1143

12

INDEX.

	Page
Writ of Certiorari, Borough of Roselle Park	1
Certificate of Return	3
Writ of Certiorari, Borough of Kenilworth	4
Certificate of Return	6
Writ of Certiorari, Town of Irvington	7
Certificate of Return	9
Order of Consolidation	10
Petition of Public Service Railway Co. and Public Service Transportation Co.	13
Notice of Hearing, Borough of Roselle Park	32
Notice of Hearing, Town of Irvington	34
Notice of Hearing, Borough of Kenilworth	36
Testimony	38
Memorandum on Motions	1306
Decision	1308
Order	1332
Reasons	1337
Reasons	1348
Reasons	1355
Supplemental State of Case	1624
Agreement of Consolidation	1626
Opinion of the Supreme Court	1645
Rule for Judgment	1661
Notice of Appeal and Grounds	1663

New Jersey State Library

TESTIMONY.

Witnesses for Petitioners:

	Page
Boylan, Matthew R.:	
Direct	63
Recalled:	
Cross	677
Cross	722
Re-direct	741
Cross	743
Tuson, Edward A.:	
Direct	489
Cross	490
Re-direct	569
Cross	575
Cross	651
Re-direct	654
Recalled:	
Cross	745
Recalled:	
Direct	1229
Cross	1234
Cross	1251
Warner, Arthur T.:	
Direct	67
Recalled:	
Cross	673
Recalled:	
Cross	750
Cross	837
Cross	841
Cross	867
Cross	907
Cross	928

Page

Recalled:
Direct 948
Cross 954
Re-direct 955
Re-cross 957
Recalled:
Direct 1214
Cross 1223
Cross 1226
Recalled:
Cross 1254
Cross 1259
Young, Percy S.:
Direct 44
Recalled:
Cross 156
Cross 186
Cross 245
Cross 374
Cross 446
Cross 465

WITNESSES FOR OBJECTORS:

Arace, Patsy:
Direct 947
Bauer, John:
Direct 962
Cross 1018
Recalled:
Cross 1062
Re-direct 1132
Re-cross 1144
Recalled:
Direct 1291
Cross 1296

Page

Duyckinck, Roy:
Direct 1158
Cross 1160
Hannay, G. W.:
Direct 1039
Cross 1041
Hennessy, Dennis F.:
Direct 940
Jamouneau, Walter H.:
Direct 1036
Jorgensen, E. L.:
Direct 1053
Cross 1055
Karl, Henry F.:
Direct 1051
Cross 1052
Mahoney, Arthur S.:
Direct 1283
Cross 1289
Malatesta, Thomas J.:
Direct 1279
Cross 1281
McMickle, William:
Direct 659
Cross 662
Montano, Charles:
Direct 945
Cross 946
Poeter, Eugene G.:
Direct 1055
Cross 1057
Price, James J.:
Direct 1045
Cross 1047
Roberts, Edward A.:
Direct 1161
Cross 1196
Re-direct 1211

	Page
Scandone, James:	
Direct	1048
Cross	1050
Schaefer, George E.:	
Direct	1059
Cross	1060
Shaw, Joseph H., Jr.:	
Direct	1043
Cross	1044
Shugrue, John:	
Direct	1157
Travers, Frank J.:	
Direct	944
Wilson, L. E.:	
Direct	1058
Cross	1059

EXHIBITS.

Title		State of Case Page	Exhibit Volume Page
P-1.	Map of Clinton Ave. Line	68	1367
P-2.	Map of Bloomfield Line	68	1368
P-3.	Map of Newark-Kearny-Rutherford	68	1369
P-4.	Map of Springfield Ave.	68	1370
P-5.	Map of Elizabeth-Roselle	68	1371
P-6.	Map of Clinton Place	68	1372
P-7.	Map of Kenilworth Line	69	1373
P-8.	Map of Lyons Avenue Line	69	1374
P-9.	Map of Main-Paterson-Hawthorne Line	69	1375
P-10.	Map of Passaic-North Newark	69	1376
P-11.	Map of Hawthorne via Madison Ave.	69	1377
P-12.	Correspondence, A, B, C	90	1378

Title		State of Case Page	Exhibit Volume Page
P-13.	Statement of P. S. Trans. Co. year 1926, Bloomfield, Clinton Avenue, Clinton Place, Hawthorne, Kenilworth, Lyons Ave., Madison Ave., Hawthorne, Newark-Rutherford, Passaic-North Newark, Roselle Park, Springfield Ave., revenue passengers, etc.	152	1387
P-14.	Statement of P. S. Trans. Co., Jan. 1, to Dec. 31, 1926, Springfield, Clinton Ave., Clinton Place, and Lyons Ave. Line, passenger revenue, etc.	153	1388
P-15.	P. S. Rly. Jan. 1, to Dec. 31, 1926; Broad and Springfield Line, passenger revenue, etc.	153	1388
P-16.	Statement of P. S. Rly., year 1926, passengers carried and car miles, year 1926	153	1389
P-17.	Statement P. S. Rly., year 1926, net loss on railway operation	153	1389
P-18.	Statement P. S. Rly. Co., comparative income statement	153	1390
P-19.	Statement P. S. Rly., 12 months ending Dec. 31, 1926, comparative statement of operating revenue deductions	153	1393
P-20.	Statement P. S. Rly., 12 months ending Dec. 31, 1926, comparative statement of operating revenue deductions	153	1396

Title		State of Case Page	Exhibit Volume Page
P-21.	Balance sheet, Dec. 31, 1926, P. S. Trans. Co.	153	1399
P-22.	Income statement 12 months ending Dec. 31, 1926, P. S. Trans. Co.	153	1400
P-23.	Statement of operating revenue deductions 12 months ending Dec. 31, 1926, P. S. Trans. Co.	153	1402
P-24.	Balance sheet Dec. 31, 1926, P. S. Rly. Co.	153	1405
P-25.	Graph showing bus operations	1215	1407
O-1.	Statement headed "Public Service Transportation Company. Comparative balance sheet 1923 to 1926 inclusive"	237	1408
O-2.	Sketch	600	1410
O-3.	Typewritten statement as to values and classification of bus makes of busses bought in 1924	644	1411
O-4.	Decision of Board	675	1412
O-5.	Six sheets	745	1416
O-6.	Letters of protest against increased fare on Elizabeth-Aldene Line	941	1424
O-7.	Three applications for permission to operate on Elizabeth-Aldene Route, by Patsy Arace, Chas. Montano & Thomas Malenga	942	1433
O-8.	Applications (70) to Board of Works of City of Elizabeth for permits to operate busses on Elizabeth-Aldene Line	944	1435

Title		State of Case Page	Exhibit Volume Page
O-9.	Statement of estimated operating results and return for calendar year 1927, P. S. Trans. Co.	964	1438
O-10.	Statement of estimated operating results and return for calendar year 1927, Schedule #2	964	1440
O-11.	Statement of operating revenue analysis, P. S. Trans. Co., Schedule #3	964	1441
O-12.	Statement of operating revenue, deductions for year 1927, P. S. Trans. Co., Schedule #4	964	1442
O-13.	Schedules #5 and #5-A	966	1448
O-14.	Statement of data relative to private busses purchased and retired	966	1454
O-15.	Comparative balance sheets for 1923 to 1926, and comparative income statement	967	1455
O-16.	Statement headed "Bus Equipment as of Dec. 31, 1926"	967	1459
O-17.	Statement headed "Busses operated on the line affected by the petition"	967	1460
O-18.	Statement headed "Data relative to bus purchases"	968	1461
O-19.	Schedule #6, showing comparative monthly results	968	1471
O-20.	Chart of monthly operating results January, 1925, to March, 1927, P. S. Trans. Co.	968	1473

Title		State of Case Page	Exhibit Volume Page
O-21.	Municipal Schedule ♯8, showing estimated operating results and returns on 11 lines for 1927	968	1474
O-22.	Schedule ♯9, showing monthly operating results for 1926, and first three months of 1927, P. S. Trans. Co., composed of two sheets	969	1476
O-23.	Municipal Schedule ♯10, showing bus routes operated at less than twenty-five cents receipts bus mile, P. S. Trans. Co.	969	1478
O-24.	Letters from Geo. F. Seymour, Jr.	1039	1480
O-25.	Sheaf of letters	1061	1483
O-26.	Application to Borough of Roselle Park by South Broad Street Auto Bus Association	1160	1515
O-27.	Article in Electric Railway Journal, January 1st, 1927, by Albert S. Richey	1164	1516
O-28.	Volume of exhibits	1166	1519
O-29.	Folder map	1167	1582
O-30.	Map of Roselle Park Line	1187	1583
O-31.	Map showing territory between Paterson and Newark, North Newark bus line	1284	1584
O-32.	List of busses, etc., on Clinton Avenue line, Irvington	1298	1585
O-33.	List of busses, etc., on Springfield Avenue Line	1298	1594
O-34.	List of busses, etc., on Lyons Avenue Line	1298	1603

Title		State of Case Page	Exhibit Volume Page
O-35.	Schedule entitled "Public Service Transportation Co., Details of Amounts Charged to Maintenance Dept., Rents and Transportation Rents During the Year"	1299	1606
O-36.	Plan of settlement of Transportation Crises	1299	1608
O-37.	Letter of Public Service Railway Co. to Board, Sept. 25, 1923	1299	1615
O-38.	Letter to Board from Public Service Railway Co. Sept. 27, 1923	1299	1617
O-39.	Letter, Sept. 27, 1923, to Public Service Railway Co. from Board	1299	1622

Writ of Certiorari.

Borough of Roselle Park,
New Jersey, ss:

The State of New Jersey to the Board
(Seal.) of Public Utility Commissioners.

Greeting:

We being willing, for certain reasons, to be certified of a certain decision rendered August 4, 1927, by the Board of Public Utility Commissioners of the State of New Jersey, in the matter of "The application of the Public Service Railway Company and Public Service Transportation Company for the adjustment of zones and other relief," do command you that you certify and send under your seal, to our Justices of our Supreme Court of Judicature, at Trenton, on the twenty-third day of November, 1927, the said decision of said Board of Public Utility Commissioners above mentioned, together with all things touching and concerning the same, as fully and completely as they remain before you, together with this our writ, that we may cause to be done thereupon what of right and Justice and according to the laws of the State of New Jersey ought to be done.

Witness, William S. Gummere, Esquire, Chief Justice of our Supreme Court, at Trenton, this 4th day of November, in the year of our Lord One Thousand Nine Hundred and Twenty-seven.

EDWARD J. KELLEHER,
Clerk.

J. S. Lindabury,
Attorney for Prosecutor.

This writ is allowed this 4th day of November, 1927.

By the Court:

SAMUEL KALISCH,
J. S. C.

Service of the within Writ of Certiorari is hereby acknowledged this seventh day of November, 1927.

WILLIAM H. SPEER,
Atty. for Public Service Railway Co.
and Public Service Transportation Co.
ALFRED N. BARBER,
Secretary,
Board of Public Utility Commr's.

Certificate of Return.

Filed Nov. 23, 1927.

Return to Writ.

To the New Jersey Supreme Court:

The Board of Public Utility Commissioners of New Jersey has complied with the within writ in and by its return to a certain other writ issued out of the said Supreme Court at the suit of the Town of Irvington and Alice M. Stewart, prosecutors, directed to said Board and dated November 4, 1927, pursuant to a certain order of said Supreme Court dated November 12, 1927.

In Witness Whereof, the said Board has caused its seal to be hereto affixed and this return to be signed by its secretary.

ALFRED N. BARBER,
Secretary of the Board of Public
Utility Commissioners of New Jersey.

(Roselle Park—Filed Nov. 23, 1927.)

Writ of Certiorari.

Borough of Kenilworth,
New Jersey, ss:

The State of New Jersey to the Board of Public Utility Commissioners, Public Service Railway Company and Public Service Transportation Company.

(Seal.)

Greeting:

We being willing for certain reasons to be certified of a certain decision and order made by the Board of Public Utility Commissioners, dated the 4th day of August, 1927, in the matter of the application of Public Service Railway Company and Public Service Transportation Company for the adjustment of zones and other relief, in which proceeding a petition was filed by said Companies on the 14th day of December, 1926, do command that you certify and send up, under your seal, to our Justices of the Supreme Court of Judicature at Trenton, on the 25 day of November, 1927, the said decision and order of the said Board of Public Utility Commissioners above mentioned, together with all things touching and concerning the same as fully and completely as they remain before you, together with this our writ, that we may cause to be done thereupon what of right and justice and according to the laws of the State of New Jersey ought to be done.

Witness, William S. Gummere, Esquire, Chief Justice of our Supreme Court, at Trenton, this 4 day of November, 1927.

EDWARD J. KELLEHER,
Clerk.

Martin P. O'Connor,
Attorney for Prosecutors.

Writ of Certiorari, Borough of Kenilworth

Let this writ be allowed.

Dated: November 4, 1927.

By the Court:

SAMUEL KALISCH,
Justice of Supreme Court.

Service of the within writ of certiorari is hereby acknowledged this 7th day of November, 1927.

WILLIAM H. SPEER,
Atty. of Public Service Railway Co.
& Public Service Transportation Co.
ALFRED N. BARBER,
Sec.,
Board of Public Utility Commissioners.

Certificate of Return.

Return to Writ.

Filed Nov. 23, 1927.

To the New Jersey Supreme Court:

The Board of Public Utility Commissioners of New Jersey has complied with the within writ in and by its return to a certain other writ issued out of the said Supreme Court at the suit of the Town of Irvington and Alice M. Stewart, prosecutors, directed to said Board and dated November 4, 1927, pursuant to a certain order of said Supreme Court dated November 12, 1927.

In Witness Whereof, the said Board has caused its seal to be hereto affixed and this return to be signed by its secretary.

ALFRED N. BARBER,
Secretary of the Board of Public
Utility Commissioners of New Jersey.

(Kenilworth Writ—Filed Nov. 23, 1927.)

Writ of Certiorari.

Town of Irvington,
New Jersey, ss:

The State of New Jersey to the Board of Public Utility Commissioners, Public Service Railway Company and Public Service Transportation Company.

(Seal.)

Greeting:

We being willing for certain reasons to be certified of a certain decision and order made by the Board of Public Utility Commissioners, dated the 4th day of August, 1927, in the matter of the application of Public Service Railway Company and Public Service Transportation Company for the adjustment of zones and other relief, in which proceeding a petition was filed by said Companies on the 14th day of December, 1926, do command that you certify and send up, under your seal, to our Justices of the Supreme Court of Judicature at Trenton, on the 24th day of November, 1927, the said decision and order of the said Board of Public Utility Commissioners above mentioned, together with all things touching and concerning the same as fully and completely as they remain before you, together with this our writ, that we may cause to be done thereupon what of right and justice and according to the laws of the State of New Jersey ought to be done.

Witness, William S. Gummere, Esquire,

Chief Justice of our Supreme Court, at Trenton, this 4th day of November, 1927.

EDWARD J. KELLEHER,
Clerk.

Charles H. Stewart,
Attorney for Prosecutors.

Allocatur.

Let this writ be allowed.
Dated Nov. 3rd, 1927.

By the Court,
SAMUEL KALISCH,
Justice of the Supreme Court.

Service of the within writ of certiorari is hereby acknowledged this 7th day of November, 1927.

WILLIAM H. SPEER,
Atty. for Public Service Railway Co. and Public Service Transportation Co.
ALFRED N. BARBER,
Secretary Board of Public Utility Comm'rs.

Certificate of Return to Writ.

Return to Writ.

Filed Nov. 23, 1927.

To the New Jersey Supreme Court:

The Board of Public Utility Commissioners of the State of New Jersey does hereby certify and return to the New Jersey Supreme Court, the decision and order rendered August 4, 1927, by said Board "In the matter of the application of the Public Service Railway Company and Public Service Transportation Company for the adjustment of zones and other relief," together with all things touching and concerning the same as is commanded by the within writ to said Board directed and by a certain other writ issued out of the said Supreme Court at the suit of the Borough of Roselle Park and Jacob Hergert, prosecutors, directed to the said Board and dated November 4, 1927, and by a certain other writ issued out of said Supreme Court at the suit of the Borough of Kenilworth and James Orr, prosecutors, directed to the said Board and dated November 4, 1927, to which three writs this single return is made pursuant to an order of said Supreme Court dated November 12, 1927.

In Witness Whereof, the said Board has caused its seal to be hereto affixed and this return to be signed by its secretary.

ALFRED N. BARBER,
Secretary of the Board of Public
Utility Commissioners of New Jersey.

(Irvington Writ—Filed Nov. 23, 1927.)

Order of Consolidation.

COPY

NEW JERSEY SUPREME COURT.

STATE OF NEW JERSEY, *ex rel.* the Town of Irvington and Alice M. Stewart, Prosecutors, vs. BOARD OF PUBLIC UTILITY COMMISSIONERS, PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY, Defendants.	On Certiorari.
STATE OF NEW JERSEY, *ex rel.* the Borough of Kenilworth and James Orr, Prosecutors, vs. BOARD OF PUBLIC UTILITY COMMISSIONERS, PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY, Defendants.	On Certiorari. Order of Consolidation.
STATE OF NEW JERSEY, *ex rel.* the Borough of Roselle Park and JACOB HERGERT, Prosecutors, vs. BOARD OF PUBLIC UTILITY COMMISSIONERS, PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY, Defendants.	On Certiorari.

Order of Consolidation

It appearing to the Court that a writ of certiorari has been allowed in each of the above causes to review an order and decision made by the Board of Public Utility Commissioners on the 4th day of August, 1927, in the matter of the application of the Public Service Railway Company and the Public Service Transportation Company for the adjustment of zones and other relief in which proceeding the petition was filed by said Companies on the 14th day of December, 1927; and application being made on behalf of the above-named prosecutors to consolidate the said cases for the purpose of making a return to the said writs and preparing a state of the case, and no reason appearing why the said application should not be granted; and the attorney for defendants, Public Service Transportation Company and Public Service Railway Company, having hereunder consented thereto, in writing,

It is, on this 12th day of November, A. D. 1927, on motion of Charles H. Stewart attorney of the Town of Irvington and Alice M. Stewart, and of Martin P. O'Connor, attorney of the Borough of Roselle Park, and of Jacob Hergert, and of Joseph S. Lindabury, attorney of the Borough of Kenilworth, and of James Orr, ordered, that the above stated causes of action be and the same are hereby consolidated for the following purposes:

That one return to said writs of certiorari may be made and one state of the case prepared and that such return and state of the case shall be treated and considered as the return and

state of the case in each of the above entitled causes as fully and completely for all intents and purposes as if a return is made to each of said writs of certiorari and the state of the case prepared in each of the above-entitled causes.

By the Court,
SAMUEL KALISCH,
Justice of Supreme Court.

The above order is hereby consented to.
WILLIAM H. SPEER,
Atty. of Public Service Railway Company
and Public Service Transportation Co.
J. D. BIGELOW,
Atty. for Board of
Public Utility Commissioners.

Petition of Public Service Railway Company and Public Service Transportation Company to Board of Public Utility Commissioners.

(Filed December 14, 1926.)

Public Service Railway Company, a street railway corporation organized under the laws of the State of New Jersey, operates a system of street railways in 132 municipalities within the State of New Jersey.

Public Service Transportation Company, a corporation organized under the laws of the State of New Jersey, operates a system of auto bus transportation in the same general territory as that served by Public Service Railway Company.

All the stock, except directors' shares, of these two companies is owned by Public Service Corporation of New Jersey, and the management of both companies is the same. They are allied and affiliated companies and are endeavoring to furnish a system of street railway and bus transportation so co-ordinated as to provide a maximum of efficiency at a minimum of cost.

Early in 1918 increased cost of labor and materials, due to war conditions, made it impossible to operate the railway system of Public Service Railway Company so as to maintain proper service at the five-cent rate then in force, and an effort was therefore made to have the then Board of Public Utility Commissioners approve an increase in the rate of fare. The costs of labor and material entering into the operation of the system continued to increase and are at the present time very much in excess of pre-war costs. The index of street railway operating costs prepared by

Professor Albert S. Richey shows that the index figure at the end of 1925 for wages was 223, for materials 153.9, and for all operating expenses 204.7, as compared with 100 for the year 1913. During the period between 1918 and the summer of 1923 the Railway Company was continuously before the Board or in court seeking increased rates to meet the increased costs. The rates were from time to time changed and were at length fixed at eight cents, four tokens for thirty cents and one cent for a transfer; but at no time was the company permitted to increase rates sufficiently to meet the increased costs of operation. As a result of this situation large deficits were accumulated, as shown by the company's reports on file with the Board.

TRANSIT CRISIS
OF THE YEAR 1923

In the summer of 1923 the employes of the Railway Company demanded a very large increase in wages, which the company, because of lack of sufficient revenue, was unable to grant; consequently the employes went on strike and the operation of street railway cars ceased on August first. The inability of the company to pay the increased wages demanded was due primarily to the inadequacy of the rate of fare charged. The situation, however, was aggravated by bus competition and the total lack of any co-ordination between street railway service and bus service.

During the strike and while street railway transportation was totally paralyzed, the company suggested a comprehensive plan as a means of settling the transportation difficulties

then existing and placing the company in a position so that it could furnish the public proper and adequate street railway and auto bus transportation. One of the principal items in this comprehensive plan was a suggestion that the street railway company, either itself or through an affiliated company, acquire by purchase the competing buses and thereafter that the street railway cars and buses be operated under one management and as one coordinated system. This plan was submitted to the then Board of Public Utility Commissioners, the officials of all the municipalities in which the company operated and to the public. The plan was generally approved, as evidenced by the communications to the Board from several hundred thousand citizens and by many other expressions of public approval. Public hearings were held by the Board, and on August 22, 1923, the Board issued a public statement as follows:

> The Board has considered the plan and accepts it as an effort on the part of the company to end the present situation, and while some of its features do not appeal to the Board as practical, it presents a basis for discussion and conference.

TEN-CENT FARE
APPLICATION FILED

The strike continued, however, until proceedings in the Court of Chancery resulted in an order compelling the resumption of service. The Chancellor in his opinion stated that a resumption of service should stimulate the settlement of existing problems. To comply with the

order of the Court of Chancery it was necessary to give the employes of the company a substantial increase in wages which, under the conditions then existing, would have resulted in additional deficits of several millions of dollars. This situation made it impossible to consummate the plan which had been so generally approved. The only remedy available to the company was to insist on an immediate increase in the rate of fare. On September 19, 1923, the company issued a statement setting forth that to comply with the order of the Court it would be necessary to apply for a ten-cent fare. Whereupon, coincidentally with the resumption of service which had been suspended from August 1, the company filed with this Board on September 21, 1923, an application for a ten-cent fare to become effective October 11, 1923. On September 25, 1923, as a result of the filing of the ten-cent rate, the Board addressed a communication to the company and stated:

The Board appreciates the fact that the conditions under which the company is now operating make increased operating costs inevitable. To deny it the right to obtain sufficient revenue to meet these costs would be a gross injustice.

* * * * * *

In your recently proposed plan you claimed the elimination of bus competition would result in lower fare. The Board agrees that this competition should be restricted to an extent consistent with adequate service; and within the scope of its authority will assist in bringing about this result.

ORIGIN OF THE FIVE-CENT FARE EXPERIMENT

The Board then suggested that:

in lieu of the imposition of a ten-cent fare the company establish a five-cent flat fare without transfers within the limits of the larger municipalities, with an additional five-cent fare for the longer rides to the end of the existing fare limits and continue in effect the present fare throughout the rest of the State for the time being.

If this is acceptable to the company, the Board suggests that the company prepare and submit for approval the details of the foregoing in the form of a rate schedule, which schedule, if approved, shall remain in effect for a trial period of four months in order to determine definitely whether such a schedule will produce sufficient revenue to meet the requirements of the situation, during which period the company shall make monthly reports to the Board of its operating expenses and receipts.

The Company proceeded to file the five-cent rate in accordance with the suggestion of the Board. This rate has since been extended to cover the entire street railway property, the rate now being a five-cent fare without transfers within the limits of the larger cities with additional five-cent fare zones without transfers for the longer rides.

COMPANIES VIEW OF THE LOW FARE TRIAL

The company, in accepting the proposal of the Board, on September 27, 1923, said:

In doing this the company will rely upon the active co-operation of the Board as offered in its statement in curtailing and limiting wasteful and unnecessary competition and further seeks the co-operation of the Board in helping it to obtain relief from municipal paving obligations founded upon archaic conditions inherited from horse-car days.

