenses, except that it is more aggravated by the fact that all property and equipment are used in common by interstate and intrastate traffic and the units of use are not as well defined.

The witness for Southern Pacific testified that the opinions and conclusions of the Santa Fe witness respecting the feasibility of making separations are equally applicable to Southern Pacific.

In reply to the argument that governmental authorities in authorizing freight rate increases had taken into consideration passenger deficits, counsel for Southern Pacific in his oral argument pointed out that the record in Ex Parte 175 involving freight rates was made in 1951. As shown in Exhibit No. 35 the passenger deficit of the Southern Pacific System in 1951 was $37,987,618 and in 1954, $51,140,679, an increase of over $13,000,000. Similarly Exhibit No. 20 shows that the passenger deficit of the Santa Fe System in 1951 was $36,472,000 and in 1954, $46,326,000, which represents an increase of approximately $10,000,000.[1]

1 The passenger deficits indicated in Exhibits Nos. 20 and 35 are based on allocations of full cost.

In justification for the continued fare differential in cents per mile for travel between Los Angeles and San Francisco and between Los Angeles and San Diego a witness for Santa Fe pointed out that the proposed percentage fare increase between Los Angeles and San Francisco amounts to 31 per cent which is approximately the same as the proposed percentage fare increase between Los Angeles and San Diego, namely 33-1/3 per cent. He also stated that the competitive situation is different in these two services. A Santa Fe fare in excess of $8.50 between Los Angeles and San Francisco would exceed the $8.50 fare of its competitor Southern Pacific, and the fares both of Santa Fe and Southern Pacific are held down in turn by airline competition.

Conclusions

Upon careful consideration of all the facts and circumstances of the record, we find that a separation of operating results and properties of applicants is unnecesarry in these particular proceedings and that the motions to dismiss should be denied. We hereby further find that the increases in applicants' intrastate fares proposed in these proceedings are justified. The applications will be granted.

O R D E R

Based upon the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that The Atchison, Topeka and Santa Fe Railway Company and Santa Fe Transportation Company be and they are hereby authorized to establish, on not less than five days' notice to the Commission and to the public, the increased passenger fares as proposed in Application No. 36802 filed in this proceeding, and that Southern Pacific Company be and it is hereby authorized to establish, on not less than five days' notice to the Commission and to the public, the increased passenger fares as proposed in Application No. 36900 filed in this proceeding.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire unless exercised within sixty days after the effective date of this order.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 1st day of May, 1956.

Peter E. Mitchell
President
Justus F. Craemer
Ray E. Untereiner
Matthew J. Dooley

Commissioners

Commissioner Rex Hardy, being necessarily absent, did not participate in the disposition of this proceeding.