

ORIGINAL

Decision No. 62839

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of ANGELS' FLIGHT RAILWAY COMPANY, a California corporation, for authority to increase fares.

Application No. 43640
Filed July 28, 1961

O P I N I O N A N D O R D E R

Applicant is engaged in the common carriage of persons by funicular railway in the City of Los Angeles in the area on Bunker Hill between Hill and Olive Streets along Third Street. By this application it seeks authority to establish increased fares on less than statutory notice.

Applicant's present fares are as follows:

	<u>Fares in Cents per One-Way Ride</u>
Cash	5
Ticket	
3 tickets, 10 cents	3-1/3
40 tickets, \$1.00	2-1/2

Applicant seeks to increase its ticket fares to 4-1/6 cents per ride, based on the sale of tickets at the rate of 6 for 25 cents. No change is proposed in the present 5-cent cash fare.

According to the application and to a report thereon which was submitted by an engineer of the Commission's staff, the circumstances which have prompted this application are as follows:

For many years an apartment and hotel district on the top of Bunker Hill has been the principal source of applicant's business. At the present time, however, existing housing facilities are being removed as part of a community redevelopment and rehabilitation program of the City of Los Angeles. As a consequence of this action the patronage of applicant's services has diminished to the point where applicant no longer is able to earn sufficient revenues under present fares to maintain its services.

Present plans of the City's redevelopment program indicate that applicant's facilities eventually will be supplanted by publicly operated moving stairs. In the meantime, however, a need continues for the services that applicant provides. The fare increases which are in issue herein are sought as a measure to enable applicant to maintain its services.

Revenue and expense estimates were submitted by applicant and by the Commission engineer to show expected financial operating results for the coming year if present fares are continued in effect and if the sought fares are established.¹ In general, these estimates were developed on the basis of applicant's operating experience for the past year. The engineer's estimates also give effect to the trend of applicant's traffic and to current costs of

¹ The revenue and expense estimates of applicant are set forth in the application and in a letter which has been entered as Exhibit No. 1 in the record in this matter. The revenue and expense estimates of the engineer are in the above-mentioned report which has been entered in the record as Exhibit No. 2.

labor and materials. Applicant estimated that under present fares its operations during the year ending with June, 1962, would result in a loss of \$8,078. The corresponding operating ratio would be 124 percent. The engineer estimated that the loss under present fares for the year through August, 1962, would be \$2,940 with a resulting operating ratio of 109 percent. The estimates of operating results under the sought fares are set forth below:

Estimated Financial Results of Operation
Under Proposed Fares for
Year Ending with August 31, 1962

	<u>Applicant</u>	<u>Commission Engineer</u>
Revenues	\$ 40,080	\$ 40,140
Expenses	<u>42,824</u>	<u>36,600</u>
Net Operating Revenues	(<u>\$ 2,744</u>)	\$ 3,540
Income Taxes	-	\$ 1,200
Net Income	(<u>\$ 2,744</u>)	\$ 2,340
Operating Ratio	106.8%	94.2%

() indicates loss

The differences between the respective estimates are due principally to differences in the expense allowances for officers' and office employees' salaries and for depreciation expense. Applicant's estimates contain an allowance of \$10,056 for the salaries described. The engineer's allowance for such salaries is \$7,300, an amount that conforms to that which has been found reasonable heretofore for the services performed.² Applicant's allowance for

² Decision No. 59290, dated November 24, 1959, in Application No. 41372.

depreciation expense includes depreciation on an automobile which was classified by the engineer as other than public utility property and for which he allowed no depreciation as a charge against applicant's public utility services.

Upon consideration of the estimates, we find that except as indicated below those of the engineer reasonably set forth the revenues and expenses that will be derived from, or apply to, applicant's operations during the year ending with August, 1962. It is clear from the engineer's figures that under present fares applicant's revenues will not be sufficient to maintain the operations involved, and that increases in fares should be authorized to provide additional revenues to overcome present losses and to compensate applicant for services rendered.

The earnings which applicant will realize under the sought fares will be somewhat less than the estimates of the engineer show, inasmuch as the estimates were developed as though the increased fares will be applicable throughout the full year ending with August, 1962, whereas, in fact, they will not be. Moreover, in view of the declining volume of applicant's traffic as the community redevelopment program on Bunker Hill progresses, the level of applicant's traffic during the remaining part of the year ending with August, 1962, will be less than that estimated by the engineer.

Upon the showings in this matter, the Commission finds as a fact that the earnings which applicant will realize under the sought fares will be reasonable and that the fare increases are justified. The application will be granted. In view of the need shown for prompt relief from present losses, applicant will be authorized to establish the increased fares on five days' notice to

the Commission and to the public. For the same reason the order herein will be made effective ten days after the date hereof.

Applicant's patrons have been informed of the proposed fare increases by notices thereof which have been posted in applicant's vehicles. Local authorities have been supplied with copies of the application. Except for one protest which was withdrawn, no protests against establishment of the sought fares have been received. In the circumstances public hearing on this application is not necessary.

Good cause appearing,

IT IS HEREBY ORDERED that Angels' Flight Railway Company be, and it hereby is, authorized to amend its Local Passenger Tariff No. 5, Cal. P.U.C. No. 5, on not less than five days' notice to the public, to establish a ticket fare of 4-1/6 cents per ride, based upon the sale of tickets at the rate of 6 tickets for 25 cents, said ticket fare to apply in lieu of the ticket and/or commutation fares now prescribed in said tariff.

IT IS HEREBY FURTHER ORDERED that in addition to making the tariff filings required in connection with the establishment of the increased fare herein authorized, Angels' Flight Railway Company shall notify the public of said change in fare by posting a statement of said change at its terminal and in its vehicles. Said notice shall be posted not less than five days' before the date on which the changes are made effective, and shall remain posted until not less than 10 days after said date.

The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

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

Dated at San Francisco, California, this 21st
day of NOVEMBER, 1961.

Charles W. Rogers
President
John L. ...
E. ...
George L. Grover
Fredrick B. Hubloff
Commissioners