For the rate recommended by the Board to be successful, two things must be accomplished. The company must have more revenue, arising from the transportation of a very much larger number of passengers which a curtailment of uneconomic and wasteful competition will produce, and its operating expenses must be kept down to the minimum. This latter desideratum can be substantially assisted by relieving it from burdensome paving obligations.

A hearty suupport of the plan by the public will go a long way to make the trial a success and thus insure the permanency of the rate.

BOARD AGREES TO
REDUCE COMPETITION

On the same day, September 27, 1923, the Board, in a communication addressed to the company, acknowledged receipt of the company's acceptance of the plan suggested by the Board, and said:

The Board reiterates its declaration contained in its statement to you of August 8, last, and again in its later proposal which you have just accepted, that, in its judgment ruin-

ous auto bus competition should be reduced to a minimum and will, as heretofore declared to be its policy, regulate auto bus competition in accordance with the statute and to the fullest extent consistent with adequate service.

We note your request for the co-operation of the Board in obtaining relief from "paving obligations founded upon archaic conditions inherited from horse car days." The Board agrees that these paving obligations are, under present day conditions, an undue burden necessarilly passed on to the riding public through the rate of fare charged. The Board has no power under existing law to relieve the company of these exactions but will recommend legislation for relief therefrom.

The Board expresses the hope that the acceptance of the present plan will meet with the approval of the public and will, in a measure at least, dispose of the present unsettled conditions in the transportation problems of the State.

PUBLIC SERVICE WORKS TO MAKE LOW RATE A SUCCESS

After the inauguration of the five-cent fare, Public Service Railway Company and Public Service Transportation Company, its allied company, took the necessary steps to carry out, as far as possible, other items of the general plan upon which the continuance of the five-cent fare depended.

Public Service Transportation Company during the last three years, during which the five-cent rate has been in force, has invested over

$17,000,000 in the purchase of buses and the business of independent operators, the construction and purchase of garages, furnishing shop equipment, etc. Many of the old, dilapidated buses previously operated by independents have been scrapped, and the company has purchased 660 new buses: 395 of the most modern, gas-electric type, and 265 operated with gas mechanical equipment, and has reconstructed and rehabilitated 675 buses. Nineteen modern garages have been provided. Shops have been equipped with all the latest approved appliances and machinery. The company is now operating over 850 buses on 97 lines.

CAPITAL SUPPLIED
TO IMPROVE SERVICE

During the same period of time Public Service Railway Company has added over $2,300,000 to its investment in tracks and equipment. One thousand, seven hundred and nineteen cars have been rebuilt, including many open cars which have been reconstructed with center aisles for the better accommodation of the public. At the present time the Railway Company is operating over 1,200 cars over 827 miles of track.

CO-OPERATION OF
EMPLOYEES GIVEN

Every possible economy has been put in effect by both companies. Cars as well as buses are operated by one man. The employes of both companies have withdrawn a recent demand for increased wages and are receiving the same wage agreed upon three years ago.

Money, time and effort have been generously expended, with the result that the plant, equip-

ment and personnel of both companies have been brought to a high degree of efficiency.

CONDITIONS NECESSARY TO SUCCESS WERE FORECAST

It was apparent at the beginning of the five-cent experimental period that the expenditure of vast sums of money and every effort which the companies and men might put forth alone could not make the five-cent fare practicable. In addition to everything that the companies could do, economies and relief which required the co-operation of the public and of the public authorities were necessary. Three years of constant effort on the part of the company has demonstrated the correctness of this proposition.

FARE EXPERIMENT BRINGS HEAVY LOSSES

Since the inauguration of the five-cent fare the Railway Company has failed to pay operating expenses and fixed charges by approximately $1,500,000, with no return whatever upon the more than $40,000,000 invested in the property by Public Service Corporation of New Jersey and represented in large part by the stock of the company; and Public Service Transportation Company has failed to earn operating expenses and fixed charges during the same period of time by over $1,600,000.

Neither the Board nor the public can expect this state of affairs to continue.

HIGHER FARES OR OTHER MEASURES OF RELIEF?

The problem to be decided by the Board,

representing the public, and the company is whether fares should be immediately increased sufficiently to make these properties self-supporting, or whether other measures should and will be undertaken to either make a fare increase unnecessary or lessen the amount of any necessary increase in fares.

SUGGESTIONS FOR
CO-OPERATIVE ACTION

The Company takes this opportunity of pointing out several such measures which can be made effective only with the assistance and co-operation of the public and the public authorities.

CO-ORDINATION OF SERVICE—The operation of street railway cars and buses should be further and more completely co-ordinated. Since the inauguration of the five-cent fare suggested by the Board and the acquisition of buses by Public Service Transportation Company, considerable progress has been made with the co-operation of the Board in bringing about a co-ordinated street railway and bus service in accordance with the original plan approved as herein set forth, but much remains to be done. Competition and unnecessary duplication of service must be eliminated by the arrangement of schedules, rerouting and other adjustments. In no other way can satisfactory local transportation be provided.

THE ADJUSTMENT OF ZONES—To bring about proper co-ordination, the five-cent fare zones for the buses should be adjusted and made co-extensive with the five-cent zones of the street railway as well as with the boundary lines of

the larger municipalities. In no other way can service be co-ordinated and properly maintained by both companies. This can be accomplished by this Board.

CAR RIDER SHOULD NOT PAY FOR PAVING

PAVING OBLIGATIONS—The railway company should be relieved of archaic and unjust paving obligations. This relief has twice been recommended by the Board. Legislative action is necessary to relieve the car rider of this unjust burden. Such action should be urged by all those who are interested in maintaining a low rate of fare.

SNOW REMOVAL, STREET SPRINKLING AND OILING—All money expended by these companies for sprinkling and oiling streets and removing snow, is in fact under present conditions expended for the benefit of the general public, and should be paid for by the municipalities, and not by the riders on the cars or buses. All such expenses must be eliminated if a low rate of fare is to be maintained.

STREET TRAFFIC AND CONGESTION—Street traffic generally should be better regulated and restrictions should be placed on the parking of cars in the congested parts of the railway routes. Traffic moving on the main thoroughfares should have the right of way. This can all be accomplished under present laws by the governing bodies of the various municipalities. If this is done, the cars and buses which carry the great bulk of the traveling public can make better time and delays and accidents be avoided.

BETTER TYPE OF BUS SERVICE—A better type

of bus service should be instituted by Public Service Transportation Company at higher fares. Many people prefer to ride more comfortably and are perfectly willing to pay for such service. The five-cent fare on buses was inaugurated when buses were crowded to the limit. It is not suggested that the cheaper bus be abandoned but that the proposed better service should be established for those who prefer it. This can be accomplished through the co-operation of the municipalities and this Board.

TAXES TAKE TOO MUCH OF FARE

TAXES—Taxes should be reduced. An examination of the tax laws of the several states indicates that street railways in New Jersey are taxed on a higher basis than those of any other state. In New Jersey the railway companies are practically tax collectors for the public, the riders on the car paying the taxes. These companies pay a franchise tax of five per cent of their gross receipts. In addition, they pay local taxes on real estate and personal property, the railway company paying a gross receipts tax at the average state rate in lieu of its tax on personal property. These, of course, are in addition to Federal taxes. Such high taxes are not assessed against any business in the country other than utility companies. These two companies are paying taxes amounting to approximately $2,740,000 per year. Nothing as more important to the municipalities of New Jersey than that the street railway and bus companies furnish proper transportation at the lowest possible rates. In New Jersey not only are the rates of fare lower than in most other places in the country but

taxes are higher. Consideration should be given to the economic problem whether it is not more in the interests of the public to reduce these taxes and maintain a low rate of fare than to collect excessive taxes from that portion of the public patronizing the street cars and buses through the imposition of a higher rate of fare.

Passes and Reduced Rate Tickets—All passes and reduced rate tickets of every kind and description should be abolished. If the rates charged permitted the companies to earn the full cost of service, passes and reduced rate tickets might be favored on the ground of public policy. But while these companies are attempting to maintain the five-cent fare, which experience has shown to be too low a fare to provide the full cost of the service, losses should not be increased by carrying a certain class of passengers at a still lower rate of fare or for nothing.

Proposed Measures Are
In Interest of the Public

All the above measures are in the public interest but cannot be made effective without the assistance and co-operation of the public authorities. They must be effective before the public can obtain the benefit of a completely co-ordinated and unified system of local transportation. Their adoption furnishes the only hope of supplying the public proper and adequate service at the lowest rates of fare consistent with such service. Experience has shown that there is no greater contributory factor to the development of any community than an adequate and efficient transportation system, and the cost to the car riders should not be in-

creased by the exactions and burdens referred to above.

PRESENT FARE HERE IS
LOWER THAN ELSEWHERE

When the company instituted the five-cent fare experiment at the request of the Board, the company had filed a ten-cent rate. A higher fare than at present obtains is justified by experience, not only here but generally throughout the United States. The fare on buses in New York City and Philadelphia is ten cents. The railway fare in most other places throughout the country is higher than that charged by this company, the average throughout the country being 7.7 cents. In New York City where the fare is five cents, a substantial part of the cost of operation is provided through general taxation.

CO-OPERATION NECESSARY
TO GOOD TRANSIT SERVICE

Public Service Railway Company and Public Service Transportation Company seek the co-operation of the public and of the public authorities to achieve the objects herein set forth and to enable them to provide the best possible service for those who use their cars and buses. They have not hesitated to carry out their full duty. They have assumed losses that run into the millions and have, under circumstances that would have discouraged other investors, put millions of new capital into the business in order to provide adequate and comprehensive service. But these companies cannot do the impossible; they cannot continue to provide transportation at less than cost, nor can they give proper co-

ordinated service without full co-operation on the part of the public authorities.

The companies therefore at this time apply to the Board for an adjustment of fare zones to enable the companies to maintain proper service and co-ordinate street railway and bus service where they are operated in the same territory.

ZONES THAT NEED READJUSTMENT

The points where these discrepancies exist and the lines affected are as follows:

1. Clinton Avenue, Clinton Place, Springfield Avenue and Lyons Avenue bus lines, operating from Newark into Irvington.

The bus fare is five cents for the entire route. The street railway ride is divided into two five-cent fare zones, one in the City of Newark, and the second after crossing the Irvington Line.

The bus zone should be changed so that the fare would be five cents within the City of Newark and five cents within the Town of Irvington.

2. Bloomfield lines.

The bus line operates from Newark into Bloomfield. Five cents is charged from Newark to Bloomfield Center, with an over-lap from the Newark City line. The street railway fare is five cents from Newark to Watsessing Avenue.

The street railway zone and the bus zone should be changed so that the fare would be five cents from the Newark terminus to the Newark city line and five cents west of the city line.

3. Roselle Park bus route operates from Elizabeth into Roselle Park.

The bus fare is five cents for the entire ride. The street railway ride is divided into two five-cent zones; five cents in the City of Elizabeth and a second five cents in Roselle Park.

The bus zone should be changed so that the limits would be the same as on the street railway; five cents in the City of Elizabeth and a second five cents in Roselle Park.

4. The Kenilworth bus route operates from Elizabeth, through Roselle Park, into Kenilworth.

The first five cents includes Elizabeth and Roselle Park, while the second five cents extends from Roselle Park to Kenilworth.

This bus line should be re-zoned into three five-cent zones; the first to cover that portion of the route within the City of Elizabeth, the second to cover the portion of the route within the Borough of Roselle Park, and the third from the northerly boundary line of Roselle Park into Kenilworth.

5. The Hawthorne situation.

Public Service Transportation Company is operating two lines of buses from Paterson into Hawthorne for a five-cent fare.

The bus fare on both of these lines should be made five cents within the City of Paterson and an additional five cents beyond.

6. Rutherford overlaps.

On the Newark-Rutherford bus line there are two over-laps, one from Midland Avenue to Belleville Pike, in Kearney, and the other from Jauncey Avenue to Rutherford Avenue in Lyndhurst. The street railway fares in the

same section have dead line zones, one at the Belleville Pike and the second at Ridge Road and Valley Brook Avenue.

These over-laps on the bus line should be eliminated.

7. Passaic-North Newark bus line. 10

The through bus fare is 10 cents, being five cents from Burgess Place, Passaic, to King Street, the Nutley-Belleville boundary, and five cents from a lap-over limit extending back to Kingsland Road and Franklin Avenue, to the North Newark station of the Greenwood Lake Branch of the Erie Railroad. The through street railway fare on the Paterson line between Passaic and North Newark is fifteen cents, as 20 follows: Five cents from Paterson-Clifton boundary through Clifton and Passaic to south boundary of Passaic, five cents from there to Clifton-Nutley boundary, and five cents more to the North Newark station.

The bus fare zones should be changed as hereinafter indicated.

RATES MUST COVER
COST OF SERVICE 30

As stated hereinbefore, neither the Board nor the public can expect the present state of affairs in New Jersey to continue indefinitely. From the public standpoint, service, not rates, is the prime essential, but service cannot be provided unless the rates charged cover its cost. The public and the companies are confronted with the fact that either the two services must 40 be co-ordinated and costs reduced or higher rates charged. Having pointed the way for proper co-ordination and reductions in cost, the officials of the companies have decided to fur-

ther delay filing with the Board an increased schedule of rates for cars and buses in the hope that through the co-operation of the public and public officials the recommendations herein set forth may be carried out and conditions brought about so that these companies will become self supporting and will be in a postion to furnish the public adequate and proper service, to foster the growth and development of the territory, and meet the demands which the future is sure to bring in the populous and fast growing communities in which they operate.

NEW RATES FILED
WITH UTILITY BOARD

Public Service Transportation Company herewith files, effective the first day of January, 1927, the following rates:

1. A five-cent fare for a single ride within the City of Newark on the Clinton Avenue, Clinton Place, Springfield Avenue, Lyons Avenue and Bloomfield bus lines; and five cents beyond.

2. A five-cent fare for a single ride within the limits of the City of Elizabeth, on the Roselle Park bus line; and five cents in Roselle Park.

3. A five-cent fare for a single ride within the City of Elizabeth, on the Kenilworth bus line; within the Borough of Roselle Park five cents; and from the northerly boundary line of Roselle Park, into Kenilworth, five cents.

4. A five-cent fare for a single ride within the limits of the City of Paterson, on the Hawthorne line and Madison Avenue-Hawthorne line; and five cents beyond.

5. A five-cent fare for a single ride from its Newark terminal to Belleville Pike on the Newark-Rutherford bus line; from Belleville Pike to Ridge Road and Valley Brook Avenue five cents; and from Ridge Road and Valley Brook Avenue to the Erie station, Rutherford, five cents.

6. A five-cent fare for a single ride within the City of Passaic on the Passaic-North Newark line; within the City of Clifton, five cents; and through Nutley and Belleville to the North Newark station, five cents.

Public Service Railway Company herewith files, effective January 1, 1927, the following rate:

A five-cent fare for a single ride within the City of Newark on the Bloomfield line; five cents to the Verona-Montclair line; and five cents beyond.

Respectfully submitted,

PUBLIC SERVICE RAILWAY COMPANY,
By Thomas N. McCarter,
President.

PUBLIC SERVICE TRANSPORTATION COMPANY,
By Thomas N. McCarter,
President.

Notice of Hearing—Roselle Park.

STATE OF NEW JERSEY,

BOARD OF PUBLIC UTILITY COMMISSIONERS.

Proposed changes in fares by Public Service Transportation and Public Service Railway Companies.

To the Mayor,
Roselle, N. J.

The Public Service Transportation Company and the Public Service Railway Company have submitted to the Board of Public Utility Commissioners proposed fare adjustments as follows:

PUBLIC SERVICE TRANSPORTATION COMPANY.

1. A five-cent fare for a single ride within the City of Newark on the Clinton Avenue, Clinton Place, Springfield Avenue, Lyons Avenue and Bloomfield bus lines; and five cents beyond.

2. A five-cent fare for a single ride within the limits of the City of Elizabeth, on the Roselle Park bus line; and five cents in Roselle Park.

3. A five-cent fare for a single ride within the City of Elizabeth, on the Kenilworth bus line; within the Borough of Roselle Park five cents; and from the northerly boundary line of Roselle Park, into Kenilworth, five cents.

4. A five-cent fare for a single ride within

the limits of the City of Paterson, on the Hawthorne line and Madison Avenue-Hawthorne line; and five cents beyond.

5. A five-cent fare for a single ride from its Newark terminal to Belleville Pike on the Newark-Rutherford bus line; from Belleville Pike to Ridge Road and Valley Brook Avenue five cents; and from Ridge Road and Valley Brook Avenue to the Erie station, Rutherford, five cents.

6. A five-cent fare for a single ride within the City of Passaic on the Passaic-North Newark line; within te City of Clifton, five cents; and through Nutley and Belleville to the North Newark station, five cents.

PUBLIC SERVICE RAILWAY COMPANY.

A five-cent fare for a single ride within the City of Newark on the Bloomfield line; five cents to the Verona-Montclair line; and five cents beyond.

These matters will be made the subject of hearing by the Board at a meeting to be held by it at its rooms in the Industrial Office Building, 1060 Broad Street, Newark, New Jersey, on Wednesday, January 19, 1927, at 11:00 A. M.

(Signed) A. N. BARBER,
Secretary.

(Seal)

I Hereby Certify this to be a true copy.
A. N. BARBER,
Secretary.

Notice of Hearing—Irvington.

STATE OF NEW JERSEY,

BOARD OF PUBLIC UTILITY COMMISSIONERS.

Proposed changes in fares by Public Service Transportation and Public Service Railway Companies.

To the Mayor,
Irvington, N. J.

The Public Service Transportation Company and the Public Service Railway Company have submitted to the Board of Public Utility Commissioners proposed fare adjustments as follows:

PUBLIC SERVICE TRANSPORTATION COMPANY.

1. A five-cent fare for a single ride within the City of Newark on the Clinton Avenue, Clinton Place, Springfield Avenue, Lyons Avenue and Bloomfield bus lines; and five cents beyond.

2. A five-cent fare for a single ride within the limits of the City of Elizabeth, on the Roselle Park bus line; and five cents in Roselle Park.

3. A five-cent fare for a single ride within the City of Elizabeth, on the Kenilworth bus line; within the Borough of Roselle Park five cents; and from the northerly boundary line of Roselle Park, into Kenilworth, five cents.

4. A five-cent fare for a single ride within

the limits of the City of Paterson, on the Hawthorne line and Madison Avenue-Hawthorne line; and five cents beyond.

5. A five-cent fare for a single ride from its Newark terminal to Belleville Pike on the Newark-Rutherford bus line; from Belleville Pike to Ridge Road and Valley Brook Avenue five cents; and from Ridge Road and Valley Brook Avenue to the Erie station, Rutherford, five cents.

6. A five-cent fare for a single ride within the City of Passaic on the Passaic-North Newark line; within the City of Clifton, five cents; and through Nutley and Belleville to the North Newark station, five cents.

PUBLIC SERVICE RAILWAY COMPANY.

A five-cent fare for a single ride within the City of Newark on the Bloomfield line; five cents to the Verona-Montclair line; and five cents beyond.

These matters will be made the subject of hearing by the Board at a meeting to be held by it at its rooms in the Industrial Office Building, 1060 Broad Street, Newark, New Jersey, on Wednesday, January 19, 1927, at 11:00 A. M.

(Signed) A. N. BARBER,
Secretary.

(Seal)

I Hereby Certify this to be a true copy.

A. N. BARBER,
Secretary.

Notice of Hearing—Kenilworth.

STATE OF NEW JERSEY,

BOARD OF PUBLIC UTILITY COMMISSIONERS.

Proposed changes in fares by Public Service Transportation and Public Service Railway Companies.

To the Mayor,
Kenilworth, N. J.

The Public Service Transportation Company and the Public Service Railway Company have submitted to the Board of Public Utility Commissioners proposed fare adjustments as follows:

PUBLIC SERVICE TRANSPORTATION COMPANY.

1. A five-cent fare for a single ride within the City of Newark on the Clinton Avenue, Clinton Place, Springfield Avenue, Lyons Avenue and Bloomfield bus lines; and five cents beyond.

2. A five-cent fare for a single ride within the limits of the City of Elizabeth, on the Roselle Park bus line; and five cents in Roselle Park.

3. A five-cent fare for a single ride within the City of Elizabeth, on the Kenilworth bus line; within the Borough of Roselle Park five cents; and from the northerly boundary line of Roselle Park, into Kenilworth, five cents.

4. A five-cent fare for a single ride within the limits of the City of Paterson, on the Haw-

thorne line and Madison Avenue-Hawthorne line; and five cents beyond.

5. A five-cent fare for a single ride from its Newark terminal to Belleville Pike on the Newark-Rutherford bus line; from Belleville Pike to Ridge Road and Valley Brook Avenue five cents; and from Ridge Road and Valley Brook Avenue to the Erie station, Rutherford, five cents.

6. A five-cent fare for a single ride within the City of Passaic on the Passaic-North Newark line; within the City of Clifton, five cents; and through Nutley and Belleville to the North Newark station, five cents.

PUBLIC SERVICE RAILWAY COMPANY.

A five-cent fare for a single ride within the City of Newark on the Bloomfield line; five cents to the Verona-Montclair line; and five cents beyond.

These matters will be made the subject of hearing by the Board at a meeting to be held by it at its rooms in the Industrial Office Building, 1060 Broad Street, Newark, New Jersey, on Wednesday, January 19, 1927, at 11:00 A. M.

(Signed) A. N. BARBER,
Secretary.

(Seal)

I Hereby Certify this to be a true copy.

A. N. BARBER,
Secretary.

Case.

BOARD OF PUBLIC UTILITY COMMISSIONERS.

Newark, N. J., Wednesday, Jan. 19th, 1927.

In re proposed changes in fare zones by the Public Service Railway Company and Public Service Transportation Company.

Before the following Commissioners: Jos. F. Autenrieth, Esq., president; F. W. Gnichtel, Esq., John O. Bigelow, Esq., counsel; J. W. Queen, Esq., A. counsel; P. Betts, Esq., chief inspector; H. C. Eddy, Esq., traffic inspector.

For Public Service Railway Company and Public Service Transportation Company appear E. W. Wakelee, Esq., G. H. Blake, Esq.

For City of Newark appears Jerome T. Congleton, Esq.

For City of Elizabeth appears Frank J. Travis, Esq.

For Town of Irvington appears Charles H. Stewart, Esq.

For Town of Bloomfield appears Raymond F. Davis, Esq.

For Borough of Hawthorne appears W. W. Evans, Esq.

For Borough of Roselle Park appears Martin P. O'Connor, Esq.

For Lyndhurst appears Luther Shafer, Esq.

For Kenilworth appears J. S. Lindabury, Esq.

For Verona appears W. W. Crane, Esq.

For Newark Chamber of Commerce appears C. J. Fagg, Esq.

Commissioner Autenrieth: In the matter of the proposed change of fares on Public Service Transportation Company and Public Service Railway Company.

Mr. Stewart: Does that include those involving Irvington?

Commissioner Autenrieth: Yes; that includes several places.

Mr. Stewart: As far as the Town of Irvington is concerned I would like to apply for an adjournment on that. We didn't get any notice of this I think until the 27th of December; that is, I mean official notice of it, and the Board laid the matter over for a week to ascertain what the sentiment of the community was and then in the endeavor to secure professional services we found it was so short a time we couldn't secure professional services to aid in the investigation of this matter, as to whether we should oppose this or we shouldn't. I would like to apply for a month's adjournment.

Mr. Davis: We are in a similar situation. The Town of Bloomfield, the council, desires to have this matter continued for one month to enable us to prepare our side of the case. We have this morning a delegation from the Chamber of Commerce, the chairman of the Transportation Committee of Council and a delegation from manufacturers and associations of Bloomfield. I have also a certified copy of a resolution adopted by Council Monday night asking the Board to continue this matter. We have found it impossible to prepare our side of the case and we would like to have an opportunity to do so.

Commissioner Autenrieth: You have a delegation here; what do they want; an adjournment, too?

Mr. Davis: They are here for more or less the moral effect, to show that is the sentiment of the people and the governing body and those interested in Bloomfield, to ask for an adjournment.

Commissioner Autenrieth: The point I make is: You say on the one hand you are not prepared to go on and yet you have a delegation here. Do you want to put them on as witnesses?

Mr. Davis: No. They came voluntarily to back up any application for adjournment.

Mr. Lindabury: I represent the Borough of Kenilworth. I think I speak also for Mr. O'Connor, who represents Roselle Park. I have just been appointed attorney for Kenilworth, last night was the first meeting this matter was first called to my attention; I haven't had an opportunity to prepare. A resolution was passed to appoint a committee and get at the facts. I would like to apply for a month's adjournment also.

Commissioner Autenrieth: You did not indicate the adjournment you desired.

Mr. Davis: Approximately a month; at least a month.

Mr. O'Connor: I represent the Borough of Roselle Park, who is also interested in the issue raised in this petition presented to the Board. We did not receive official notice of this hearing until it came to our notice on the 15th of this month. We have had no meeting of the governing body in the meantime, but will have one this Friday. However, the concensus of opinion is that the petition should be opposed, and we wish an opportunity to be able to engage professional services and present our facts. I think the adjournment ought to be for one month to enable us to do so.

Mr. Travis: The City of Elizabeth asks for this adjournment. Our legal department is not present here today as they had other business that took them away.

Mr. Shafer: Lyndhurst is represented by Mayor J. F. Wood and Luther Shafer, attorney. We also join in the request for an adjournment. We only received notice ten days ago, ten or fifteen days.

Mr. Evans: Commissioner Noble and Mayor Rhodes and a large group of citizens are here representing Hawthorne.

Commissioner Autenrieth: They are here today?

Mr. Evans: They are here today.

Commissioner Autenrieth: In moral support?

Mr. Evans: In moral support.

Commissioner Autenrieth: Or as witnesses, which?

Mr. Evans: Both.

Commissioner Autenrieth: What is your position, Mr. Evans?

Mr. Evans: Our position is this: We understood from talking with the company they would not take our application up first. We haven't had an opportunity likewise, to sound out the sentiment in the community.

Commissioner Autenrieth: You are not prepared from an authoritative standpoint this morning?

Mr. Evans: I was going to let the other communities proceed first. As they are also applying for an adjournment I think we will have to make a similar application.

Commissioner Autenrieth: All right. Who else appears?

Mr. Crane: I represent the Borough of Verona. We would like to have an adjournment.

Commissioner Autenrieth: The same length of time?

Mr. Crane: Three or four weeks is sufficient.

Commissioner Autenrieth: We might as well have them all at once, if it is going to be done, it ought to be at the same time. Does anybody else appear? Are there any other counsel representing any municipality affected by the application?

(No response.)

Commissioner Autenrieth: What is your position, Mr. Blake?

Mr. Blake: We filed this petition the 13th of December—

Commissioner Autenrieth: The 14th.

Mr. Blake: The 14th it was received by the Board, five weeks and two days ago. The matter has received publicity and has, as far as I know, been in the process of preparation by the various municipalities. We are ready to proceed this morning. We have our proofs and are ready to put them in.

Commissioner Autenrieth: Do you think there is anything definite to be gained by putting your proof in and then having the municipalities come in later on for cross-examination and putting in further proof?

Mr. Blake: It has been our experience that if we put in our proof a month hence then all the municipalities will say that certain matters have been developed and certain matter they did not anticipate and they would like to have a further adjournment of a month and the result is there is two months before the case is heard.

Commissioner Autenrieth: How many witnesses have you?

Mr. Blake: Four witnesses. I might suggest this: I think a month is too long a time in view of the fact five weeks have already elapsed since the first application, and the suspension order expires April 1st. If a reasonable adjournment can be had, with the understanding the case will be concluded on successive or reasonably close dates, I think we might handle it that way.

Commissioner Autenrieth: Is there any objection on the part of counsel for the municipalities to the Public Service putting in their proof this morning, then you may reserve your cross-examination? That perhaps will acquaint you better with what you have to meet, to have it demonstrated today.

Mr. Stewart: As far as I am concerned, that is satisfactory to me. I want to say, in reply to Mr. Blake, in reference to the time for preparation and all that sort of thing, while this petition may have been filed the 13th the municipality didn't get notice, and also some of the others from what has been stated. When our commission was informed officially of the filing of the petition we tried to get in touch with traffic engineers and found they were so tied up we couldn't get anybody.

Commissioner Autenrieth: The Board realizes how the municipalities must move in these matters, and that this came at a time that took them over the first of the year, and that a delay is not unreasonable. We will grant the municipalities an opportunity to be fully prepared to meet the application. If we have the proofs presented this morning then all the counsel will have an idea of what they have to meet.

Mr. Evans: We can reserve the right of cross-examination?

Commissioner Autenrieth: Yes, reserve the right of cross-examination.

Mr. Shafer: We consent to that.

Commissioner Autenrieth: Any witnesses examined this morning you may cross-examine at an adjourned date; we will fix the date later this morning. If that is satisfactory, if there is no further comment you may call your witnesses.

Mr. Wakelee: I do not desire to make any extended opening because the whole ground will be covered by our witnesses, but at the outset it seems to me we should point out that this is not what is ordinarily referred to as a rate case. As set up in our petition filed with the Board (and which has just been printed and if anybody desires copy of the petition we would be glad to give it to them), it is an attempt to readjust certain, and only certain fare zones, bringing them into harmony with the whole system and bringing them into harmony with the plan of fares formerly suggested by the Board and adopted by the company as far as the railway company is concerned. We want to point out that if the public are to have the benefit, the full benefit of both services and if the five cent fare is to be retained, in the opinion of the company, these adjustments are absolutely necessary.

Commissioner Autenrieth: The effect of some of these adjustments are to create additional fares on certain lines?

Mr. Wakelee: On certain lines, yes, sir.

PERCY S. YOUNG sworn on behalf of petitioners.

Direct-examination by Mr. Blake:

Q. You are vice president in charge of fi-

nances of Public Service Railway Company and Public Service Transportation Company? A. I am.

Q. The railway company operates in how many municipalities of the state? A. 132 municipalities.

Q. The Transportation Company, is that an allied company of Public Service Railway Company? A. Yes.

Q. Does that operate in substantially the same territory? A. Yes, sir.

Q. The stock of these companies is owned by whom? A. The stock is all owned by Public Service Corporation except qualifying shares of directors. The management of the companies is the same. They are engaged in furnishing a co-ordinated system of street railway and bus transportation so as to provide a maximum of efficiency at a minimum of cost.

Q. Will you start with 1918 and trace, as briefly as possible, the trolley and bus situation; first the trolley situation; and then down to the time the suggested five cent fare was put in effect? A. After this country got into the war in 1917 and 1918, the increased costs of labor and material due to these war conditions made it impossible to operate the railway company at a five cent rate of fare then in force. An application was made to the Board of Public Utility Commissioners to approve an increase in the rate of fare. The rates were changed from time to time and were finally fixed at eight cents or four tokens for thirty cents and one cent for a transfer. At no time, however, did these rates permit the company to meet the increased costs of operation. Large deficits were accumulated. At the end of 1925 all operating expenses, including wages and materials,

reached the index figure of 204.7 as compared with 100 for the year 1913.

By Mr. Wakelee:

Q. Will you explain what that index figure means? A. That is the ratio of prices for the year 1913, in relation to the prices for 1925. It is an average figure covering all commodities and labor. There are various index figures prepared but this index figure which we have quoted is one you will find accepted as authoritative.

By Mr. Blake:

Q. The figures show that the costs are twice as much as they were in 1913? A. Yes; more than twice as much as the prices prevailing for labor and materials in 1913.

Commissioner Autenrieth: Is that labor and materials that are used in the transportation and railway business?

The Witness: Yes.

Commissioner Autenrieth: Or is it for general labor?

The Witness: No. This is the general index figure.

Commissioner Autenrieth: The general index figure?

The Witness: The prices for labor and materials used in the railway business would be, I think, still higher. This is an index figure—

Q. The wages, if you will refer to the petition, Mr. Young, were fixed for the street railway operating costs as prepared by Professor Ritchey of Yale, were they not? A. Yes; that is true.

Q. At the end of 1925? A. The index of street railway operating costs prepared by Pro-

fessor Albert S. Ritchey shows that the index figure at the end of 1925 for wages was 223; for materials 153.9; which gives us the figure—I must correct my testimony—the index figure 204.7 is the Ritchey index figure for materials and wages used in operating street railways.

Commissioner Gnichtel: Assuming 100 as the index figure for the year 1913?

The Witness: As compared with 100 for the year 1913; that is correct.

In the summer of 1923 the employees of the railway company demanded a very large increase in wages, which the company could not grant, because of the lack of sufficient revenue. The employees went on strike and the operation of street railway cars ceased on August 1st. The inability of the company to pay the increased cost of the wages was primarily due to the inadequate fare, and this situation was aggravated by bus competition and the total lack of any co-ordination between the street railway service and bus service.

During the strike and while street railway transportation was totally paralyzed the company suggested a comprehensive plan as a means of settling the transportation difficulties then existing and placing the company in a position so that it could furnish the public proper and adequate street railway and bus transportation.

One of the principal items in this comprehensive plan was suggested that the street railway company, either itself or through an affiliated company acquire by purchase the competing buses and thereafter that the street railway cars and buses be operated under one management and as one co-ordinated system.

Q. Was this plan submitted to the Board of Public Utility Commissioners? A. This plan

was submitted to the then Board of Public Utility Commissioners and the officials of the municipalities in which the company operated and to the public.

The plan was generally approved, as evidenced by the communications to the Board from several hundred thousands citizens and by many other expressions of public approval. Public hearings were held by the Board, and on August 22nd, 1923, the Board issued a public statement as follows—

Q. Will you read that statement? A. "The Board has considered the plan and accepts it as an effort on the part of the company to end the present situation, and while some of its features do not appeal to the Board as practical, it presents a basis for discussion and conference."

I am going on and covering the situation—

Mr. Evans: I see that Mr. Young is placing in the record what appears to be the contents of this pamphlet which we have here, which is apparently the petition.

Commissioner Autenrieth: This is the petition on file.

Mr. Evans: I would like to know whether he is testifying from his own knowledge of the facts or testifying to a compilation of facts by others. I think that should be explained to the Board.

Commissioner Autenrieth: That can be developed on cross-examination. Of course, we are not bound by the strict rules of evidence I take it this is a method of presenting a general picture of the facts, which will be shown by other witnesses who will give the exact data.

Mr. Blake: That anticipates a question I was going to ask at the last, but I will ask it now.

Q. Are you familiar with all the facts set forth in the petition as filed by Public Service Transportation Company and Public Service Railway Company with the Board of Public Utility Commissioners on the 13th of December, 1926? A. These facts are all within my knowledge and are correct.

Q. And are true as set forth in the petition? A. True as set forth in the petition.

The strike continued and the relief of the situation—I think these facts are all necessary to a proper appreciation of the present situation—the strike continued, however, until proceedings in the Court of Chancery resulted in an order compelling the resumption of service. The Chancellor in his opinion stated that a resumption of service should stimulate the settlement of existing problems.

To comply with the order of the Court of Chancery it was necessary to give the employees of the company a substantial increase in wages which, under the conditions then existing, would have resulted in additional deficits of several millions of dollars. This situation made it impossible to consummate the plan which had been so generally approved. The only remedy available to the company was to insist upon an immediate increase in the rate of fare.

On September 19th, 1923, the company issued a statement setting forth that to comply with the order of the Court it would be necessary to apply for a ten cent fare. Whereupon, coincidently with the resumption of service, which had been suspended from August 1st, the company filed with this Board on September 21st,

1923, an application for a ten cent fare to become effective October 11, 1923.

On September 25th, 1923, as a result of the filing of the ten cent fare, the Board addressed a communication to the Company and stated:

"The Board appreciates the fact that the conditions under which the Company is now operating make increased operating costs inevitable. To deny it the right to obtain sufficient revenue to meet these costs would be a gross injustice." Then it went on to say: "In your recently proposed plan you claimed the elimination of bus competition would result in lower fare. The Board agrees that this competition should be restricted to an extent consistent with adequate service; and within the scope of its authority will assist in bringing about this result."

The Board then suggested that: "In lieu of the imposition of a ten cent fare the Company establish a five cent flat fare without transfers within the limits of the larger municipalities, with an additional five cent fare for the longer rides to the end of the existing fare limits and continue in effect the present fare throughout the rest of the state for the time being."

Mr. Davis: I have been following the testimony by reading the pamphlet which Public Service has given out. It seems to follow the printed state of the case or the petition, without variation. If the Public Service proposes to continue that it seems to me it would save time for all cnocerned if he be permitted to spread that in the record; it is all in the petition anyway; instead of listening to sixteen pages.

Commissioner Autenrieth: I think so, unless there is some point you wish to

emphasize, the petition might be considered in evidence.

Mr. Blake: Mr. Young will not state all the facts in the petition. I would like to have him read such portions as he will deal with in the record.

Commissioner Autenrieth: That is a different proposition.

Mr. Davis: That can be done by consent.

Q. Proceed. A. I am quoting from the Board's suggestion: "If this is acceptable to the company, the Board suggests that the company prepare and submit for approval the details of the foregoing in the form of a rate schedule, which schedule, if approved, shall remain in effect for a trial period of four months in order to determine definitely whether such a schedule will produce sufficient revenue to meet the requirements of the situation, during which period the Company shall make monthly reports to the Board of its operating expenses and receipts."

The company proceeded to file the five cent rate in accordance with the suggestion of the Board. This rate has since been extended to cover the entire street railway property, the rate now being a five cent fare without transfers within the limits of the larger cities with additional five cent zones without transfers for the longer ride.

The company in accepting the proposal of the Board on September 27th, 1923, said:

"In doing this the company will rely upon the active co-operation of the Board as offered in its statement in curtailing and limiting wasteful and unnecessary competition and further

seeks the co-operation of the Board in helping it to obtain relief from municipal paving obligations founded upon archaic conditions inherited from horse car days."

Commissioner Autenrieth: Let me interrupt you. Is that an excerpt from a letter?

Mr. Blake: Yes.

Commissioner Autenrieth: Don't you think it would be better to offer in evidence the entire letter, so you won't have in just the part that you choose to adopt for this hearing but rather the whole contents of the letter will be available for counsel who are interested in the case.

Mr. Blake: No objection to that.

Commissioner Autenrieth: Then this will be supplemented. If you haven't it now don't stop to do it. You can supplement it by making a formal offer.

The Witness: "For the rate recommended by the Board to be successful, two things must be accomplished. The company must have more revenue, arising from the transportation of a very much larger number of passengers which a curtailment of uneconomic and wasteful competition will produce, and its operating expenses must be kept down to the minimum. This latter desideratum can be substantially assisted by relieving it from burdensome paving obligations. A hearty support of the plan by the public will go a long way to make the trial a success and thus insure the permanency of the rate."

On the same day, September 27th, 1923, the Board in a communication addressed to the

company acknowledged receipt of the company's acceptance of the plan suggested by the Board and said:

"The Board reiterates its declaration contained in its statement to you of August 8th, last, and again in its later proposal which you have just accepted, that, in its judgment ruinous auto bus competition should be reduced to a minimum and will, as heretofore declared to be its policy, regulate auto bus competition in accordance with the statute and to the fullest extent consistent with adequate service.

"We note your request for the co-operation of the Board in obtaining relief from 'paving obligations founded upon archaic conditions inherited from horse car days.' The Board agrees that these paving obligations are, under present day conditions, an undue burden necessarily passed on the riding public through the rate of fare charged. The Board has no power under existing law to relieve the company of these exactions but will recommend the legislation for relief therefrom.

"The Board expresses the hope that the acceptance of the present plan will meet with the approval of the public and will, in a measure at least, dispose of the present unsettled conditions in the transportation problems of the state."

These excerpts that I have read I think clearly state the position and the postion of the Board at that time and that it was their desire to completely co-ordinate the trolley and bus service throughout the state. I think it has been worth while to read these excerpts because of that fact.

After the inauguration—

Commissioner Autenrieth: Let me interrupt. At that time the Public Service did not operate any buses.

The Witness: Very few.

Commissioner Autenrieth: At the time this correspondence took place, at the time the five cent fare was put in effect.

The Witness: There were a few buses, but practically speaking that statement is correct. Since that time, as will be later testified to—

Commissioner Autenrieth: Since that time you have acquired a great many.

The Witness: We have acquired one thousand buses and are carrying on the proposition which was so clearly stated in these excerpts which I have read, to co-ordinate the service of the buses and the trolleys to the benefit of the public and to sustain the five cent fare.

Q. The comprehensive plan which you spoke of a few moments ago, which was submitted to the public, contemplated, did it not, the acquisition of these buses by Public Service and their operation? A. Yes; it comprehended the seven cent fare.

Q. The seven cent fare? A. With the one cent for the transfer, which was superceded by the fare, by the recommendation which we adopted of the Board, which was a five cent fare for both trolleys and buses. After the inauguration of the five cent fare the Railway and Transportation Companies took the necessary steps to carry out as far as possible, the items of the general plan upon which the continuance of the five cent fare depended and made the expenditures which will be later referred to by another witness.

Q. If conditions should remain as they are and no further co-ordination is permissible, what

will the companies have to do in the face of these deficits that are accumulating? A. If the service is to be continued necessarily it will have to be placed in a position where it can pay for the service and the only way to do that is to have the fare increased.

Q. What is the deficit today on Public Service Railway Company and Public Service Transportation Company? A. Since the inauguration of the five cent fare the Railway Company has failed to pay operating expenses and fixed charges by approximately one and a half million dollars.

Commissioner Autenrieth: Up to date?

The Witness: Up to date; up to December 31st, and with no return whatever upon its investment of $40,000,000 in the property.

Mr. Evans: The deficit arises from the street railway or just the buses?

The Witness: This is only the railway so far. I will give the transportation deficit. The Transportation Company has during the same period of time failed to earn operating expenses and fixed charges by over $1,600,000.

So that there has been a total deficit of $3,100,000, not including any return on the investment of the buses, which is now somewhere near $15,000,000 and the $40,000,000 invested in the capital stock of the Railway Company.

The company has suggested in this application the means which it believes will help the company to carry on under a five cent fare. Those means include the adjustment of zones, which is the occasion for this hearing, and be-

side that we have suggested that other steps should be taken, such as relief from taxes which are now a burden on the car and bus riders, relief from paving obligations and other relief that we recommend, such as relief from snow removal, which is now charged against the company, snow removal from the streets, and one or two other things which we think would help to make it possible to carry on with the five cent fare.

Commissioner Autenrieth: Has the 1926 report, annual report, been filed with the Board as yet?

The Witness: No, not as yet. It usually is filed early in March. It takes some time, as you know the report is very complete and voluminous and it is usually filed some time in the month of March.

Commissioner Autenrieth: I was thinking that counsel might want to investigate the deficits you mention by referring to the annual report of the company on file with the Board.

The Witness: We will be very glad to have our books inspected by any—

Commissioner Autenrieth: As far as 1926 is concerned I assume you have no objection to furnishing any information counsel may want; the other years are on file.

The Witness: Very glad to let them have access to our accounting records—

Mr. Evans: Is there any difference asked for in the increase in the street railway and the buses or are you asking for a flat rate to apply to both?

The Witness: We are not asking for any increase in fares. We are asking for an adjustment of the fare limits so that we can co-ordinate the service between the buses and the trolleys.

Mr. Evans: And that readjustment applies both to the trolleys and to the buses?

The Witness: Yes. It is for the benefit of the public, we believe.

Mr. Evans: Are you carrying the accounts of the buses under one company and the accounts of the trolley under another company?

The Witness: Yes.

Mr. Evans: Two separate and distinct companies?

The Witness: Two separate and distinct companies but they are operated in co-ordination. They are both controlled by the same holding company, the Public Service Corporation. We have found that much greater economy can be made when they are operated co-ordinately.

Mr. Evans: But their financial accounts are kept separately?

The Witness: The finances are kept separately, that is true.

Mr. Evans: Are the records of both of those companies available?

The Witness: Yes.

Commissioner Autenrieth: Except for 1926, which has not yet been filed.

The Witness: You see, it is too early yet to have prepared all the immense amount of data that is required by the Board.

Mr. O'Connor: Are the reports of the Transportation Company on file with this Board?

The Witness: They are; except as I say, the year 1926, which has not yet been completed, but they are available for anyone that is interested in this matter. In fact, we welcome investigation of the facts as we have stated.

Mr. Evans: Will you introduce that in evidence as part of your case?

Mr. Wakelee: They are on file with the Board.

Mr. Evans: They will be available at the time you finish up your case?

The Witness: Yes. The company feels that this step should be delayed (that is the step of increased fares) until all measures are taken that can be taken with the co-operation of the public and the Commission to demonstrate whether or not the continuance of the five cent fare is possible.

The company feels that by a further and complete co-ordination, which can be made effective only with the assistance and co-operation of the public and the public authorities, an increase in fare to all riders can be deferred if not made unnecessary.

As an aid to the proper co-ordination five cent fare zones for the buses and trolleys should be adjusted and made co-extensive (that is this present application) but this alone will not save the situation; the car riders should be relieved from paving in his fare, street paving and snow removal and street sprinkling and oiling. Street traffic generally should be regu-

lated so as to facilitate movement of traffic on the main thoroughfares so that the great body of workers using these facilities would have the right of way to and from their daily work.

Better type of bus service would be instituted by the company, with a higher fare—this does not refer to the present service given, but this is an auxiliary service which we are suggesting, a so-called de luxe service—for there are many people who would prefer to pay more to ride more comfortably. If that was a paying proposition, we don't know that it would be a paying proposition, but if it proved to be, and we would try the experiment for the purpose of finding out, if it proved to be paying it would to that extent assist the company in its attempt to continue the five cent fare. Taxes should be reduced; passes and reduced rate tickets should be abolished. All of these proposed measures are in the public interest and all must be made effective before the public can gain the complete benefit of this co-ordinated system which we are striving to perfect.

Q. When the five cent fare was instituted at the request of the Board, the company had filed a ten cent rate, had it not? A. Yes.

Q. Do you know what the rate of fare is on the buses now in Philadelphia and New York, for instance, the adjoining cities? A. It is ten cents in Philadelphia. It is ten cents in New York.

Q. Do you know what the average railway rate of fare throughout the country is? A. Between seven and eight cents.

Q. In New York City, the rate of fare is what? A. The rate of fare in New York City is, of course, as you all know, five cents. It is though supported largely through taxation.

Commissioner Autenrieth: That is the railway rate of fare?

The Witness: The railway rate of fare; the subway and surface cars.

Q. The deficits in the cost of operation are made up through taxation? A. Through taxation.

Mr. Evans: That obtains as to the railways or the subways?

The Witness: The railways, as you know, at the present time in New York have been through several reorganizations, several receiverships. They have cut out all transfers of every kind and at the present time they are not paying their way, at the present rate of fare. I don't know how they are supported.

Mr. Evans: Your statement, as a matter of fact—

The Witness: Applies to the subways. The situation in New York City today is very much upset as to surface transportation. It looks as if a great amount of railway mileage might be abandoned in New York City today simply because the rate of fare is not sufficient to support that operation.

Q. Assuming that these changes in fare zones would result in increased revenue to Public Service Railway Company or Public Service

Transportation Company, or to both, would that additional revenue, plus the present earnings, give a rate of return on either above a fair rate of return on the value of the property devoted to the public use? A. It would be insufficient to support the five cent rate of fare without this added relief which we refer to and it would not allow a fair rate of return upon the value of either the buses or the railway property, either separately or together.

By Mr. Wakelee:

Q. Will you explain from the company's standpoint the necessity for these fare zone adjustments to bring the fare on the two means of transportation together or alike. From the standpoint as at present run is one competing with the other because the fare is different, and whether in the opinion of the company the competition of our buses and our own trolleys isn't just as serious as outside competition? Do you get my thought? A. Yes. It causes wasteful operation. That is what we are trying to eliminate. We want to prevent costs which do not really represent a service. Does that answer your question? That is just as much to the interest of the public as it is to the company.

Q. Is there anything you want to add, Mr. Young, to your testimony? A. I think not.

Commissioner Autenrieth: Have you made any estimate of what change in revenue would be produced by operating under the proposed change of zones with the buses?

Mr. Blake: Mr. Warner has that.

The Witness: Our traffic department has worked that out.

Commissioner Autenrieth: Some other witness may have that.

The Witness: Worked out very carefully.

Mr. Blake: You may cross-examine.

Mr. Stewart: We reserve the right to cross-examine.

Mr. Davis: For a month from now.

Mr. Stewart: I suppose you are going to put in in full the letters that are quoted here and in the petition?

Mr. Blake: Yes; they will be offered.

Commissioner Autenrieth: One other question: My attention has been called to the fact that in referring to the annual reports that are on file with the Board you referred to the reports of the transportation company being on file with the Board. Are you correct about that? I understand they are not filed with the Board because we have not adopted a uniform system of accounts yet for bus transportation.

The Witness: The Board has had access to them.

Commissioner Autenrieth: They are not on file?

The Witness: I think that is perhaps the proper way to put it. The Board's inspectors have from time to time, as we have had matters come before the Board—

Commissioner Autenrieth: They have not been filed formally as annual reports for the transportation company.

The Witness: Because the Board has not approved the—

Commissioner Autenrieth: The Board hasn't adopted a uniform system of accounts for transportation companies. You will allow an inspection by counsel of information on any of the reports that are not on file that are available?

The Witness: Certainly.

Mr. Blake: That is all.

Mr. Queen: I presume the cross-examination on behalf of the Board is also reserved for the date to which the matter is adjourned?

Commissioner Autenrieth: Yes. The Board will have to protect itself.

Mr. Queen: Not only this witness but other witnesses.

MATTHEW R. BOYLAN sworn on behalf of petitioners.

Direct-examination by Mr. Blake:

Q. You are vice president in charge of operations of Public Service Railway Company and Public Service Transportation Company? A. I am.

Q. And have been since practically the inauguration of the five cent fare? A. Yes, sir.

Q. Following the inauguration of that fare Public Service Railway Company and Public Service Transportation Company have made certain capital expenditures, have they not? A. They have.

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Q. Totalling what amount? A. Over $20,000,000.

Q. Can you give us, briefly, the amount expended on track and equipment. A. During the past three years, since the five cent fare plan has been in effect, they have been renewing and reconstructing track to average about 26 miles a year at a cost of about $1,000,000 per year. We have rebuilt and changed over a number of our open and closed cars for one-man operation; the number of closed cars changed over 1719; the number of open cars, 277. We have purchased 660 new buses; 395 of those buses are of the gas-electric type and 265 the gas-mechanical. Also of the buses purchased from independents, we rebuilt 807 of those buses. We have built some 19 garages; we have purchased for the repair and maintenance of buses the latest and most modern type of machinery installed it in these garages. At the present time we are operating about 850 buses.

By Mr. Wakelee:

Q. It is interesting to know we are the largest bus operators in the country. A. Yes; we are the largest bus operators in the United States.

By Mr. Blake:

Q. Can you give us the changes that have been put into effect in the street railway? A. To carry out the plan in good faith, starting in right after the inauguration of the five cent fare we made a complete study of the whole situation and we went to one-manning of all of

our cars. All cars are now operated 100 per cent one-man. We had last year some difficulty; our men again made a demand on us for an increase in wages from the first of August; they asked for eighty cents an hour. And after two or three months of negotiating and conference with the men and their representatives and their international officers we finally pointed out to them we could not grant their request due to the fact that the five cent fare was not sufficient, or there was not sufficient revenues to pay the increase in wages. The result was our men co-operated with us to the extent the agreement was renewed on the old basis for three years.

Q. What have you to say as to the present standard of efficiency of your equipment or efficiency of your personnel? A. Shortly after the plan was put in effect, as I say, we made a complete study of the whole situation and we put in local men to handle the operation and maintenance of the different properties. Our equipment, our track and line, in fact the whole railway property I think is in very good shape. We have put in every possible economy that we know of. Only here recently December 1st, in order to reduce our accident expense we put in an accident plan, what we call a new bonus accident plan, paying our men a bonus for having no accidents.

Q. Have you made certain plans for 1927 in both the railway and the bus companies? A. I have, yes, sir.

Q. You have prepared a budget for expendi-

tures during those years for capital purposes? A. Yes, sir.

Q. Those budgets are contingent, are they not, upon the company obtaining some measure of relief from the present situation in respect to many of the instances Mr. Young has developed in his testimony? A. They are.

Q. What is the amount of the budget for capital purposes of the transportation company for next year? A. The transportation company is $4,361,675.

Q. And the railway? A. $2,309,727.

Q. What is the total amount? A. The total $6,671,402.

Q. That represents the amount that the company is willing to put into the business providing it can get some measure of relief and enable it to continue operation, is that correct? A. Yes, sir.

Q. What are the expenditures for, particularly the larger ones? A. They are principally for—I have a rough memoranda.

By Mr. Wakelee:

Q. Just a general idea of what the capital expenditures are.

Commissioner Autenrieth: This is new money?

Mr. Wakelee: New money.

The Witness: This is all new money.

Q. What is the general character of the expenditures? A. In connection with the purchase of buses, new buses, some independent lines and some garages, tools and machinery and so forth.

By Mr. Blake:

Q. On the railway it is what? A. On the railway it is the reconstruction of 23 miles of track and special work.

Q. None of these expenditures have anything to do with the operations whatsoever? A. No; not one penny of this item.

Mr. Blake: Cross-examine.

Mr. Stewart: We reserve the right to the adjourned day.

Commissioner Autenrieth: All right. Cross-examination will be reserved.

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ARTHUR T. WARNER, sworn on behalf of petitioners.

Direct-examination by Mr. Blake:

Q. You are general manager in charge of traffic of Public Service Railway Company and Public Service Transportation Company? A. Yes, sir.

Q. Have you any maps showing the proposed changes which will make the bus zones co-extensive with the proposed trolley zones? A. Yes, sir; one map for each line affected.

Mr. Wakelee: You better call them off and put them in the record and have them marked.

The Witness: The first is the Clinton Avenue line from Newark to Irvington.

Mr. Blake: I offer that in evidence and ask that it be marked.

Map of Clinton Avenue line marked Exhibit P1.

The Witness: The next is Bloomfield line.

Mr. Blake: I offer that and ask that it be marked.

Map of Bloomfield line marked Exhibit P2.

Q. What is the next one? A. Newark-Kearny-Rutherford.

Mr. Blake: I offer that and ask that it be marked.

Map of Newark-Kearny-Rutherford line marked Exhibit P3.

The Witness: Springfield Avenue.

Mr. Blake: I offer that and ask that it be marked.

Map of Springfield Avenue line marked Exhibit P4.

The Witness: Elizabeth-Roselle Park.

Mr. Blake: I offer that and ask that it be marked.

Elizabeth-Roselle Park line marked Exhibit P5.

The Witness: Clinton Place bus route.

Mr. Blake: I offer that and ask that it be marked.

Clinton Place bus route marked Exhibit P6.

The Witness: Kenilworth.

Mr. Blake: I offer that and ask that it be marked.

Map of Kenilworth line marked Exhibit P7.

The Witness: Lyons Avenue.

Mr. Blake: I offer that and ask that it be marked.

Map of Lyons Avenue marked Exhibit P8.

The Witness: Main-Paterson—Hawthorne line.

Mr. Blake: I offer that and ask that it be marked.

Map of Main-Paterson-Hawthorne line marked Exhibit P9.

The Witness: That is the Paterson-Hawthorne route.

Passaic-North Newark.

Mr. Blake: I offer that and ask that it be marked.

Map of Passaic-North Newark marked Exhibit P10.

The Witness: Hawthorne via Madison Avenue.

Mr. Blake: I offer that and ask that it be marked.

Map of Hawthorne via Madison Avenue route marked Exhibit P11.

Q. Take them up *seriatim;* Exhibit P1 is what? A. P1 is the Clinton Avenue bus route, which operates from the Hudson and Manhattan

Tubes in Newark via Broad Street to Clinton Avenue, into Irvington and then through Irvington to the corner of 40th Street and Stuyvesant Avenue. The total length of the line is 6.094 miles.

The petition requests that the fare on this line, which is now five cents for the entire distance of over six miles, be made coincident with the trolley fares so that the fare on the bus line will be five cents within the City of Newark and an additional five cents after crossing the Newark city line into Irvington, which will make the second zone.

Commissioner Autenrieth: Is the bus and trolley line the same, the route?

The Witness: Not entirely. It is the same to Irvington Center. The bus line leaves the trolley line and goes south and west.

Q. This will make the zoning point at the same place? A. At the same place.

Commissioner Autenreith: Where does the other zone end on the trolley after it leaves the city line?

The Witness: Maplewood.

Commissioner Autenreith: Maylewood?

The Witness: Yes, sir.

Q. The rate of fare on the trolley is five cents within the City of Newark? A. And five cents beyond the City of Newark.

Q. You are making the rate of fare and the zone co-extensive? A. Yes, sir; as far as the City of Newark is concerned. The distance for the two zones will then be, within the City of

Newark 3.376 miles and from the Newark city line to 40th Street and Stuyvesant Avenue 2.718 miles.

Mr. Evans: You are testifying as to terminals, are you not?

The Witness: Yes; the length of the two zones.

Q. Will you take up Exhibit P2?

Mr. Stewart: Doesn't the Clinton Avenue or the old Broad Street line now run co-extensively with the Nutley line; doesn't it end at Elmwood loop?

The Witness: Yes, it does, with the exception of certain pull-ins and pull-outs which go to 43rd Street.

Mr. Stewart: Ordinarily it stops at Elmwood loop?

The Witness: Yes.

Mr. Stewart: From Elmwood Avenue loop to 43rd Street is an extra five cents?

The Witness: Unless you are on a pull-in or pull-out car.

Mr. Stewart: Unless you happen to be in a streak of luck.

The Witness: Those are at the end of each rush hour. The service that goes to Maplewood is on Springfield Avenue.

Mr. Stewart: Is on Springfield Avenue?

The Witness: Yes, sir.

Q. Take Exhibit P2. A. Exhibit P2 is the Bloomfield situation. The bus line operates from Lincoln Park in Newark via Broad Street and Bloomfield Avenue to Bay Avenue, to Broad Street, Bloomfield, and then out Broad Street, Bloomfield, to Bay Avenue. At the present

time there are two fares on the line but there is an overlap. The first fare is shown on the map in the black line, extending from Lincoln Park, Newark, to Liberty Street, Bloomfield, which is a block beyond Bloomfield Center.

Then the second fare, including the overlap starts at the Newark city line and goes to Bay Avenue and Broad Street.

This application is simply to eliminate the overlap and fix the fare zone a dead line at the city line. At the present time, with the overlap, the length of the ride from Newark to Bloomfield Center is the length shown on the black line on the map, 5.21 miles. The length of the ride for the second zone, including the overlap, shown by the red line on the map, is 2.835 miles.

The proposed change will shorten the first zone; leaving the second zone as it is.

Commissioner Gnichtel: The first zone is shortened?

The Witness: Yes. It will make the length of the first zone 3.802 and the second zone 2.835 as it is now.

Mr. Blake: Map P2, Commissioner, also will be used in the application to bring back the trolley zone from Watsessing Avenue to the city line, which is also part of the application.

Commissioner Autenrieth: This is a modification of both zones?

Mr. Blake: A modification of both zones, yes.

The Witness: The Bloomfield trolley line, the first zone now extends from the Public Service

terminal to Watsessing Avenue, Bloomfield, a distance of 3.7 miles. The second zone extends from Watsessing Avenue to the top of the mountain, a distance of 3.59 miles.

Commissioner Gnichtel: Where is Bloomfield on this sketch?

The Witness (indicates on map): We are asking to move the trolley zone back to the Newark city line, the same as the bus zone. The length of the first zone will then be, the Public Service terminal to the Newark city line, 3.1 miles on the cars, and from the city line to the top of the mountain 4.19 miles. The third zone. from the top of the mountain to Caldwell is not changed at all.

Shall I continue?

Q. Yes. A. P3 is the Newark-Kearney-Rutherford bus line. That line at the present time extends from Lincoln Park in Newark to the Erie station in Rutherford. There are three zones and two overlaps. This is a petition to remove the overlaps.

The first zone extends at the present time from Lincoln Park to Belleville Pike, which is the northerly city line of Kearney and the county line between Hudson and Bergen Counties. That is the same point where the five cent trolley zone is now coming out from Newark, ending there. The overlap then starts back at Midland Avenue and extends up to the northerly city line of Lyndhurst. The third fare then starts another overlap, starting at Chauncey Avenue, Lyndhurst, and runs to Rutherford station.

Under the present overlaps, the length of the

zones are: From Lincoln Park to Belleville Pike 5.029 miles; from Midland Avenue to Rutherford Avenue 3.481 miles and from Chauncey Avenue to Rutherford station 2.44 miles. Removing the overlaps, making dead lines at Belleville Pike and at Ridgeroad and Valley Brook Avenue will make the length of the zones as follows: The first zone will be the same 5.029 miles; the second zone 2.108 miles and the third zone 1.673 miles. This will make the zone points at Belleville Pike and Valley Brook Avenue the same as the zone point for the Hackensack trolley cars.

Commissioner Autenreith: Without overlaps?

The Witness: Yes.

P4 is the Springfield Avenue line. This bus line operates from the Hudson & Manhattan tube station in Newark via Broad Street to Academy to Plane, to Market, to Springfield Avenue and then directly on Springfield Avenue to 43rd Street, Irvington. The fare is now five cents for the entire route, which is 4.77 miles.

The petition is this: Make the Newark fare zone coincident with the trolley fare zone on Springfield Avenue to the city line, with another five cents beyond the city line into Irvington. The length of the zones will then be, from the tube station to the Newark city line 2.821 miles and from the Newark city line to 43rd Street 1.949.

P5 is the Roselle Park route between Elizabeth and Roselle Park. This line starts at Bay Way and the Central Railroad, the lower end of Bay Way in Elizabeth and operates via Bay

Way, Broad Street, Morris Avenue and Westfield Avenue through Elizabeth and into Roselle Park and to the westerly boundary of Roselle Park. The present fare is five cents for the entire length of the line, 5.79 miles.

This petition is to make the bus fare the same as the trolley fare, five cents within the City of Elizabeth and five cents beyond, which will make the zone in the City of Elizabeth 3.89 miles.

Commissioner Autenreith: Co-extensive with the trolley?

The Witness: Co-extensive with the trolley.

A. (Continuing.) And beyond the City of Elizabeth 1.9 miles.

P6 Clinton Place bus route: This started as a diversion of the Clinton Avenue line, part of the buses on the Clinton Avenue line being rerouted in part to operate on Clinton Place and Chancellor Avenue, the corner of Chancellor Avenue and Union Avenue. The route has the same Newark terminus as the Clinton Avenue line, that is, the Hudson & Manhattan tubes and operates from there via Broad Street and Clinton Avenue to the corner of Clinton Place where these buses turn south on Clinton Place to Chancellor Avenue and then west again to Union Avenue, which is its westerly terminus.

The length of the line, for which one five cent fare is now charged, is 5.422 miles. The petition is that it be made five cents within the City of Newark and an additional five cents in Irvington. The length of the zone will then be 4.691 as the length of the Newark zone and three-quarters of a mile in Irvington, actually .731.

Commissioner Autenreith: Where does that bus line end?

The Witness: It ends in Irvington, at the corner of Union and Chancellor Avenues.

Commissioner Autenreith: It is rather a short leg for the remaining zone.

The Witness: Yes, that is, the Irvington portion of it.

Mr. Wakelee: A long zone in Newark.

The Witness: A very long zone in Newark.

Commissioner Autenreith: Much longer than the others?

The Witness: Almost four and three quarter miles in Newark.

A. (Continuing.) P7 is the Kenilworth line. The Kenilworth line operates from Elizabeth through Roselle Park and into Kenilwoth.

Mr. Wakelee: The bus or trolley?

The Witness: The bus line. The first zone at present runs from the Elizabeth terminus of the line, which is at the Pennsylvania station in Elizabeth to the northerly line of Roselle Park, or Chestnut Street, a distance of 4.594 miles. The second zone then contains an overlap, going back through Roselle Park to start at the Elizabeth city line and carries through Roselle Park to Kenilworth, a distance of 5.225 miles. In other words, there is a total ride of almost ten miles on that line for ten cents, 9.819.

The proposition now is to make the overlap a separate zone, which will make the first fare include the City of Elizabeth, a distance of 2.846 miles. The second fare will then be in the Borough of Roselle Park, a distance of 1.748

miles and the third zone will go into Kenilworth a distance of 3.447 miles.

In connection with that line we have, at the request of the City of Elizabeth, recently offered to extend that line further into Elizabeth, to operate as far as Elizabeth Avenue and Union Square, which will make the length of the first zone almost two miles farther than we now apply for, but the extension will be entirely within the City of Elizabeth so it will come into that first zone.

Mr. Lindabury: How are you cutting down the mileage on this; I don't quite get that. You say it is 9.819 and now it is 8.041; how is that?

The Witness: It is not a cut in the mileage. That is the length of the line 9.819; it is the length of the two zones and the two zones contain the overlap, which is entirely in Rselle Park. The length of the line is eight miles.

Mr. Lindabury: Those figures have been checked, the lengths on that?

The Witness: They are our official figures. It is stated on there the mileage. We would be glad to have them checked and if they are wrong, we would be glad to know it. They are official figures.

Commissioner Auptenrieth: This overlap is 1.748 miles, practically.

The Witness: That is it.

Commissioner Autenrieth: You have 8.071 giving the total mileage in the two zones separately as they now exist.

The Witness: Yes (indicates on map).

Commissioner Autenrieth: Making a zone out of the overlap?

The Witness: Yes. P8 is Lyons Avenue. This line operates from the Hudson & Manhattan Tubes in Newark, in Newark and Irvington by way of Broad Street, Clinton Avenue, Elizabeth Avenue, Hawthorne Avenue, Bergen Street to Lyons Avenue, thence west on Lyons Avenue into Irvington and continuing on Lyons Avenue to the corner of Lyons and Springfield Avenues. The fare is now five cents for the entire length of the line, which is 5.915 miles. The first one that we are asking for, which will be in the City of Newark, is 4.669 and the second zone, the portion of the line in Irvington, 1.246. P9, Hawthorne: This is to distinguish the two Hawthorne lines which are involved in this application; P9 is the main line between Paterson and Hawthorne and the other Hawthorne route is called the Madison Avenue-Hawthorne route. On this route the fare on the line now for its entire length from Paterson to the end of the line in Hawthorne, 4.16 miles, is five cents. We are asking that the line be split, to be a five-cent fare in the City of Paterson, which is 1.303 miles, leaving the portion beyond the City of Paterson a second five-cent fare, a distance of 2.857 miles. P10, Passaic-North Newark: This line operates from Burgess Place and Main Avenue, Passaic, through Passaic, a portion of Clifton, Nutley, Belleville and then into the northern end of the City of Newark to the North Newark station of the Erie Railroad. There are at present two fares on the line with an overlap. The first fare from Burgess Place extends as far as the Nutley-Belleville line, a distance of 5.759

miles. The second fare, which starts at the northerly line of Nutley, extends to the Newark terminus, the North Newark station of the Erie, a distance of 4.212 miles. The proposed rezoning of this line eliminates the overlap and makes it three fares; those fares will be co-incident with the trolley fares now in existence in that section. The first zone from Burgess Place to the southerly city line of Passaic will be 2.419 miles. The second zone includes that portion of Clifton through which the line operates and will be 1.514 miles, and the third zone, Nutley and Belleville, will be 4.231. P11 is the Madison Avenue, Hawthorne line. This line operates from the center of the City of Paterson via Broadway and Madison Avenue, thence into Hawthorne via Lincoln Avenue, a total distance of 4.216 miles. In the rush hour the line extends over the dotted lines shown on the map to the corner of Gothel Road, so that the rush hour line is almost a mile further, 5.162 miles. The present fare on the line is five cents for the entire distance. We are asking that it be rezoned to make the City of Paterson the first zone, the distance to be 2.794 miles and the second zone will then be 1.422 miles for the off-peak operation and for the extension during the rush hours it will make the second zone 2.368 miles.

Q. Mr. Warner, Mr. Young has testified that the zones must be made co-extensive in order to give co-ordinated service. Why do you say they must be co-extensive? A. Because co-ordination cannot be complete if one facility has

a different fare than the other facility. That was the basic reason for adopting the five cent fare, for starting the entire experiment that started three years ago.

Q. Can you take any of those lines as an illustration and indicate to the Commission and to counsel as to how traffic flows now with the fare differential. A. P1 was the Clinton line; we can take the traffic on that and show that. The average normal passengers carried on the Clinton Avenue bus line for a normal week-day at this time of the year is 28,000.

Mr. Stewart: That is, per day?

The Witness: Per day.

Mr. Stewart: East and west or north and south?

The Witness: Everything. The number of passengers on the buses is 27,933. These passengers divide themselves as follows: Those who ride entirely in the City of Newark, that is Newark local business, that don't cross the Irvington line at all and who are not involved in any fare change before the Board, 11,685. Those who use the line in Irvington, exclusively in Irvington, who do not enter the City of Newark, who begin and end their ride entirely in Irvington, who pay a five-cent fare now and would continue to pay five cents under this petition, is 2,297 per day. Those who begin their ride in Irvington and end it in Newark or vice versa, 13,951 per day. That is, the use of the bus line in Irvington at present is 16,248 a day, as far as Irvington people go, regardless of their destination.

Mr. Evans: Are those all tabulated figures you are testifying from?

The Witness: From my notes; some are tabulated and some are my own pencil notes.

Mr. Stewart: You don't mean Irvington people; those are people travelling in and out of Irvington, no matter where they come from.

Commissioner Gnichtel: About one-half.

The Witness: About one-half, yes. The Irvington use of the Broad and Nutley trolley cars at the present time is 2,226 a day.

Mr. Stewart: How much?

The Witness: 2,226. In other words, due to the fare differential in that section 16,000 people use the bus compared with 2,000 people who use the cars. Now—

Q. What does that result in; go on, continue. A. If the fare is equalized that traffic will more normally equalize itself.

Commissioner Gnichtel: That traffic will what?

The Witness: That traffic will equalize itself.

Mr. Stewart: That is through traffic you are talking about on Clinton Avenue, 2,269?

The Witness: No. Through traffic is 1,889 and the exclusively local is 337.

Mr. Stewart: That is local in Irvington, you mean?

The Witness: Yes.

Mr. Stewart: 337 in Irvington. Why haven't you given the figures on the people using it in Newark as you did on the other line?

The Witness: The trolleys?

Mr. Stewart: The trolleys, yes. You have given us the number of people using the trolleys in Newark locally as 11,685.

The Witness: Those are the buses.

Mr. Stewart: The buses, I should say. Those who use the Irvington buses locally 2,297; what you might call through service 13,951. Now give us a comparative figure on the trolley cars all the way through.

The Witness: I haven't that figure for business entirely on the trolley cars. I can get it for you if you want.

Mr. Stewart: I wish you would.

Mr. Bigelow: As I understand it, there are equal fares of five cents each on both the street railway and the buses within Irvington.

The Witness: Within Irvington, yes.

Mr. Bigelow: And at those five cent equal fares about seven times as many people use the buses as the street railway for local traffic within Irvington.

The Witness: Well, that is this line.

Mr. Bigelow: I mean on this line.

The Witness: Yes, but take the route of the line as far as local business is concerned within Irvington; the bus line goes down toward 40th Street and goes away from the Center and taps that section which will develope a local business in Irvington.

Q. How does that result in the distribution of your facilities in Irvington? A. The through business between Newark and Irvington will be practically 14,000 on the buses compared with 1,800 on the cars, which would be largely equalized by an equalized fare. At the present time in the morning rush, for instance, Irvington people use the bus at five cents and when the

bus gets to the Newark city line it is practically filled to capacity and Newark has no advantage of them. At the same time the cars are coming out of Irvington practically empty. There is not an equalization of the two facilities; there is a waste of car mileage in Irvington at the present time.

Commissioner Authenrieth: Have you another witness?

Mr. Blake: No, sir.

Commissioner Authenrieth: How long will Mr. Warner be?

Mr. Blake: We have similar figures for the other lines; I suppose counsel would want to develop that; I don't know.

Commissioner Authenrieth: If you have them in the form of an exhibit—

Mr. Blake: No, sir; they are not in exhibit form; they are tables.

Commissioner Autenrieth: Wouldn't it be more satisfactory to put it in exhibit form? If the same principle applies to all why not have it made up?

Mr. Wakelee: How long will it take you to give the figures as you have them for the other lines? It wouldn't take very long.

Mr. Stewart: Have you got there the headway of the buses and the trolley cars in the different hours?

The Witness: The total bus trips per day on Clinton Avenue is 382. Of those 20 are short trips in the City of Newark; 36 go to Irvington Center and 326 go through to 40th Street.

The car trips per day of 334, of which 86 go to Elmwood Loop, 42 to 43rd Street and 206 turn back at 18th Street city line. All that car service right there to go to Irvington if the people in Irvington will use it; 206 trips a day.

Mr. Stewart: When you come to the next hearing or let me know between now and the next hearing, if you will, the headway on which the buses and trolleys run during the given periods, the rush period and the slack period. I don't want to take up the time of the Commission now for it. You may give it to me later.

Mr. Blake: We will furnish it.

Q. Will you read the other tables you have?

By Mr. Wakelee:

Q. You have given the complete tabulation as to this one line; go on as to the others. A. Yes, sir. Bloomfield—

Q. Referring to P2 now? A. Yes. Referring to the line which is shown on Map Exhibit P2; the total daily passengers on the Bloomfield bus line averages 20,969. These are divided into Newark local business, 7,959; Belleville and Bloomfield local business, the line running through Belleville for a matter of a hundred yards, 3,489. Through riding to the city line, 9,521. Business in the overlap, 7,455. The trips per day on the bus line 214. The car service, 266.

By Mr. Blake:

Q. The next one is the Newark-Kearney-Rutherford? A. Total passengers per day on this line, 10,506; of those 290 are affected by the elimination of the first overlap, that is the overlap from Belleville Pike to Midland Avenue, and 884 per day by the elimination of the second overlap in Lyndhurst. There are 96 trips per day on this line; 83 trips per day on the Hackensack trolley.

Q. Next Springfield Avenue, Exhibit P4. A. Total passengers per day 28,666.

Mr. Stewart: Buses?

The Witness: 28,666, of which 11,769 are Newark local; 1,641 are Irvington local and 15,256 are from Newark to Irvington and vice versa.

The car service, through Irvington, that is, from Newark west, 10,887 passengers per day on the trolley, of which 7,103 go through to Maplewood, simply go through Irvington, and 3,784 are Maplewood local and Maplewood-Irvington business, that being split about fifty-fifty.

The bus trips on that line are 455 per day; 30 short Newark City Line and 425 to West 43rd Street. The car service is 290 per day, 150 ending at 43rd Street in Irvington and 140 going on to Maplewood.

Q. P5, Roselle Park bus route? A. The average passengers per day on this route, 13,960.

Mr. O'Connor: Per day?

The Witness: On the buses per day, 13,960; of which 8,061 are local Elizabeth, 500 travel locally in Roselle Park and 5,399 originate in Roselle Park and go to Elizabeth or vice versa. The number of bus trips per day on this line are 218. We are now operating trolley tripper service into Roselle Park in the rush hour in the evening, which carries 62 passengers. Before this rush hour service was inaugurated the line ran through all day, making 135 trips, round trips, carrying 1,167 passengers into Roselle Park. That is a check taken last May before the through service was discontinued except during the rush hour; an average of four passengers per trip on the trolley cars.

Q. Clinton Place is the next? A. The average passengers carried per day on this line, 6,162; Newark locals, 4,688; Irvington locals, 14; and through passengers between Newark and Irvington, 1,460. There were 87 trips operated.

Q. What is the next one? A. Kenilworth. This line carries a total of 3,399 passengers a day. The elimination of the overlap proposed will effect 198 passengers per day, and the number that are carried into Kenilworth is 954 per day.

Q. The next is Lyons Avenue bus route? A. This line carries an average of 20,657 per day, of which 14,860 are Newark local business, 379 Irvington local business and 5,418 is through business between Newark and Irvington. The bus trips are 218, of which 24 are short, turn-

ing back at the Newark line and 194 operate through.

Q. The next is the Hawthorne buses, which you call Main, I think? A. Total passengers carried on this line, 6,570, of which 1,396 are Paterson local, 357 Hawthorne local, riding only within Hawthorne, 4,637 is through traffic between Hawthorne and Paterson.

Mr. Evans: Where is that ride?

The Witness: From Paterson and beyond, back and forth. The total trips per day, 149.

Q. P10, Passaic-North Newark? A. Total passengers per day, 11,771; the elimination of the overlap on this line will effect 1,100 passengers and the making of the third fare will effect 3,116. Number of trips per day on this line are 115. The Paterson trolley service consists of 98 trips and the Nutley-Broad service consists of 86 trips.

Q. Madison-Hawthorne, P11? A. Total business on this line per day, 3,133, of which 1,738 are Paterson local business, 106 is Hawthorne local and the through business between Hawthorne and Paterson, 1,289; that is on 86 trips.

Q. What is the total number of passengers carried on Public Service Railway and Transportation lines? A. At the present time we carry 1,800,000 passengers.

Q. 1,800,000 daily? A. Yes, sir.

Q. What is the total number affected by the proposed changes? A. 62,000, which is about three per cent.

Q. 62,000, three per cent? A. Yes.

Q. Of the traveling public will be affected? A. That is all.

Q. If these proposed changes enable the company to carry on with its five per cent program it will save an increase in fare to 1,720,000 people, is that correct? A. Yes; 1,740,000; ninety-seven per cent of the riding public.

Mr. Blake: That is all.

Commissioner Autenrieth: What will the increased revenue amount to by these changes?

The Witness: This 62,000 figure that I gave is taking the present riding and assuming every single passenger rides as he does now and continues to pay the additional five cent fare. That will never take place. Those people will walk.

Commissioner Autenrieth: People living near the zone will walk that distance?

The Witness: Yes; will walk to the zone point. If we get forty thousand—I don't believe we will get as many as forty thousand additional fares out of that 62,000. Forty thousand additional fares would be somewhere around $650,000.

Commissioner Autenrieth: Per annum?

The Witness: Yes, because this is all based on an average week day. This doesn't mean you can multiply by 365 and get a year.

Commissioner Autenrieth: About 40,000 a day?

The Witness: That is an average day, and Sundays pull it down.

Mr. Lindabury: Have you figured how many

trips per day are made on the Kenilworth line?

The Witness: Trips per day on that line, 119, of which 28 go to 20th Street in Kenilworth, 20 go to 8th and Monroe and 71 are short service within the City of Elizabeth. Forty-eight trips a day as far as Kenilworth is concerned, and short service in Elizabeth.

Commissioner Autenrieth: Can anyone suggest what day will be agreeable for the adjourned day? Thirty days seems the request.

Mr. Blake: Because of the unanimity on the part of counsel I think there must have been a concerted attack. I think that is entirely too long. They already have had five weeks to go into the matter.

Commissioner Autenrieth: Is there any variance of that idea in the light of the testimony offered?

Mr. Stewart: No. I made the statement as to thirty days without consulting anybody but Mr. Davis.

Commissioner Autenrieth: It wouldn't make any difference.

Mr. Stewart (continuing): On the basis of the fact I endeavored to get an expert out on the job and found I couldn't get them. The Board knows there are only a limited number of persons engaged in this traffic engineering work.

Commissioner Autenrieth: What about February 16th?

Mr. Stewart: That is practically a month. I should think that would be all right.

Commissioner Autenrieth: If there is no objection—

Mr. Blake: I think we ought to have an understanding as to that. If it is going off for such a great length of time I don't think on that day counsel should be permitted to come in and say so and so, the expert in my case, has been called to Boston or some other place.

Commissioner Autenrieth: No; I think that is ample time for them to prepare their case and to try the case.

Mr. Blake: And complete the case.

(Discussion.)

Commissioner Autenrieth: If we don't finish on the 16th we can adjourn to the 18th. I think that will be sufficient to complete it.

Mr. Stewart: The 16th and the 18th, at 11 A. M.

Commissioner Autenrieth: Yes.

Correspondence given the number Exhibit P12.

Adjourned until Wednesday, February 16th and Friday, February 18th, 1927, at the Industrial Building, Newark, N. J., at 11 o'clock A. M.

BOARD OF PUBLIC UTILITY COMMISSIONERS,

NEWARK, N. J.

Wednesday, February 16th, 1927.

In re proposed changes in fare zones by Public Service Railway Company and Public Service Transportation Company.

Before the following commissioners:

Jos. F. Autenrieth, Esq., President.
Frederick W. Gnichtel, Esq.
Charles Browne, Esq.; John O. Bigelow, Esq., counsel.

For the Public Service Railway and Public Service Transportation Companies appear E. W. Wakelee, Esq., and George H. Blake, Esq.
For Town of Irvington appears Charles H. Stewart, Esq.
For Town of Bloomfield appears Raymond F. Davis, Esq.
For Borough of Hawthorne appears W. W. Evans, Esq.
For City of Elizabeth appears John J. Griffin, Esq.
For Roselle Park appears Martin P. O'Connor, Esq.
For Kenilworth appears J. S. Lindabury, Esq.
For Lyndhurst appears Luther Shafer, Esq.

For Inhabitants of Watchung Heights, Bloomfield, appears H. F. Nichols, Esq.

For Watchung Civic Association, Bloomfield, appears Mr. Halverson.

Mr. Evans: If, your Honor please, I have been assigned the pleasant duty of opening today. We have now asked for a further adjournment, for this reason: Your Honors will recall at the last hearing certain information was sought from the company, which we felt should have properly been a part of their case, and we were invited very cordially to make an inspection of their books, and we were informed that the books were open at any time for our experts. Our experts have taken advantage of that offer, and upon reaching the company's office they were met by a gentleman by the name of Rogge and Mr. Rogge informed them that they would be very pleased to furnish the information but it must be furnished in interrogatory form, in other words we must submit to them a list of questions of the information sought and then we would get our information. Those were not the terms upon which the Court ordered the books open to our inspection. For that reason our experts have had but a superficial line on which to analyze. They have furnished a certain list of questions and the first list of questions was returned with certain information, but it simply gave them the information sought as to

the year 1926, that is, as to the financial statement. We have not before us for the purpose of a comparative survey, the statements for the years 1923, 1924 and 1925. So that in that respect, your Honors, the company has not complied with the suggestions, which would have meant the more ready handling of this case.

Commissioner Autenrieth: Does that mean, Mr. Evans, that no one is ready this morning with any testimony on the opposite side of the case?

Mr. Evans: We are not ready with testimony. We are ready with certain motions, however, which we feel could properly be dealt with by the Court at this time, because it involves moving for the dismissal of the petition, reserving the right, however, of cross-examination, because we feel the Court ought to have a definite rule of law laid down with respect to this petition so we may be guided thereby. They say on page 25 (Mr. Young I think was testifying at that time), "We will be very glad to have our books inspected by any—Commissioner Autenrieth: As far as 1926 is concerned, I assume you have no objection to furnishing any information counsel may want; the other years are on file. Witness: Very glad to let them have access to our accounting records."

Mr. Stewart: Page 33, also: "Commissioner Autenrieth: They have not been filed formally as annual reports for

the Transportation Company. The Board has not adopted a uniform system of accounts for transportation companies. You will allow an inspection by counsel of information on any of the reports that are not on file that are available. Witness: Certainly."

We have not had that opportunity of either inspecting the books or inspecting the reports. They hope to hold us down, by compelling us to submit a series of interrogatories which may be passed upon by counsel and such answers may be given as counsel advise.

Commissioner Autenrieth: You had some other motions you wanted to make; suppose you make those and we will deal with them altogether.

Mr. O'Connor: If your Honors please, on behalf of the Borough of Roselle Park, the Borough of Hawthorne, the Town of Irvington and the Borough of Kenilworth, which have asked me to make this motion, leaving it open to such others as wish to join in it, if they see fit to do so, I make the motion first, if your Honors please, to dismiss this petition for three reasons: The first is that the Public Utilities Act does not authorize the granting of an application for an order of co-ordination or readjustment such as here presented by the companies, nor does the act permit any relief as to rates such as are here involved.

The companies have seen fit to select

certain portions of its routes and ask for an order of co-ordination or adjustment which will make the bus fare zones co-extensive with the present railway fare zones and that in certain selective cases. This application, as I take it, does not rest upon any public convenience or necessity or upon any sound economic principle of fair and reasonable regulation. But on the contrary the standard set-up by which the bus zones are to be measured and determined is the railway fare zone. This is not a sound basis for regulation. A regulation based on such a foundation is not within the perview, the spirit or the intent of the statute. Such a regulation measured in such a manner casts aside all economic principles. A given utility, such as a bus, is to be regulated as to rate and fare zones by having due regard to the service it is capable of giving under economic management and without regard to a distinct although competing utility's ability to render service. In considering zones for bus companies we must consider the company and its capabilities only, and not with reference to a competing company. There is no similarity between a street railway company and a bus company. They are fundamentally and essentially different. There is no similarity between the present street railway company and the bus company than there was between the present street railway company and the old horse car

company; they are essentially and fundamentally different.

This difference existing between the present street railway company and the present transportation company is so fundamental and so obvious, that it is a matter of common knowledge and it is hardly necessary to descend to particulars. Sufficient it is to say that the two are separate and distinct modes of transportation which in every fundamental respect are different from each other and, therefore, require different treatment and are not susceptible of co-ordination such as is proposed. There is no inherent reason why the fares and fare zones should be the same. The investment is different. The public demand is different. The street railway company has probably reached its zenith in the way of service, whereas the bus company as an abstract means of transportation is in a state of infancy and is daily going through courses of improvement, expansion and development that should not by artificial means of limitation be curbed and curtailed at the instance of a competing company. If we adopt such a course it is one of retardation, it is one of lack of progress. In other words, artificial limitations are nothing more or less than a means of strangulation of an instrument of transportation that has great potentialities of economic service.

As another instance bearing upon co-

ordination and adjustment, we have watched a course of domestic lighting; I refer now to electric plants and gas plants. The latter has been a means of domestic lighting for many, many years and it is only within probably the last twenty-five or thirty years that we have had the electric light. Now, during this last quarter of a century the electric light has made rapid development and has been crowding gas more and more as a mode of light. During the period of electric development there has never been a suggestion, much less a policy, adopted by any Commission, that the use of electricity, the extension of its facilities and the rate to be charged should be co-ordinated with the older and existing gas service either in the extent of use, duplication, facilities or rates charged. It is recognized that electricity is a new and a modern mode of lighting and no financial obstruction has been exercised to prevent its development to the full and the most extensive use at the maximum independent economy of operation and at the rate fixed without regard whatever, to the rate charged for gas used for the same purpose of illumination. These two different kinds of service have been dealt with throughout as distinct. Each industry has looked out for its own business, has operated as economically as possible, and each has charged rates as it could in competition with the other. The principle and

the policy of the Commission has been to permit the two modes of service to compete without interference by artificial means of limitation.

The Commission is now confronted in this case exactly with a similar situation in the field of transportation. The electric railways are a mode of transportation long established, with huge investments and heavy operating expenses. The bus is a recent development which has advanced with leaps and bounds and with each year has brought forth amazing new ideas and new economies. The two modes are altogether different. The one has practically reached its development many, many years ago, while the other is in the process of development. Its possibilities remain to be seen. While this Commission must have regard for adequate public service and reasonable rates, there is no reason why a principle of co-ordination should be adopted whose object is to limit the development of buses in connection with the joint use of the existing street railway. The new agency should be permitted and encouraged to develop to its maximum capacity and efficiency without regard to its influence on street railways.

The argument that duplication of service should be avoided and wasteful competition eliminated has no more merit when applied to the existing situation and to the prayer of the petition than in the case of gas and electricity. We

find the same houses fitted up with gas pipes and with electric wires. We find the electric cable in the street and we find the gas services in the street. We have complete operating organizations of the two services. The Commission has never proposed to eliminate one or limit one in favor of the other. I say, if your Honors please, with respect to that one point, that there being such a fundamental difference, that the things being both distinct and capable of different management, different economies, one reaching its zenith and the other in the process of development and expansion, that the one, the new one, the infant one, should not be retarded, limited or curtailed by an order of adjustment or readjustment or an order of co-ordination such as is prayed for in this petition. I say the statute does not give the Commission power to make an order measuring the bus zones by the zones established by the street railway company; that those zones can only be measured by a due regard to the capabilities of the bus company and the bus company only.

I make another motion to dismiss this petition on the question of the rates here proposed. The rates, as I understand it, are purely incidental here. It is not, to use the language of counsel for the companies, an ordinary rate case. Nevertheless, we will have rates here, and the rates, if we are to have them here, should

be just and reasonable rates; we should approach the subject with fairness to the companies and fairness to the public and not in the spirit of prejudice and hostility, and in that spirit I am not approaching it; but in fairness to the companies and in fairness to the public.

Rates, under the statute, are to be just and reasonable rates, not fixed with regard to a certain portion of the company's lines, but having due regard to the entire company's property. The petition and the evidence thus far submitted deals with only a portion of the company's property, and seeks to cause to be charged upon the lines in question an additional fare without considering the real basis upon which just and reasonable rates should be measured and calculated. That is a fact. I respectfully submit that in the light of these facts, and circumstances, any evidence which is thus far submitted does not permit the Commission under the statute to make an order increasing the rates on these particular and selective lines of traffic. The very basis upon which these rates are to be fixed is a false premise. In truth, and in fact the company, arbitrarily selects and makes this basis as the basis for new rates. You cannot say that the basis fixed for the service of the railway company is either legally or morally a basis upon which you may fix bus rates.

Commissioner Autenrieth: Is it your

idea, by that, that the valuation of all of the transportation property should be made and a given rate of return for the entire system developed?

Mr. O'Connor: I think a given rate should be developed on a canvass and survey of the entire system.

What makes this application possible? It is the fact that these two companies are in the same hands under the same management. The stock of this transportation company and the stock of the street railway company is in the hands of the Public Service Corporation. That is an admitted fact and a fact that we have to consider. Do you think for one moment that if Public Service Transportation Company was in the hands of an independent—when I say independent, I mean free from the influences of the street railway—that for one minute they would join in the application to make the fare zones of the buses co-extensive with the fare zones of the street railways? It is ridiculous to think we would have before this Commission a petition if that situation existed. The whole situation seems to me, if your Honors please, with regard to this second point, and also with regard to the first point that I have made, to be involved in the atmosphere that is engendered by the influences of the street railway company and that it is not a wholesome influence, not a wholesome influence to guide and measure the bus

transportation or as a basis upon which to build regulation for the bus transportation company.

Now, there is another reason that I ask for this petition to be dismissed and that is this (and I make this application upon the petition itself, and the petition itself in the respect that I am going to speak of it is supplemented and corroborated by the testimony put in in the main case of the companies): On page 15 of the petition the companies say this: "Having pointed the way for proper co-ordination and reduction in cost, the officials of the company have decided to further delay filing with the Board, an increased schedule of rates for cars and buses in the hope that through the co-operation of the public and public officials, the recommendations herein set forth may be carried out, and conditions brought about so that these companies will become self-supporting and will be in a position to furnish the public adequate and proper service to foster the growth and development of the territory and meet the demands which the future is sure to bring to the populace and fast growing communities in which they operate." We have right there admission that the Public Service Railway Company and the Public Service Transportation Company propose to file with this Board a petition asking for an increase of rates. Now, if that is so, why should we take up now the

time of the Commission at the expense of the few municipalities here involved, to comb only a portion of this situation, a situation that is in a very short time probably going to confront the entire state, when your Honors will have to canvass and survey the situation again. That is what it is coming to. The deficit in the Public Service Railway Company of $1,600,000 and the deficit in the Transportation Company of $1,500,000; is that deficit going to be reduced by the fares that they collect here; is that deficit going to continue to accumulate? The company in its own decision says that the increase in fares—that they have delayed purposely filing a petition for an increase, which evidently they have in mind. If that is so, if your Honors please, we have got to take this question up again, except it is going to be taken up on a broader scale and a more thorough investigation will be made and all the public interested and bearing the burden that the public have got to bear in matters of this kind.

Now, then, let us supplement that. Mr. Young in his testimony on page 27, says: "The company feels that this should be delayed, that is, the step of increased fares"—that is in the mind of the company to ask for increased fares; I think the evidence distinctly shows now that their financial condition is such that if it is to remain this way they must come forward with a petition for increased

fares on buses and upon trolley cars. Now, he says this: "The company feels that this should be delayed, that is, the step of increased fares until these other matters are out of the way." What are these other matters? This co-ordination, this readjustment, the five cent fare? If your Honors should today make an order that the fare zones should be co-extensive, the revenue yield from that would not save this proposed application for increased fares. Why? Because he says; these other matters must be out of the way to give the relief. What are those other matters? Snow removal. Your Honors may know as a matter of common knowledge, there was a hearing the other day upon that measure in the assembly: you know probably the attitude shown by the League of Municipalities in that convention they recently held in the City of Newark, wherein they adopted the resolution now before the Legislature asking that a Commission be appointed for the purpose of studying these matters. We do not know how long it will be before that thing will be presented in such concrete form that we can answer it. I do not, and I do not think anybody else knows. Then there is the question of snow removal. This Commission has no power to relieve these companies of snow removal as I understand it. The oiling and sprinkling of streets. This Board has no power, if I understand it right, to relieve these

companies of that obligation. And there are diverse other things that might be mentioned, all of which according to the petition itself, and according to the testimony of Mr. Young, are essential to obtain adequate relief such as he proposes. Consequently, if this Board should, as I said before, grant the order making these zones co-extensive with one another, we have done nothing but what you will have to do it again, but what the municipalities will be called upon again to canvass the situation, and engage experts to study it at great expense. So that in view, if your Honors please, of that situation, which means that the Board will have to take this problem up again in all probability later, I would respectfully submit that the petition be dismissed on the three grounds that I have submitted.

Mr. Evans: On behalf of the same municipalities and such others as may care to join in this application, I desire to move the dismissal of the petition herein upon the ground that this, being an application for an increase in fares, the burden of proof is cast upon the companies to prove that the relief sought is necessary. At the outset I might say, that this application is of paramount importance, not only to the inhabitants of the small group of municipalities affected—

Commissioner Autenrieth: Let me interrupt you a moment. Is that motion

now addressed to the insufficiency of the evidence produced by the other side?

Mr. Evans: Yes. The former motion dealt with the law; this motion deals with the facts.

Commissioner Autenrieth: The facts as already proved by the company?

Mr. Evans: Yes. It affects not only the people of the municipalities involved in this application, but also the people of the state at large, because the Court in this case or the Commission is establishing a precedent if it permits of this application standing, which will be good or evil in the future.

It might be thought at the outset, that on account of the small percentage of the population affected, as the companies put it, of the riders to be affected, that it is of small consequence to the state, and possibly for that reason can be lightly passed over by this tribunal and the application easily granted. With rare foresight and with a sagacity that we cannot help but admire, the companies come in here with an application which insidiously suggests to the Commission that there are only a few of the total riders in the state to be affected, and therefore, forsooth it is of small consequence to the people at large. And in urging this covert reason they come forward with this petition, and, in evidence which embraces approximately seven lines of testimony and typewritten matter, they urge that during the period

of three years the Public Service Railway Company and the Public Service Transportation Company have lost upwards of $1,400,000 and upwards of $1,600,000 respectively. In this, and in this respect only do they bring testimony to bear upon the extent of their losses.

Can it be said that this Commission is going to permit of such a practice on the part of the applicant corporations for relief, which have within their knowledge and control the facts and the figures which would show to the Commission beyond peradventure, the necessity of such relief, without making a thorough revelation of the facts upon which such a conclusion is to be predicated? If such is to be the case, then this Commission is opening the door for every independent bus operator, by simply filing a petion saying that he has lost money in the operation of his bus, to call for an increase in fares, and it then becomes incumbent upon the population affected to defend themselves against this proposed increase.

I cannot for a moment believe, nor can these resisting municipalities believe that the Commission will ever in its wisdom sanction such a procedure, because it is filled with dynamite and throws to the discard every accepted rule of proof. Certainly, we, as the weaker and lesser agencies of the state must be protected against the effort of these companies in this manner to extract their toll, un-

less these companies show clearly and without equivocation, according to proof sustained by the time honored rules of evidence, facts which would justify this Commission in arriving at the conclusion that these companies are not receiving a proper rate of return for the service rendered.

This Commission, if the Commission will pardon the reference, is simply an arm of the state. It is not purely judicial, in that it stands between the utilities and the people of the state. It is much more than that. It is an arm of the state designed for the protection of the people of the state, having ways and means of checking up on these corporations, requiring them to file proper records, so that the Commission may be advised of their progress and all, in the last analysis, for the protection of the public, which after all can be made the victim of the unchecked avariciousness of utilities, the managers of which are primarily interested in large returns upon investments.

With this thought in mind, then, the burden is cast upon those resisting the application on the part of these two great utility corporations, with its score of brilliant counsel, after months, and possibly even years of preparation for this application, and we are now forced into the position of resisting this application and to provide the sinews of warfare at the sole cost and charge of these small

municipalities affected. We have not shirked our responsibility, and we propose to fight it through to the bitter end.

Now, what quantum of proof has this company submitted as the basis of its application which would justify this Commission in granting the relief? We say, unhesitatingly, none which would be entitled to any consideration by a Court or a jury.

The question is, is this tribunal to hold them to as strict a proof or even stricter proof, because they have within their control in their books of account, all of the data which will be necessary to show whether or not they are entitled to this relief.

Now, what have we, as a matter of fact, to show the extent to which these companies are entitled to relief, from which the Commission can make a proper gage to show the increased rate of fare sought is justified?

We turn first to the testimony of Percy S. Young, vice president in charge of finance of each of the companies, and we find, after a mass of pleasant conversation is perused, which is placed in as evidence in this case, at the expense of the state and the resisting municipalities, he goes to the bone of the matter on page 23, when he says in answer to a question: "What is the defficiency today in the Public Service Railway and the Public Service Transportation Company"; this answer: "Since the inagura-

tion of the five cent fare, the railway company has failed to pay operating expenses and fixed charges by approximate $1,400,000. The Transportation Company, during the same period of time, has failed to earn operating expenses and fixed charges by about $1,600,000." There and there only is the crux of the testimony upon which this Commission is asked to extract from upwards of 40,000 riders in the state a sum of upwards of $600,000 per year. What jury in this state, if this case were presented to them, considering the testimony given in this case, which is as intelligible as a modern novel, upon being asked to assess damages such as laid down in this case, would do so? I tell you frankly, gentlemen, that we are looking to you for help; I tell you frankly that the people of the state are looking to this Commission for a ruling in this matter which will deter further application of this character unless the applicants come in in good faith, with clean hands, with records above suspicion and completely and entirely justifying their demands.

What has this Commission, if it goes to the records filed in this office, to justify this of its own knowledge? Before we are even notified of this application there ought to have been filed in the office of this Commission complete, correct detailed statements of the operation of the company from which at a glance the Commission could assure itself of the ne-

cessity for relief. The records should be in a position where we can challenge them, their incorrectness or their falsity, if need be. What have we here? With what situation are we confronted? We are suavely assured by eminent counsel that "our records are open to you," thrusting upon us, thrusting upon us, the burden of proving that this application is unjustified, casting a burden upon us which the law or the Legislature never contemplated when they created this agency of the state.

I tell you, gentlemen, in pressing this motion, that this is one of the most important motions you have ever decided, and, in deciding it in clear and unequivocal language, we feel it is cast upon you to lay down a rule which will require applicants for increase to have such schedules and records on file as will make out a *prima facie* case with such particularity that the Commission and the resisting municipalities can easily read and understand. At least, not to put it up to these resisting municipalities to hire the most expensive experts in the country to try and extricate ourselves from this mesh which the companies have endeavored to weave about them.

We have worked this case over for nights and for days. We have read and reread the testimony and we have gone over paragraph by paragraph, and all we find is a mere jargon of words.

I might say, at this stage, as a piece

of propaganda this petition occupies the very first rank. Its language is couched with such machiavellian duplicity, with the idea of intriguing the public and with the idea of covertly influencing this Commission, by suggesting that if the five cent fare is to be maintained, and that phrase is the major strain of its refrain, which lodges in the public mind, by all means make these people pay the difference which will maintain the five cent fare, but here, and here is where the duplicity comes in, in *sotto voce,* in an undertone they say "however, this is predicated upon our receiving certain relief," and they leave the door open at all times so that it cannot be said of them they have definitely placed themselves in the position where, if this six hundred and thirty odd thousand dollars a year is not sufficient, that they may have further relief.

A further reason for pressing my motion is this: The mere fact that this—and I refer to this as the bus operation—the mere fact that this is a new business venture designated by the Public Service as the Public Service Transportation Company does not in the first three years of its existence make money, is no reason for an increase in fares. There is nothing to show, in this case, that they will continue to lose money. This is a new venture, and many a business does that for the first

four, five or ten years of its existence, has shown no material increase.

Now, however, how are we to arrive at the conclusion that they have incurred deficits? Has the Commission anything before it to show, by statement, the amount of loss in each of these three years? It may perchance be the first year of operation they lost $1,000,000, and in the second year of operation $400,000, and in the last year they have made money. They do not attempt to analyze the statement of this loss or deficit which they claim in this particular instance, but by skillfully lumping all of these three deficiencies in a period of three years, they would lead this Commission to believe this is a current deficit which runs concurrently.

They hold out to us certain assurances of better service, with a qualification. They say a better type of service will be instituted by the company with a higher fare, a de luxe service, and all we have to do to get this is to abolish passes, reduce rate charges and a few other chimerical mirages are portrayed showing how to arrive at this delectable situation.

I might say that Mr. Young is an artist at word pictures. He pictures a situation which, if true, would make the stoutest heart quake. The ruination of this great company is at hand. We have heard this preached and spread about from house tops from time immemorial;

it has gotten to be stale with continuous usage and the people no longer pay any attention to it.

Now, upon leaving the testimony of Mr. Young we are next confronted with the testimony of Mr. Boylan which is likewise a mass of glittering generalities. Mr. Boylan is the vice president of the companies, in charge of operation of those companies. Does he testify as to the losses sustained by the companies or either of them, and how these losses were made up? No. He testifies they have been renewing about twenty-six miles of tracks a year at a cost of $1,000,000, purchased buses and rebuilt them, changed cars, built garages, made changes which substantially reduced operating expenses in the traction company. They have kept the same rate of wages, they have a very efficient and co-ordinated organization. In fact, it is in very good shape, so he says. They are practicing all possible economies. He goes on to tell what they propose to do and here again they spread out the bundle of hay in front of the jackass.

Commissioner Autenreith: You do not mean the Board, do you?

Mr. Evans: No, it is laid out before us. I do not believe in my experience that I have heard of so many Indian gifts extended to the people. I make that clear to your Honors. He goes on to say these improvements are contin-

gent upon the company obtaining some measure of relief from the present situation testified to by Mr. Young, from which I take it that the company seeks relief from taxes, relief from paving obligations, relief from paving, relief from duplication of service, relief from everything else excepting collecting nickels and dimes. Then Mr. Boylan goes on to show how much money maybe they will spend of this $6,671,000 in connection with the purchase of new buses, some independent lines, garages, tools, machinery and so forth. So much for Mr. Boylan's testimony.

We are next confronted with the testimony of Mr. Warner and his testimony is of even less consequence than that of his predecessor. He goes on to show what checks have been taken by the company of the number of passengers on the lines and in that respect, and in that respect only does the company give any particulars whatsoever. I might say with respect to this aspect of this case, that these particulars do not aid the Commission or the resisting municipalities in any respect at all. They do not go to show the cost of transportation or the receipts from transportation. Mr. Warner, however, gives us this illuminating thought, which will clear the darkness from the whole transaction: That coordination cannot be complete, if one facility has a different fare from that of the other facility. There is much

meat in that thought for reflection, but it does not aid the companies' case unless this Commission desires to go on record as saying that all facilities must have the same rate of fare. Unfortunately, Mr. Warner in all probability was solely controlled in that answer by his reading of the petition, because there would then be no justification in an excess rate for Pullman service as against common day coach service; no reason for discrimination between a Packard taxi and a flivver taxi service. That is why we are here today; because we say the fundamental principle with which the companies have got to contend is that they cannot, with an archaic system of transportation, which has stood them upwards of $100,000,000, compete with a system, the expenditure for which would not exceed in the first instance $20,000,000 if properly expended.

In other words, the companies must show they expect to get the same rate of fare for the bus and the trolley, that the cost of service of the one is equivalent to the cost of service of the other. This they cannot do. Because this Commission has on its records and among its files, I am sure, evidence sufficient to show in a convincing way that there is no comparison between the cost of operation of jitneys as against the cost of operation of trolleys. If I am not true in this statement, then the Board of Directors of the companies were out of their minds in

abandoning trolley lines, in refusing to extend the service by trolley lines and in concentrating all of their energy in the acquisition of jitneys.

In closing my argument, gentlemen, it seems to me a self-evident fact that the only course open to the Commission at this time is to dismiss this petition and not permit another petition to be entertained unless there is on file and as part of the records of this office, a sequence of figures and facts which will show the loss sustained by the companies by reason of the operation under the present schedules, and that the granting of relief is an absolute necessity. The municipalities would then know something of the case which they have to resist. I say, and I say with all sincerity, until I got into this case, I had no conception of the tremendous task confronting us, where practically single handed and alone these municipalities are forced to beg and plead for the furnishing of facts which ought to have been part and parcel of the case of the applicant companies. We are asked to submit to them a list of questions so that they with counsel, and after careful consideration, could answer as best they saw fit. In other words, we are asked to submit interrogatories to them which they can answer at their leisure.

I, therefore, press my motion at this time on behalf of all the municipalities, approving the dismissal of the petition.

Just one more motion I want to make.

I now desire to move to dismiss the petition as it applies to the Borough of Hawthorne, for the reason that the situation portrayed by the petition, of endeavoring to bring bus fares into harmony with existing street car lines in the same municipality does not apply to the Borough of Hawthorne because we have no competing street railway system in the borough.

Mr. Lindabury: I would like to concur with that motion on behalf of the Borough of Kenilworth.

On behalf of the Borough of Kenilworth, the Borough of Hawthorne, the Borough of Roselle Park, and the Town of Irvington, and such other municipalities as might care to join in this motion, I would like to move, in the event that the motion as to the law and the motion as to the facts should be dismissed, then I would like to move to strike out as a party to the petition and the entire proceeding, the Public Service Railway Company, on the ground that nowhere in the petition is it shown that this company is in any way interested, and it being clearly shown that the Public Service Transportation Company is the only party to be benefited by this application, so that the entire hearing under these considerations should proceed solely in the name of the Public Service Transportation Company. There are no requests by the Railway Company to have increased fares, the changing of zones

or any requests of any sort that might reasonably be made in connection with the term co-ordination. The Public Service Railway Company is in no way interested in this matter, it being solely an attempt to adjust bus fares and zones (I repeat, bus fares and zones). If these two petitioning companies are not divorced at the very outset of this hearing, it means it will be necessary for us who represent the municipalities to bring into this case all the past and present records of the Public Service Railway Company. It will be necessary for us to delve into those records and to undertake to analyze a company which in fact has no standing in this present hearing before your Commission.

Again, the two modes of service are entirely different. The Railway Company has undoubtedly reached its peak, whereas the bus is in its infancy. While the Commission must have regard for service and reasonable rates, there is no logical reason why a principle of co-ordination should be fostered which has so clearly for its object the limitation of bus development in order to permit the trolley system which is now passé, to endure.

If this hearing, however, is merely to enable the trolley system to survive, then the railway company is indeed a proper party; otherwise not.

I, therefore, respectfully submit that the petition of Public Service Railway Company be dismissed and that the hear-

ing proceed solely as to the Public Service Transportation Company. An examination of all the facts heretofore introduced will clearly show that the Transportation Company is the only company to be affected in any way by this application.

Mr. Stewart: I first want to move for the severance of this petition. I cannot quite agree with Brother Lindabury that the Public Service Railway Company has made no application, but I will agree that it has made no application which ought to be considered in conjunction with the application of Public Service Transportation Company. I suppose the reason why the Public Service Railway Company slipped in the little application that it did slip in was because under no other method of reasoning could it justify an application being made jointly by two independent companies. I think the Board must bear in mind that the Public Service Railway Company is one company and the Public Service Transportation Company is another company, separately owned, notwithstanding they are held by a common holding company, but the stock is separately issued. They are asking here for an adjustment of fare zones. It has been said by Mr. Young, I think it was, that there was no application for an increase in fare, but as the chairman very aptly pointed out to him, while it might not be in their view an application for an increase in fares, the result was

going to be that people who now ride for five cents were going to pay ten cents. That might be a very nice easy way of sliding over the fact that it is not an application for an increase in fares, but the result remains that the rider is going to pay ten cents where they formerly paid five cents. The only application on the part of Public Service Railway Company is found on the last page of the petition and it is this: The Public Service Railway Company herewith files effective January 1, 1927, the following rates: A five cent fare for a single ride within the City of Newark on the Bloomfield line; five cents to the Verona Montclair line, and five cents beyond. That is the only thing in the whole petition that I can see where the Public Service Railway Company asks for any adjustment of rates or any adjustment of zones. So that I think the proper thing to do, and I thus make the motion, is that there should be a severance between those two petitions. We municipalities of Hawthorne, Irvington, Kenilworth and Roselle Park are in no wise interested in that last application. It does not affect us in any way. We are interested in the bus situation. Now, whether the Public Service Railway Company is paying or not, we are not interested. It would seem from this application, however, reading the entire petition and the testimony of Mr. Young, that the entire future success of the Public Service Rail-

way Company depends on getting this five cent fare for a single ride within the City of Newark on the Bloomfield line and five cents to the Verona Montclair line and five cents beyond, because their petition and their testimony states that Public Service Railway Company is losing money. Now, if it is losing money, they certainly do not expect to make up that money on an application for a change in a small little strip, a small link in the whole line and that whole line consists of a small part of the general system. If they need additional fare or need to have their zones changed in order to make money, it simply means a reinvestigation of Public Service Railway Company, the entire matter of conducting their business, their expenses and so forth. In that our municipalities are not interested, and I therefore, renew my motion to have a severance.

The second thing I want to call to the Board's attention is the fact that the petition itself does not state sufficient facts on which this Board should entertain this hearing. It is the common-law rule—and while this Board is not governed by common-law principles entirely, that is, you do not have the strict rules and regulations regarding pleadings; I suppose you would adhere to a reasonable degree to them and it is the rule of the common law that in pleadings the facts must be set forth with certainty and particularity and sufficient clearness

and a sufficient amount of facts so that the pleader on the other side may know how to answer. All we have in this situation is this: We have some few facts set forth, allegations or conclusions, or inferences set forth in the petition, supported by a generality of statement in the testimony. I move that the petition, I ask that the petition be dismissed because it does not set forth sufficient facts upon which the Board would be justified in basing a conclusion that the transportation company is losing money in the operation of its buses; two, that the evidence does not show facts upon which the Board could base a conclusion that the transportation company is losing money in the operation of its buses; three, that if the general statements made in the evidence are *prima facie* sufficient to retain the cause before the Court, the petition should be dismissed because there is nothing to show that the transportation company is losing money in the operation of buses in the few municipalities who are respondents to this application. The only allegation in the petition in reference to losses are found on pages 2 and 8. On page 2 it is stated that as the result of this situation, that is, the increasing cost for material, wages and other operating expenses, large deficits were accumulated as shown by the company's report on file with the Board. This refers solely to losses alleged to have been sustained by the railway com-

pany. On page 8 it is stated that the railway company since the inauguration of the five cent fare has failed to pay its operating expenses and fixed charges by approximately $1,500,000 with no return on more than $40,000,000 invested in the property of the railway company by Public Service Corporation. These two extracts from the petition refer solely to the alleged losses on the part of the railway company. On page 8 of the petition is found a statement that the transportation company has failed to earn operating expenses and fixed charges since the adoption of the five cent fare on the trolley system by over $1,600,000. This is the only reference in the petition to any loss sustained by the transportation company. Turning to the evidence, the only testimony indicating losses is on pages 11, 23, 24 and 30. First as to the loss of the railway company, the testimony of Mr. Young on page 11, "After this country got into the war in 1917 and 1918, the increased costs of labor and material due to these war conditions, made it impossible to operate the railway company at a five cent rate of fare then in force." From time to time rates were increased but the new rates did not permit the railway company to meet the increased cost of operating and huge deficits were accumulated.

On page 23: "Since the inauguration of the five cent fare, the railway company has failed to pay operating ex-

penses and fixed charges by approximately one and a half million dollars, and with no return on the $40,000,000 investment."

On page 30, assuming that the change in fare zones resulted in increased revenue to the two companies, "It would be insufficient to support the five cent rate of fare without this added relief, that is, from taxes, pavements, snow removal and so forth, and it would not allow a fair rate of return upon the value of either the transportation company property or the railway company property."

On page 24, Mr. Young, "The transportation company during the period of the five cent fare has failed to earn sufficient to pay its operating expenses and fixed charges by over $1,600,000 with no return on investment of $15,000,000.

These statements I have made are paraphrases from the testimony; I have not copied them out in full.

I say to this Board, on that statement of facts contained in the petition, and that testimony, no jury, and your Board sits more or less as a jury in these cases, could tell whether the two companies or either of them were entitled to an increase, and if they were entitled to an increase, how much. There are no facts submitted to this Board in that testimony which we have to meet. They make general bald statements which we have absolutely no way of countering except by investigating their books which we have

not been allowed to do. The burden of proof as I take it is always on the petitioner and not the defendant or the respondent. It is not the rule that they can make certain broad, bald statements and we have to go in as best as we can and find out whether their statements are correct or not. They have got to state the facts upon which they base the allegation that they have failed to make a return which they say they have failed to make, and to show how they lost the $1,500,000 in one instance and the $1,600,000 in the other instance. And until they do that, I say this Board has nothing before it, nor have we anything which we are bound to answer.

On these grounds I respectfully move for the dismissal.

Mr. Shafer: I arrived a few moments late. I would like to have the appearance of Lyndhurst noted, Luther Shafer, and I desire to join with the other municipalities in the motions already made.

Commissioner Autenrieth: In the motions already made?

Mr. Shafer: Yes, sir.

Mr. Griffin: May it please your Honors, the City of Elizabeth is represented this morning and seems to have the unique distinction of being the only municipality of any great size involved in this controversy over bus rate increases. The cases of the Borough of Roselle Park and that of the Borough of Kenilworth and the City of Elizabeth are

practically one, so that I want to, this morning, on behalf of the City of Elizabeth, concur in the motions made by Mr. O'Connor for Roselle Park and Mr. Lindabury for Kenilworth.

Mr. Stewart: May I call the Board's attention to one thing which I omitted to do, and that is this: At the time the Public Service Transportation Company was formed, I presume it was formed because the Public Service Railway Company probably had no right under any of its charters to operate jitneys.

Commissioner Autenreith: To operate buses.

Mr. Stewart: In 1925, as the Board is well aware, there was that power granted to railway companies.

Commissioner Autenreith: Chapter 244 of the laws of 1925.

Mr. Stewart: I only want to call your attention to one thing in that law, and that is this, because it expresses the legislative intent: On page 676—I might say, it provides in there, as the Board is undoubtedly aware, that the company operating these two varieties of utilities shall keep absolute separate books and separate accounts and so forth. "No fare for transportation on any auto bus shall be increased because of any deficits from street railway operations, nor shall any street railway fare be increased because of any deficits on the operation of any auto bus or buses." We say that is just the situation that is here. The rail-

way company practically in its petition and its testimony says that the reason we want this increase is because the railway company is not getting the passenger service that it should get, and we propose by this zoning proposition to not induce but compel the people who now ride on buses, the favorite means of transportation, to take the trolley and thereby increase the revenues of the trolley. I ask the Board this: Suppose you do put this zoning into effect, suppose people do take the trolleys instead of buses; there is only a certain amount of carrying public, only a certain amount of passengers to be distributed; if the passengers leave the buses and go to the trolley, the bus end of it then will not make the money it is now making and if the bus company does not make the money that it is now making I suppose that is a ground for a further application. I take it that the legislative intent expressed by this statute of 1925 is quite controlling in this instance.

Mr. Evans: In order that the record might be clear, I think it would be well to state to the Court that the applications which have been made to dismiss are concurred in by all four municipalities here, that is Roselle Park, Kenilworth, Irvington and Hawthorne. Those are the four municipalities which specially concur in these motions that have been made.

Mr. Shafer: Also Lyndhurst.

Mr. Griffin: And the City of Elizabeth.

Mr. Davis: In behalf of the Town of Bloomfield, firstly, I would ask that the Town of Bloomfield be also listed in the municipalities who may receive some benefit from these motions offered by the various gentlemen. Secondly, if by any remote chance the Commission decides the motion contrary, I would like to explain the situation in Bloomfield and offer a separate motion in behalf of the town. I present this map, which is rather rough; it is a zoning map and it may enable you to follow me more clearly. The blue ink line running up Bloomfield Avenue from the Newark boundary line to Bloomfield Center represents both the trolley and the bus lines there, and at Bloomfield Center the bus line maintained by Public Service diverges in a more direct northerly direction along Broad Street and Bay Avenue to a point where you will see a pencil arrow, that is the present northern terminus of the Bloomfield-Newark bus line. The trolley line continues up Bloomfield Avenue into Verona, Montclair and Caldwell. The application of the two Public Service Companies at the present time as it affects Bloomfield would change the present five cent zone limit on the bus line, which is indicated by the blue ink cross surrounded by a pencil circle on Broad Street just above Bloomfield Center at Liberty Street. The present terminus of the five cent first fare zone on the trolley is at Watsessing Avenue in-

dicated by a blue ink cross. The application of the Public Service is to change both of these termini to the Newark city line. In December, 1925, the Public Service Company applied to the Town of Bloomfield for permission to extend their bus service in a northerly direction in Bay Avenue. You gentlemen can see, by looking at the map, that the northern part of Bloomfield from that point is almost if not quite equal in area to the southern part, and if it were not that the southern part were a bit wider it would be. In the past three or four years that northern section has developed rapidly; that was formerly largely farm lands; between six and eight hundred houses have been built there in the last two or three years. The application for the extended bus service carries with it an additional five cent fare from that point north. The Town Council of Bloomfield, the night before last at a meeting of the council passed a resolution which provided that they would consent to the extension of bus service on Broad Street, north of Bay Avenue to Bellview Avenue, which is indicated by a pencil circle there, for an additional five cent fare, provided Public Service will establish the Bloomfield termini of the bus and trolley, the first fare zone at Watsessing Avenue and not at the Newark city line as requested. Letters were sent to various officials of Public Service by special delivery yesterday morning,

by the town clerk of Bloomfield and I understand they were received. We are advised that the Public Service cannot agree to this. Whether their attitude is that they cannot agree to it because this application is now pending before this Honorable body or whether the word "cannot" means "will not," I am not aware. But the proposition to me and to the members of the Town Council of Bloomfield, who are well aware of the physical situation there and the financial situation, is one which we think should appeal both to the Public Service Company and the members of this Commission and I would ask your Honorable Body permission to file a petition along those lines to be considered in connection with the present application now pending by Public Service.

Mr. Halverson: May I be permitted to say a few words on the Bloomfield line, too. Mr. Halverson, president of the Watchung Civic Association, an organization situated in the northern part of Bloomfield. I have been requested to appear before your Honorable Body particularly pertaining to the petition for a change in fare zone on the buses. My organization is very much opposed to any change on the bus transportation from the present line up, for the simple reason, gentlemen, first, Bloomfield Center is a natural junction of bus lines; there are four different bus lines carrying passengers from various places into Bloomfield

Center and feeding the Public Service bus lines and to transfer or take away the lap over which they now have on the line would mean that all these passengers going into Bloomfield Center on their line would have to pay an additional ten cents fare, or two more fares to go down to Newark, therefore, it will readily be seen that the application is not an adjustment of fares but it would mean an increase or an extra fare for probably seventy-five per cent of the riders between Bloomfield and Newark on the bus line. We further contend that it is not just to take away the overlap on that particular line because every block of property or street that that line travels through is solidly built up. The people are taking the buses right along the line and it means that wherever a hard limit is set, the fare limit being at one point without a lapover, a lot of people will have to pay two fares for a comparatively very short ride. When taking into consideration the fact that before the Public Service Company bought the line the independent owners first had the fare limit at the city line, but voluntarily extended the limit with a lapover to Watsessing Avenue, and then voluntarily extended the limit to Liberty Street, above Bloomfield Center, the present limit, and that proposition was a well paying proposition at that time, and when again considering that at that time they were running thirty-one buses all day long on

the line and since Public Service have taken over the line they are now running twenty-five buses in the rush hours and fewer buses during other hours of the day, thereby compelling people to use the trolley cars instead of the buses, the result being that the buses are always crowded and during the rush hours there are often arguments between the drivers and the passengers, trying to get the passengers to step off the car so the drivers are able to close the doors; if the independents could run the system under that system profitably, we feel that Public Service Company ought to have the efficiency to run it under the same conditions and particularly as they are now running fewer buses with the result that the buses are more packed. We are, therefore, very much opposed to any change in bus transportation at this time.

Mr. Nichols: Your Honor, I would like to say a few words relative to the Bloomfield buses.

Commissioner Autenreith: Representing yourself as an individual?

Mr. Nichols: Representing the interest of the inhabitants of Watchung Heights, Yantacaw Avenue and that portion north of Bay Avenue. We have at present a petition under way relative to the fifteen cent fare to Newark from Bellview Avenue or West Passaic Avenue, which was filed in the application of the Public Service. The inhabitants today living out there are paying a ten

cent fare to Bloomfield Center and receiving no service other than hourly buses. Those same people are willing and have signed a petition in accordance with that fact, that they would be glad to pay fifteen cents to the Public Service if they get through service to Newark. Relative to any civic organization out there, we are not in a position to state, but if that body is in a solid vote that way, a good many of them have signed our petition thoroughly knowing what it means. We believe as Mr. Davis spoke of, making Watsessing Avenue the fare limit from Newark or to Newark, then from Bay Avenue north, an additional five cents would meet with the approval of all the inhabitants of Bay Avenue.

Commissioner Autenreith: Any other counsel involved on the other side of the case want to make any more motions, We will hear what the other side has to say. First, there is the motion to adjourn because they did not have opportunity to make a proper inspection of the books and records.

Mr. Wakelee: Perhaps then, Mr. Blake better respond to that. I had an idea perhaps the Board would want an answer to the motions to dismiss entirely, before you took up the adjournment motion.

Commissioner Autenreith: Take it either way you want.

Mr. Wakelee: I have very little to say if your Honor please. I am rather in a

daze, if the Commission please, by this great outpouring of essay or oratory which was heard this morning. The first impression it makes on me is that had counsel been as diligent in preparing their case as they have in preparing statements to read to the Board, it probably would not be necessary for them to make the motion for adjournment. The other impression it makes on me is that evidently there is something in our case and in our petition that the gentlemen do not like. Referring to the petition which is the first step in this matter, one counsel said we did not say enough in it and other counsel said we said too much in it. I am sorry we could not hit a happy mean to please them all. As far as the petition is concerned, which is the basis of most of the motions, there is no law or rule which requires any petition at all. Counsel were also rather mixed in their referring to this Honorable Board (I am not referring to the hay stack either) but some counsel addressed the Board as if it were a Court and others said it was not a Court, it was an administrative body. There did not seem to be agreement on that score. The law is very plain on all of these points. This Board is an administrative board with certain quasi judicial functions. It is a Board with very wide discretion. It is a Board charged with a very responsible duty, and that primary duty is that the public may be served adequately with proper

and safe service at reasonable cost. So, therefore, as far as the petition is concerned, I do not see as it requires any answer because we could have filed these rates, as we did without any petition at all. Whether we prepared this petition as a technical paper in this proceeding or as propaganda, as suggested by my friend the ex-speaker, is beside the mark, but if it will please him any for me to admit that it was in part prepared as a basis for propaganda, I am perfectly willing to admit that. The complete answer to all of the motions, and every motion made, is that they are premature. If they desire to consider the case is now closed and they are all through, then the argument might have been properly made. But we have filed a rate under the law. That is a legal step. We accompany it with a petition, which has been since sworn to as evidence. We have a certain burden of proof under the statute, to sustain that rate. Now, that the method of our proof or the quantum of our proof is not satisfactory is, perhaps, a proper matter to be discussed at the close of the case, but not now. If there is one thing that has been settled by the Supreme Court of the United States in connection with rate proceedings and similar proceedings before a Board, that is, that there cannot be any general rule laid down to govern such matters. The Supreme Court has said that time and time again, that

every case must stand on its own bottom, and every case must be considered in the light of the facts in that case. So when these gentlemen in the course of their motion ask this Board to lay down some general rule or dismiss this case because it does not conform to their idea of some other case or some general rule which should govern such proceedings, that is all beside the mark. My answer is legally, that all the motions are premature, that they are not any motions at all; they are simply arguments which if presented should be presented at the end of the case.

Now, when we adjourned at the last hearing it was understood by us, and I assume by our eminent opponents, that any information they wanted they could have. I charge them with laches in getting that information. But nevertheless I believe last Friday they did ask for some information and we gave it to them, I believe on Monday. I am not trying to be accurate in my dates, because Mr. Blake or Mr. Tuson can give you the exact dates. I am not arguing that phase of it. I am simply making the statement. But the assumption was at the close of the case that certain facts would be desired by them and ought to be perhaps entered in the case, and we have copies of the facts which they have asked for. If they do not want to offer them in evidence I am ready to offer them in evidence and then when they get ready,

if they want to consider the case closed, I think their arguments and their well-worded essays might be put before the Board.

Commissioner Autenreith: Do you object to the municipalities examining the books, and insist upon getting their information solely in the form of interrogatories?

Mr. Wakelee: We do not object to any proper method of their getting the facts. We do object as we always have objected, to allowing anybody to employ outside experts and go ramming through our offices when and where and as they want.

Commisisoner Autenreith: I think you might well object to that. But do you object to such experts as they might employ, who might make an examination of your books at a proper time to be designated and in a proper manner?

Mr. Wakelee: I do not know what facts they want or how they tried to get them. This is the first I knew there was any question about their obtaining facts.

Commisisoner Autenreith: One of the counsel raised the point.

Mr. Wakelee: It has been raised here this morning. But so far as any information in the office or any demand that they have made, I did not know there was any question to be raised about it. We have no facts to conceal. We have given them—look at this mass of testimony which they wanted and asked for last Friday, and it was given to them

on Monday. If they wanted it prior to Friday, why didn't they ask for it prior to Friday. I suppose they were so busy drawing these essays. We are ready to offer these in bulk, if they want it, or any other facts they may need. We cannot see what facts they might want that they need to ramble through these books. If they would tell us what they want we will put them in a position to get it. But my charge is, on that phase of the case, that they have been in laches in the matter. The case was put down for hearing today. They have already asked for a great mass of facts which we have given them, and in my judgment the case should proceed. If it comes to a point where some fact is not at hand it can very easily be furnished.

Commissioner Autenrieth: Of course an examination might disclose to them information which they would otherwise not know of in order to make a defense. I take it that is the purpose of making the examination. I think you are quite right; no one should simply ramble through your books just for the sake of making a disturbance.

Mr. Wakelee: Of course, your Honor would not suggest anybody should go on a general fishing excursion. They ought to tell us as they should have told us before, what facts they want and we are perfectly willing to consult with your Honorable Board and then as to the method of their getting them if they have

not them already. But to just turn them loose on a fishing excursion to pull down books and chase around, of course, that has never been done and never will be done.

Mr. Stewart: How can we do aythng else but go in on a general fishing excursion when all the petition and the evidence shows are three facts, $40,000,000 invested by Public Service, they have lost $1,500,000 in three years, $15,000,000 invested in the Transportation Company and they lost $1,600,000 in three years? That is all the facts they give us. If we haven't got to go on a fishing excursion to combat that, I don't know how else to do it.

Commissioner Autenrieth: Either to combat or verify it.

Mr. Stewart: One or the other, yes, sir. We have got to get further facts to find out whether it is true or not.

Mr. Wakelee: The gentleman did not state the whole facts. The petition states we not only lost these cash statements but the stock has had no return on it, whatever.

Mr. Stewart: I will even add that, because that only makes a bad matter worse.

Mr. Wakelee: If anybody questions those figures, of course, they can look at them. There is no question about that, as far as the railway figures, they are all here anyhow. I do not assume anybody seriously suggests those figures and facts are not correct.

Commissioner Autenrieth: Anybody else on your side of the question.

Mr. Wakelee: I think Mr. Blake, if he has the facts might tell the Board what facts we have already given them. He might also state when they asked for them.

Mr. Blake: This adjournment was had on the 19th of January, and as I suggested at that time they would be in on the 16th asking for further delay. From the 19th of January we heard nothing from these gentlemen until the 4th of February and then Mr. Bauer called at the office, or someone representing him and they wanted to go through the books.

Commissioner Autenrieth: Mr. Who?

Mr. Blake: Mr. Bauer.

Commissioner Autenrieth: Who is he?

Mr. Blake: He represents the municipalities. Engineer in charge of the investigation, is he?

Mr. Stewart: Yes.

Mr. Blake: The general auditor of that company asked him what facts he wanted and said if he would tell him what statements he wanted we would prepare them, and it is manifest we can prepare them much more quickly than they, because we are familiar with the books. After the statements were prepared we told them they might go in and check them with the actual figures in the books if they so desired, in the interest of saving time and shortest space of time. That was on the giving them just what they wanted in the 4th of February. Mr. Bauer said we

would hear from him on the following Monday which was about the 7th of February. We did not hear from him on the 7th and on the 8th or 9th, Mr. Tuson called up to see what information he wanted. On February 11th, he submitted to us a list, asking for about everything that one could think of in relation to figures, and said if it is practicable I should like to get them by Monday noon for use in the conference with counsel in the afternoon. Apparently up to that time counsel had not asked for the figures or did not want them. Pursuant to that we got all the data requested in here and gave it to him in time for his conference with counsel. I cannot see from those facts where there has been any delay in counsel's getting information before them in order to present their case except the delay that occurred by not starting early enough to get it.

Mr. Evans: It shows from the record these deficits have been incurred in three years, so presumably for a period of three years they have been working on just such an application. Everyone of us are busy lawyers, and none of us have a lot of time on our hands. They on the other hand have a score of counsel who are paid to do nothing else—

Mr. Blake: With nothing to do?

Mr. Evans: —but on the company's business, and they can direct their activities to one chosen line, whereas we have been meeting until 12:00 o'clock at night

to try to get these facts out and try to prepare our case. Then, to be forced on by the company in this manner, it is absolutely improper. We must have adequate time to prepare our facts, the facts which have been accumulating for a period of three years. Presumably they have been working on this proposition for a period of three years, to bring themselves in a position to present their case.

Commissioner Autenrieth: How much time, Mr. Evans, do you think you will need to be prepared?

Mr. Evans: How much time will your Honors require to pass upon the motions?

Commissioner Autenrieth: I do not think we will pass on the motions at the moment, either as to the extent of the adjournment or the various questions raised. The Board will probably reserve that and announce within a day or so just when the case will proceed. I want to get from you some idea of what you thought about the time when you would be prepared. I understand nobody is prepared this morning to produce any evidence

Mr. Evans: We had been depending upon this evidence of Mr. Young, at least the financial condition of the company, therefore our entire case practically is predicated upon such information as they would give us if we had to proceed.

Commissioner Autenrieth: You are not prepared this morning with any evidence?

Mr. Evans: Absolutely not.

Commissioner Autenrieth: So in any

event nothing will be done this morning except for the Board to consider the motions and fix a new date.

Mr. Evans: Before you fix a new date we would like to have your Honors pass on the motions. We do not want to proceed to the trial of a huge case and then in the end find we are in the same situation, if the Court decides to refuse the application.

Commissioner Autenrieth: That we will take into consideration and dispose of today or tomorrow.

Mr. Evans: It means saving a great expense if the Court at the outset decides the Public Service case is not sufficient at this time.

Commissioner Autenrieth: If the Board should determine those motions should not prevail at the moment or should not prevail in any event, I would like to get some idea of the adjourned date, when you would be ready.

Mr. Evans: May I confer with my associates for a moment?

Commissioner Autenrieth: Yes.

Mr. Davis: I just want to ask whether it would be necessary to reserve decision on the Bloomfield matter or whether we would be able to file a petition.

Commissioner Autenrieth: I do not think you need a petition. I think what you suggest here may be disposed of along with the rest of the matter, unless the whole case is thrown out. You do not need a petition.

Mr. Evans: If your Honor please, it seems to be the unanimous opinion of counsel that if we are to proceed in the matter our experts will require and we will require for the preparation of our examination, based upon the reports of our experts, not less than three months, before we can properly proceed, because it means practically going into the whole structure of the capitalization of the Public Service Railway Company. We have to arrive at a basis, because they are using that as a comparative table upon which they are making this application. We not only have to go into that question but also have to go into the question as to the propriety of the investment made with respect to the bus situation. Those questions not only involve our experts' time but they also involve our work upon their investigation. We further feel that the reports of the company ought to be a matter of record with this tribunal.

Commissioner Autenrieth: Which company are you talking about now, the transportation?

Mr. Evans: Both of those companies.

Commissioner Autenrieth: The railway is a matter of record, but so far as the bus transportation is concerned, due to the innumerable small operators, one man running a bus, it would be impractical to provide a uniform system of accounts comprehensive enough for a big company, but entirely out of line for some small individual.

Mr. Evans: I can see that.

Commissioner Autenrieth: The Board has had under way for some time the preparation of a uniform system of accounts that would fit all the operators, the small one with one or two buses and the larger one, but have not yet been able to get it in shape to adopt it. The company indicates they will furnish the information. But so far as the Board is concerned all the company's information of the transportation system has been available for the Board at any time we require it, but we simply have not got it here as a matter of record as yet because as I say the uniform system of accounts has not been adopted.

Mr. Stewart: The difficulty, without that report on file and without the financial situation of the company and its operation, as the railway company files it, where the experts can go and look at it and we can look at it, means we are shooting in the dark.

Commissioner Autenrieth: The railway reports are all available.

Mr. Stewart: I understand all except 1926.

Commissioner Autenrieth: The only reports he wants are the transportation, and that I understand they will make available for you.

Mr. Blake: Yes, we have given them all they asked for now and we will give them anything else they ask for.

Mr. Stewart: It is not a question of our

asking them for it. We have to go in and look at their books the same as we come here and look at the Public Service Railway's reports, so our experts can analyze that.

Mr. Blake: They will have the same thing.

Commissioner Autenrieth: The reports filed with the Board are not duplicate copies of the books of the company.

Mr. Stewart: I understand that.

Commissioner Autenrieth: They provide information the Board asks to be provided with in the uniform system of accounts.

Mr. Stewart: From that the experts can make their reasoning.

Commissioner Autenrieth: They might find in those an item they want to analyze in detail and they can go to the books and examine that.

Mr. Blake: That is what we offered them. They can have the same thing in respect to the transportation company that they have on file with respect to the railway company. It is all here.

Commissioner Autenrieth: Is there any information in addition to that which you have been provided with, that you want?

Mr. Evans: Surely. We were given the information sought at the first instance, on Monday. At that time there was another list of information sought which we have not as yet received.

Commissioner Gnichtel: You have served it on them?

Mr. Evans: Yes, we sought that.

Mr. Blake: We gave them all they required for Monday, all you asked for.

Mr. Evans: It has not all come in that we have sought.

Commissioner Gnichtel: I do not understand that. You have seen the information you got on Monday?

Mr. Evans: Yes.

Commissioner Gnichtel: Now then, you say you gave further request to them for information which you have not received, or have received?

Mr. Evans: Yes, have not received.

Commissioner Autenrieth: Mr. Blake, do you want to say something.

Mr. Blake: Yes, sir, in respect to three months' adjournment. Counsel said that is necessary because they must inquire into the capital structure of Public Service Railway and Public Service Transportation Company. What we are asking for in this application is permission to earn not a fair return on the property, which everybody knows we are entitled to; we are asking to make up these operating deficits concerning which the capitalization has no bearing. If they desire the capitalization of the company we can give it to them, the transportation company, and of the railway company they need not go back and make an exhaustive study. That was made by the Board, that is all collated now in volumes and you can find it in the Board's reports, in the Court's reports, the Special Master's reports. Everyone

that knows anything of the situation knows the railway company is not earning the amount that the Board said, fixing their low valuation, they were entitled to earn. It won't take three months to do that.

Commissioner Autenrieth: The Federal Court in that case practically settled that situation.

Mr. Blake: Yes. We can give them the Master's report.

Commissioner Autenrieth: Except for current data.

Mr. Blake: Bring it up to date. As to the transportation company we are not earning anything on the capital invested. We are suffering a loss through the operating expenses and we are asking that be made up. We are not asking that we get a full return on the value of the property devoted to the public use by that company, because that would be asking for a higher rate. We are asking only for an adjustment of the zones.

Mr. O'Connor: I do not understand there is any operating deficits that Mr. Blake speaks of.

Mr. Blake: It is a loss before fixed charges or interest.

Mr. O'Connor: It is not an operating deficit.

Mr. Blake: Before fixed charges.

Mr. O'Connor: It is after fixed charges.

Mr. Blake: No. Read the transportation testimony.

Mr. O'Connor: That is my understanding of it.

Commissioner Autenrieth: It does not make any difference what it is, whether one or the other; at the moment I mean.

Mr. O'Connor: Is there not a surplus now in the street railway account after fixed charges, for 1926?

Mr. Blake: Yes. That includes the ferry dividends also the operation of the terminal.

Mr. O'Connor: What are the fixed charges then?

Mr. Blake: You mean the railway or the transportation company?

Mr. O'Connor: The trolley company.

Mr. Blake: Upwards of $5,000,000, over $5,000,000.

Commissioner Autenrieth: Gentlemen, the Board will take under advisement the various motions as well as the motion to adjourn and the fixing of such date as the Board thinks the parties should be prepared to proceed.

Mr. Blake: I offer at this time the data that we have already given the municipalities.

Mr. Wakelee: We feel, because there are so many counsel we better file with the Board this information, so the Board may know what we are giving them.

Commissioner Autenrieth: I suggest, instead of offering it as a matter of evidence at the moment, you file it with the Board so anyone who does not have a copy may have it available, if they want to refer to it.

Mr. Evans: I would like to have it, as

a matter of record we simply asked for the information. If they are in the record they are required to file in the Board's office, well and good.

Commissioner Autenrieth: The suggestion is not to make it a matter of evidence but file it here for anybody's use?

Mr. Wakelee: We will not agree to that at all. We file it now and when the case goes on if they do not offer it we will.

Commissioner Autenrieth: That is a different proposition.

Mr. Wakelee: We are going to see that these facts furnished them are going to come before this Board. The offer now is made so the Board may have knowledge of this information in connection with the motions that are made. We want the Board to know this information is here, whether it is offered now or at a latter time we do not care.

Commissioner Autenrieth: We will deal with it when it is offered formally as evidence. At the moment it may be filed so anybody can have recourse to it.

Mr. Wakelee: May it not be marked for identification so we will know it has been filed?

Commissioner Autenrieth: You can mark it for identification.

Mr. Stewart: Their case is closed, if your Honors please.

Commissioner Autenrieth: It is not to be offered in evidence. It is simply offered and made available for inspection by others.

Mr. Wakelee: We want the fact that this information has been furnished them before the Board in deciding the motions you have to decide. That is our purpose.

Commissioner Autenrieth: That makes it evidential.

Mr. O'Connor: Suppose we file then a memorandum of all the data we have requested.

Mr. Blake: I wish you would. I would be glad to have it.

Mr. Evans: Upon the point of the examination of the books, to what extent are we to be permitted to make the examination?

Commissioner Autenrieth: We will dispose of all those matters in announcing the further procedure.

Commissioner Gnichtel: Have you examined what is presented here?

Mr. Evans: Whether those are what we asked for or not, we have not checked up. I will have to take Mr. Blake's word for that, which I gladly do. He has furnished us very considerable information concerning other details we wanted.

Mr. O'Connor: May I furnish this memorandum of the information requested.

(Statement, P. S. Trans. Co., year 1926, Bloomfield, Clinton Avenue, Clinton Place, Hawthorne, Kenilworth, Lyons Avenue Madison Avenue, Hawthorne, Newark-Rutherford, Passaic-North Newark, Roselle Park, Springfield Avenue, revenue passengers, etc., marked P13 for identification.)

(Statement, P. S. Trans. Co., Jan. 1 to Dec. 31, 1926, Springfield, Clinton Avenue, Clinton Place and Lyons Avenue line, passenger revenue, etc., marked P14 for identification.)

(P. S. Rly. Jan. 1 to Dec. 31, 1926, Broad and Springfield Line, passenger revenue, etc., marked P15 for identification.)

(Statement, P. S. Rly., year 1926, passengers carried and car miles, year 1926, marked P16 for identification.)

(Statement, P. S. Rly., year 1926, net loss on railway operation marked P17 for identification.)

(Statement, P. S. Rly., 12 months ending Dec. 31, 1926, comparative income statement, marked P18 for identification.)

(Statement, P. S. Rly., 12 months ending Dec. 31, 1926, a comparative statement of operating revenue deductions marked P19 for identification.)

(Statement, P. S. Rly., 12 months ending December 31, 1926, comparative statement of operating revenue deductions marked P20 for identification.)

(Balance sheet, December 31, 1926, P. S. Trans. Co., marked P21 for identification.)

(Income statement, 12 months ending December 31, 1926, P. S. Trans. Co., marked P22 for identification.)

(Statement of operating revenue deductions 12 months ending December 31, 1926, P. S. Trans. Co., marked P23 for identification.)

(Balance sheet, December 31, 1926, P. S. Rly. Co., marked P24 for identification.)

Commissioner Autenrieth: Gentlemen, we will adjourn without date as to this matter. We will make an announcement in a day or so as to the further date as well as the motions that were made.

(Adjourned without date.)

BOARD OF PUBLIC UTILITY COMMISSIONERS,

NEWARK, N. J., MONDAY, MARCH 21ST, 1927.

PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY—Application for adjustment of fare zones and other relief.

Before the following Commissioners:

Jos. F. Autenrieth, Esq., President.
F. W. Gnichtel, Esq.
Charles Browne, Esq.
H. C. Eddy, Esq., Chief Traffic Inspector.

For petitioners appear: E. W. Wakelee, Esq., and George H. Blake, Esq.

For Town of Irvington appears: Charles H. Stewart, Esq.

For Borough of Hawthorne appears: W. W. Evans, Esq.

For Roselle Park appears: Martin P. O'Connor, Esq.

For Kenilworth appears: J. S. Lindabury, Esq.

For City of Clifton appears: William B. Gourley, Esq.

For Town of Bloomfield appears: Raymond F. Davis, Esq.

For City of Elizabeth appears: John J. Griffin, Esq.

For Lyndhurst appears: Luther Shafer, Esq.

Commissioner Autenrieth: You may proceed, gentlemen.

Mr. Lindabury: We are ready to proceed with the cross-examination of Mr. Young.

Commissioner Autenrieth: Mr. Young?

Mr. Lindabury: Yes.

Commissioner Autenrieth: Is he here?

Mr. Wakelee: If your Honor please, Mr. Young stopped at the Fidelity Trust Company, at a directors' meeting. We didn't know they wanted him the first one. All the rest are here.

Mr. Evans: We predicated our entire examination on Mr. Young.

Commissioner Autenrieth: You are not able to proceed with anything in the meantime?

Mr. Evans: No; not in a correct manner. We outlined our whole examination and based on that.

Commissioner Autenrieth: How soon can he be here?

Mr. Wakelee: We will get him.

Mr. Gourley: I desire to have my appearance entered as representing the City of Clifton. I didn't know until a day or so ago what this contemplated, whether it affected us, and I find it does, and I find it does in a serious way. We wouldn't be able to put in evidence today. I understand there is to be an adjournment of this case.

Commissioner Autenrieth: I don't know.

Mr. Gourley: Or another day was fixed for a continuance, on Friday.

Commissioner Autenrieth: Adjourned to a day to give the respondent an opportunity to put in their side of the case.

Mr. Gourley: Yes.

Commissioner Autenrieth: Of course, if we don't finish today it will have to be carried over until it is finished.

Mr. Gourley: I would like to be heard on it. We had no special notice that it affected us until now.

Mr. Wakelee: Mr. Young is on his way now.

(Short recess.)

(After recess.)

PERCY S. YOUNG resumes the stand on behalf of petitioners.

Cross-examination by Mr. Lindabury:

Q. Mr. Young, what do you mean by co-ordi-

nation? A. Of course, it is a comprehensive study. It means—I don't know that I can, in a few words, express its full meaning.

Commissioner Autenrieth: Take a lot of words, then, if necessary.

The Witness: It is an operation of two or more facilities in such a way as to bring about the greatest economy and the best service.

Q. If I were to ask you in a general way to define co-ordination, would you say equalization? A. It is more than that. That, perhaps, might be part of the description of the term, but only a very small part.

Q. How would you relate them? A. I might say, further, that this is the economic use of facilities.

Q. The what? A. The economic use of facilities so as to obtain the best service at the greatest economy. And perhaps more than that. To prevent waste of investment in facilities or to bring about a better service to the public and a cheaper operating condition.

Q. Would you say that in this case, the present case, that one of the elements of co-ordination might possibly be the equalization of the fare zones of both the buses and the trolleys? A. I would say this: It is not so much an equalization as it is the rendering, possibly by the formation of similar zones, the transportation of the public without waste of facilities. It is not in any way—I don't know what you mean by "equalization."

Q. I mean this: Under this proposed system of co-ordination on the affected lines, a passen-

ger will be forced or be compelled to pay a similar fare on a bus or a trolley over a similar distance, is that true? A. I would say it goes beyond any particular individual passenger. It is the good of the whole public that is what we are driving at.

Q. Is that part of the system? A. One of the results would be that.

Q. Would you say that this is the major thing that is accomplished? A. Not by any means.

Q. What is the major result you will accomplish? A. The major result is to effect a co-ordination of service, which I have endeavored to describe.

Q. If your increase of fare rates isn't the chief thing, what in your opinion is the one, chief thing achieved by this proposed co-ordinated scheme, the chief reason? A. The chief reason is an economic one.

Q. What is it? A. That is to develop the growing use of facilities, as I say, at the lowest cost in service for the public.

Q. Nevertheless, this system will result in a passenger on an affected line paying a similar rate over the affected distance? A. Naturally; which is very desirable, as you know, perhaps, the greatest bodies in the country that cover such matters, in the field of regulation, is the Interstate Commerce Commission and they, one of their chief guides, one of the things they perhaps pay as much attention to as anything else, is the co-ordination of service and—

Q. Do you know whether the Interstate Commerce Commission has ever regulated a proposi-

tion similar to this? A. I know they prevent many inequalities of service and prevent—

Q. Have they ever regulated? A. (Continuing.) And preventing one instrument from reducing rates, even for the benefit of a small portion of the people.

Q. As between buses and street railways? A. No. They have not yet any control of buses and street railways. I was speaking more particularly to the matter of transportation; I was speaking to the principle rather than the particular means.

Q. This proposed system of co-ordination will also tend to the equalization of both modes of service by the public, isn't that true? A. I don't think this method is quite that, as far as the term co-ordination and equalization. You might make a detrimental equalization as a beneficial equalization. That term might be true as far as you mean an economical equalization of facilities.

Q. Take an ordinary line, any isolated case affected here. It is only natural for an ordinary human individual to wait for a bus and pay five cents rather than wait and take a trolley and pay ten cents? That is only a natural tendency. A. True.

Q. If your rates are increased so they correspond equally, naturally you are compelling the public to use both lines of service? A. No. They can still take their choice of service, but the cost will be the same in each case.

Q. The cost will be the same? A. To the passenger.

Q. Will it make any difference to you, if you were standing waiting for a bus or for a trolley car, if you had to pay a similar rate of fare, over the same distance, which you took? A. My personal preference might not be the same as another person's personal preference.

Q. What would you say of the average person, in your opinion? A. We have had more dispute on that point in our office than perhaps I could repeat in a whole day, in reply to that question.

Q. You wouldn't care to pass on that question? A. I don't know. The human psychology is a very queer thing; it is apt to be a very queer thing. A person who is used to taking a bus would perhaps wait for a bus and a person who is used to waiting for a trolley would perhaps wait for a trolley.

Commissioner Autenrieth: In Jersey City the rider on a bus pays more.

The Witness: I can't answer as to every citizen.

Mr. Lindabury: That may be true there.

Q. There is no doubt that this present system makes bus riders ride on the trolley, especially during the rush hours. A. I think it will result in much greater satisfaction to the general public and perhaps, whichever is the most satisfactory service at the moment, will be—

Q. How will it result in more satisfactory service to the public? A. I am speaking of the public all the time; I have that in mind.

Q. In what way? A. For instance, there won't be a crowded bus, for instance, and an empty

trolley car; or a crowded trolley car and an empty bus. It will undoubtedly provide better service.

Q. Why? What compels that? A. The comfort, the person's idea of comfort; the person's idea of speed, perhaps.

Q. You are not sure that it is the increased rate? A. I think the rate has an effect.

Q. It has a great deal to do with it? A. Oh, yes.

Q. There is no doubt about that. A. Oh, yes.

Q. In equalization (if I may continue to use that term, even though it don't quite please you), in equalizing both modes of service, have you given any thought or has your company given any thought to the relative cost of the operation of both modes of operation? A. Certainly.

Q. Which costs the most to operate over a mile, we will say? A. That is one of those questions that unless you place all the conditions, present all the conditions surrounding the answer you could not get the right information, you would not get the proper information from the answer. It all depends on the density of traffic. That is the major factor which would make the dividing line.

Q. Traffic means a whole lot in this proposition? A. I beg pardon?

Q. Traffic means a great deal? A. That is the basic element in the industry.

Q. Let us take the condition out here on Westfield Avenue, Bayway-Roselle line; do you know that personally? A. Fairly familiar with it.

Q. Let us take a bus ride along a mile on Westfield Avenue, with its right of way, you

know, through the center of the street—I mean, the trolleys through the center and the bus on the street. Westfield Avenue isn't what you might call a dense traffic street. Just any mile on Westfield Avenue you want; which would cost the most under those conditions to operate over that mile, a bus or a trolley? A. I will endeavor to answer that question. I am not evading it in any way; I want to get the facts before you. This matter has to be taken into consideration, the matter of base service. One can run an individual bus, without having any concern as to the other unit in the service, perhaps; if you just take that one bus. But the satisfaction of the rider goes beyond the operation of that one bus. He wants service every hour of the day and he wants enough service so that his wants as far as transportation are concerned, are satisfied.

I really can't answer that particular question without a very careful analysis and without all the conditions and all the factors that go into the cost.

Q. There are certain obligations which are a sort of a burden on the trolley company at present, isn't that true? A. Yes.

Q. According to the report of my legislator? A. Yes.

Q. That naturally increased the cost of operation? A. Yes.

Q. I don't want to go into it. The buses are not affected by that in any way, are they? A. Yes; they have some costs.

Q. Are they affected by the paving obligation?

A. Not the paving obligation, but they are affected by taxation.

Q. That is a mighty big item in trolley operation maintenance? A. Yes. We have stated it is between three and $500,000 a year.

Q. Is there any doubt in your mind that it costs more to operate a trolley over a mile than it does a bus? A. Yes.

Q. Is there any doubt in your mind? A. None whatever.

Q. Yet you haven't any idea just about how much over a mile on Westfield Avenue? A. That is a general question that can't be answered.

Mr. Blake: A bus mile or a passenger mile?

The Witness: A bus mile.

Q. A bus or trolley mile. A. A bus or trolley mile?

Q. Yes. A. The answer is this: That people can be carried where the density is beyond a certain point, people can be carried cheaper on the trolley than the bus. Where the density is less people can be carried for less on the bus than on the trolley. That, in a nutshell is the answer.

Q. Just what point do you have in mind, as to the difference in density? A. I would say this, that a 15 minute headway (this is just a rough approximation now), where the business is not sufficient to warrant a 15 minute headway 15 or less the bus, perhaps, is the most economical method of transportation. That is just general. There may be other conditions, but by and large,

to give you in a word the picture as it appeals to me.

Q. Have you ever made any study of a similar situation on a five minute headway? A. A five minute headway?

Q. Instead of a fifteen minute headway? A. Yes. The trolleys; there is no doubt about it, the trolley is cheaper.

Q. Have you any of those figures with you or in your mind you might give us a concrete example of it? A. It is very easily figured out. Your trolley, by and large, will carry twice the people the bus will and it won't cost twice as much to run it.

Q. Are you sure a trolley will carry twice as many people as a bus? A. I would say yes. I am using round figures now.

Q. It doesn't do it on a five minute headway in an average case? A. Perhaps it would not through every hour; we take an eighteen hour day as a normal day. Perhaps every hour of the day that business might not attain. It all depends on the amount of service. If the five minute service is too much or too little it would change the situation.

Q. The capacity would be the same? A. The capacity would be the same.

Q. What type of trolley car do you refer to? A. I am speaking of the cars we operate now.

Q. One or two man? A. All our cars are one man.

Q. A big or a little car? A. All our cars are one man and we have no small cars.

Q. What type cars; a single truck or a double truck? A. A double truck.

Q. You are talking about double trucks? A. Yes, altogether. We are running no single truck cars, I believe, are we?

Q. Yes. A. To any extent.

Mr. Blake: Some of the Birney cars.

Q. What is the seating capacity of the double truck cars, do you know? A. I think perhaps you can get it accurately. I would say between forty and fifty. To get accurate information you better get our transportation man on that. We have several types of cars.

Q. What is the estimation you might give on a single truck? A. I would say in round figures, twenty-five, perhaps. I don't know whether that is right or not.

Q. The seating capacity of those buses would exceed that, isn't that true? A. You said single truck cars.

Q. Yes. A. Not buses?

Q. Yes. We have certain single truck cars. Now, I am asking you if the seating capacity in your buses would exceed the seating capacity in one of the single truck cars? A. No; I wouldn't say so; probably less.

Mr. Blake: If you are interested in the figures of the seating capacity, that of the single truck car is 33.

The Witness: I am a little bit rusty on these details.

Mr. Lindabury: What is it on the buses?

Mr. Warner: Thirty-one.

The Witness: There isn't so much difference.

Q. So they are practically equal. In the proposition I gave you on Westfield Avenue, where you have single truck cars operating— A. There isn't much difference.

Q. Have you ever taken and analyzed these figures between a single truck car and a bus on any line, under a five or ten minute headway, for twenty-four hours? A. Analyzed what?

Q. For twenty-four hours, the difference? A. The number of passengers carried?

Q. No; the difference of cost I am interested in; the cost per car mile or the cost per passenger? A. Why, we are making them all the time. I would say yes to that.

Q. Have you made one you have in mind? A. Not at the moment, no. I would want that data before me before I could reply to any specific question.

Q. Would you say today on any line where trolleys and buses are operated that it is cheaper to operate a trolley through a period of twenty-four hours than a bus, on a five or ten minute headway? A. Not on every line.

Q. On any headway? A. Not on every line.

Q. On any line you might give us. A. I think quite a number. We, as a matter of fact, have abandoned a number of outlying trolley lines where there were single track turnouts; we have abandoned the use of them.

Q. Why? A. (Continuing.) And put in buses.

Q. Why? A. Because it was more economical and gave better service to the public.

Q. So, after all, the bus is the most economical to operate? A. Under certain conditions.

I say the trolley is more economical on other conditions.

Q. Can you say on any line affected by this petition filed in this case that the buses are more expensive to operate than the trolleys? A. What you mean there, I gather, is that the relation between the gross and the net makes it more advantageous to operate buses than trolleys; isn't it? Because a bus can be operated under certain conditions at less.

Q. Will any of those conditions enter into the lines affected by this petition? A. Let me answer in my own way and let me see if I can give you the information you are after. I believe that certain of the lines that these rates suggested, or the zones suggested by the petition would affect, in certain of those lines the net result would show that the trolley furnishes the service cheaper than the buses, and in perhaps some other cases—

Q. Which one? A. (Continuing.) —the buses might show slightly better results.

Q. Over a twenty-four hour period? A. Yes; eighteen hours. We treat our day as an eighteen-hour day.

I think as to a number of these questions you, perhaps, might get better technical information and more completely from some of the transportation experts than you might from me because I am not studying each particular operation.

Q. I am trying to get the idea of co-ordination through my mind. A. I beg pardon?

Q. I am trying to get the idea of co-ordination through my mind; it is not clear in my mind. Will you give me any particular instances on any affected line, over an eighteen-hour or a twenty-four hour period where the cost of the operation of the trolley is less expensive than the buses? A. You know, I don't want to give the information—

Q. Will you answer that question; any instance out of the whole petition filed and every route affected? A. I would much prefer to get that information from our technical men, who have that matter at their finger ends.

Q. As far as you know from your personal knowledge. You don't know? A. I beg pardon.

Q. You don't know that? A. Of any instances?

Q. As far as you know from your personal knowledge? You don't know, do you? You really don't know? A. Yes. I think perhaps I have a very good idea.

Q. What? A. I have a very good idea, generally speaking.

Q. Will you answer the question? A. What was the question?

(Question read as follows):

"Q. Will you give me any particular instances on any affected line, over an eighteen-hour or a twenty-four hour period where the cost of the operation of the trolley is less expensive than the buses?" A. I will say this, that on such of these lines as have high traffic density the trolleys can furnish service much

more economically, eighteen-hour service much more economically than the buses. Now, when you have both, you have another condition. I am speaking now solely of trolleys against solely buses.

Q. You still haven't answered my question. I ask you for any particular instances on the lines affected in this petition? A. I have no doubt I could pick out of these lines and say offhand this particular trolley line should be operated entirely.

Q. Will you pick it out for me? A. I have no doubt that the Springfield line should be operated, could be operated very much more cheaply solely by trolleys than the buses. Solely, now; I am using the word "solely."

Q. Would you say that that same condition might prevail on the Roselle-Bayway line? A. I don't live in Elizabeth. I am not so familiar with traffic conditions there. I couldn't answer that offhand. We would be very glad to give you that information from some other witness, I am sure.

Q. Do you know, personally, from your own knowledge, whether the buses or the trolleys have been out down on that line? A. What?

Q. On the Westfield Avenue line? A. No, I don't.

Q. On the Springfield line you mentioned; is there any possibility, under present conditions, of taking out the buses and just operating the trolleys? A. Any possibility? Anything could be done under improved service.

Q. Is it within the reasonable probability? A. That is beyond me.

Q. On the Springfield line, under the previous division, where is the greater economy, as things exist now; to operate a trolley or operate a bus up Springfield Avenue; which costs more? A. There is a condition existing there on that line that is thoroughly wrong. The public is suffering from a duplication of service and the companies are suffering from a duplication of service. That thing shouldn't exist and it is existing largely because of this lack of co-ordination; lack of adjustment of zone distances.

Q. Under this proposed schedule— A. (Continuing.) —that is what we are trying to remedy.

Q. How would you remedy that now? A. Then we can measure the service with the traffic which, of course, is always necessary.

Q. You would still have double service? A. Yes; have co-ordinated service.

Q. This re-routing? A. No; I don't mean that. Re-routing might still further add to the economies and to the service to the public. But I was speaking then of real co-ordination and the proper adjustment of proper headways and so forth.

Q. The main thing on this particular line is the proper revenue and not the increased revenue; isn't that it? A. No. It is the providing of service at certain times that is not required; perhaps not enough service at other times.

Q. You just testified the trouble up there is the duplication of service. A. That is one of the troubles.

Q. Is that the main trouble? A. Perhaps.

Q. How do you contemplate getting rid of it? Just tell me what the plan of the company is, under the proposed schedule of co-ordination, to eliminate it? A. The plan is to adjust the zones first so that can be eliminated. If we can adjust the service to the traffic that eliminates it at once.

Q. That is the main thing. We have sort of diverged a little bit; but in a general way, would you say, that, for instance in the proposition I gave you on Westfield Avenue, the cost of bus operation per mile is less than the trolley? A. No. I think that is not true. The main cost of operating the bus, I do not think, is less than the single truck trolley.

Q. Despite all the obligations which the trolley company has on it? A. For this reason: The investment is there; the investment in traffic is there. It is already there. Perhaps if there was no trolley there it might be a different proposition. The trolley is there; the power service is there; the trolley wire is there; the facilities, the cars are there.

Q. All of which has to be renewed? A. I will say, offhand, I may not be correct because I am not sufficiently familiar, but there is a condition there that would not be present if no trolley line were there.

Q. In figuring on those costs, don't you figure anything on the cost of maintenance, trolleys, wires, renewing tracks? A. Yes. That is not nearly so great. The maintenance of a bus is a very expensive thing. The cost of

the maintenance of a bus per mile is much greater than the maintenance of a trolley.

Q. What is that? A. The cost of maintenance of a bus per mile is much greater than the maintenance of a trolley car; very much greater.

Q. You just mean the car itself? A. Yes.

Q. Not the equipment? A. I would say where the density of traffic is large, the cost of maintenance is very much greater than the maintenance of the car equipment and tracks and everything else, per car mile. As I say, it comes right back to the density of traffic.

Q. Do you know of your own knowledge any particular condition or any particular place where this thing has been compared in a scientific way, any particular place? A. We are comparing it all the time.

Q. Have you or any of your associates any particular instances at present where you could give it? A. It is very simple to us. We don't pay any attention to it any more. We just say it is a matter of traffic density.

Q. Traffic density? A. Yes. You see, it is very clear; you have a large investment in tracks. If you can only run enough cars over those tracks you reduce the cost of the operation of those tracks per car mile very, very much. It all depends on how greatly you can reduce the burden on every car running over that track.

If there are twenty cars running over a piece of track, we will say, in an hour the cost of maintaining that track per car mile for those twenty cars is just half what it would be if

there were only ten cars running over an hour.

Q. It all depends on the traffic conditions, isn't that true? A. That is right.

Q. How does your proposed plan of co-ordination attempt to remedy traffic conditions? A. It has this effect, as I say, it equalizes (using your term) the headway. It would cut down the waste of facilities in either the buses or the cars.

Q. Is that the major thing? A. Yes.

Q. In your proposed plan? A. Yes, sir.

Q. The increased revenues are not? A. We haven't given any thought to the question—I will put it this way: The increased revenues are secondary entirely.

Q. Mr. Warner made a statement that if the fare is equalized that traffic will more normally equalize itself; do you agree with that? A. On the specific equipment, yes; on each specific instrumentality, yes.

Q. To a great extent the increase in fares or the equalization of fares bears heavily on whether or not the traffic equalizes itself, isn't that true? A. Yes.

Q. So that is really the minor purpose, the minor purpose of this co-ordination program, the increase in fare plays a great effect, or the major? A. They are both inter-related.

Q. Under your proposed plan of co-ordination, it will have a tendency, at any rate, to equalize the mode of service, both modes? You testified to that. A. Yes.

Q. Consequently, certain people who now ride on the buses will naturally take the trolley;

isn't that true? A. I don't know whether that is true. As I say, I can't answer for the idiosyncrasies of the individual.

Q. You expect that? A. I think to some extent that will occur.

Q. Would you not say, then, you are using the buses to materially help along the development of the trolley in the present status? A. I am not sure I understand that question.

Mr. Lindabury: Will you read that question?

(Question read.)

A. If I understand the question: We believe that many of the lines are over-bused for proper service and the best service to the public.

Q. Would it be possible to take care of this situation by increasing the bus service rather than by taking them off the buses and putting them on the trolleys? A. Take care of the situation?

Q. Take care of the situation; you just said the trolleys were overcrowded. A. I said the lines were over-bused.

Q. I beg pardon. How do you intend to remedy that, the fact that the lines are over-bused? A. I beg pardon?

Q. How do you intend to remedy that, the fact that the lines are over-bused? Do you intend to take off the buses? A. I wasn't referring to the bearing that might have on future operation. I was referring to the fact that this community would have had less trouble in transportation if it had not allowed to de-

velop so much service by buses, so much bus service.

Q. Aside from this equalization of fare zones and so forth and the equalization of the mode of traffic, what are some of the other elements included in this system of co-ordination? A. It is all a traffic problem. It all centers around the traffic problem, the carrying of people at the lowest cost. I don't know but what you have said everything; I say it is all a traffic problem; what else can be done, I don't know whether there is anything else; it is all a traffic problem.

Q. How about the question of joint management? A. That doesn't come in.

Q. That doesn't come in. How about your own internal organization? A. That doesn't come in.

Q. That doesn't come in in any way? A. No.

Q. How about the various routes that you travel over; they have to be given serious consideration? A. I don't think this particular adjustment affects the routes. That may be another question.

Q. You have given some thought, however, to the schedules of operation? A. Yes, sir.

Q. Have you given any thought to your own facilities, that is, the proper facilities for maintenance and repair? A. Yes. We are happily situate so we have every facility at the present time, for both buses and trolleys.

Q. How about that economy, all those things that would enter into— A. We have ample facil-

ities at the present time. We, of course, are planning to purchase other facilities, but the properties have not—we have endeavored to keep our properties up, if that is what you mean.

Q. No. I am just giving consideration to those under the proposed system of co-ordination. That plays a great effect on it. A. I don't quite understand what you mean.

Q. In other words, if you just wanted this co-ordination, that is, they work one thing agreeably with another; naturally you have got to consider the organization of the two things you work together, isn't that true? A. Surely.

Q. You have to consider, have you not, in this instance where there are two conveniences, the fact they are routed properly, isn't that true? A. That is true.

Q. All those things would enter into a system of co-ordination, if it were to be completely analyzed? A. Yes. I think you have stated it very well; perhaps better than I could.

Q. What would you say some of the benefit to the Public Service Companies will be? A. I have tried to state them in a few words.

Q. Not to the public, but to the Public Service. A. Yes. That is better utilization of facilities at lower cost.

Q. With increased revenue? A. I hope so. I sincerely hope so. If it doesn't it is not going at all.

Commissioner Autenrieth: That would be the effect, from what Mr. Young said; if the cost is lower the revenue is greater.

Mr. Lindabury: I would like to have that understanding, that is, the revenue plays great importance in this case. I think there is no question about that.

The Witness: If it doesn't give us increased revenue, in this application we made the greatest mistake in our lives.

Q. Would it be possible in this case to achieve proper co-ordination without increased revenue? A. Not in this case. In some cases, yes, but as a whole thing, with proper co-ordination (I am speaking of net revenue; that is what we are driving at) the greatest net revenue we can get perhaps the better it is for the public. It enables us to perform these services better and it provides the facilities which we could not have without increased net revenue.

Q. Would you admit that to a certain extent, Mr. Young, you are attempting to retard bus development in order to increase the trolley? A. No. I think we are sold on the buses for certain service, absolutely.

Q. It is your intention to permit these buses to develop unretarded in the future regardless of its effect on the trolleys? A. It is our desire to furnish the facilities which would give the riding public transportation, the best transportation at the lowest cost.

Q. But even though— A. (Continuing.) I don't care which medium works out to be the better.

Q. You wouldn't care which one is effected, whether it affects you materially; is that so? A. We have to advance with the development

of the art of transportation. We have to follow it. We can't move mountains.

Q. Which, in your opinion, is the coming mode of transportation, the buses or the trolleys? A. I would say they are three, in cities; three general modes of transportation. That is the buses, there is the surface railway and there is the subway service, rapid transit subway service. Three methods of city transportation, each has its field.

Q. Figuring each has its field— A. (Continuing.) —and each should be co-ordinated with the other.

Q. Comparing the surface railway and the bus, which would you say, as far as the public is concerned, is the coming mode of transportation?

Mr. Blake: That was answered. Don't add to our burden of what would happen in that respect.

Commissioner Autenrieth: He asked in in previous question whether you intended to retard or eliminate the buses.

Mr. Blake: That was answered.

Commissioner Autenrieth: This might be corollary to that.

(Question read.)

A. In suburban areas and, perhaps, interurban service.

Commissioner Gnichtel: What is that?

The Witness: Suburban areas, thinly settled suburban areas and, perhaps, interurban areas, the bus has its distinctive field. In centers where

traffic is congested, prior to the time that the traffic warrants expensive subway construction, the surface railway performs the best service at the lowest cost.

Q. With the density of traffic? A. The whole transportation business revolves right around that problem.

Q. Do I understand you correctly to tell me that the density of traffic, such as we have on Broad Street, there the surface railway today is the correct mode of transportation? A. Yes, absolutely.

Q. Did you ever go up Bloomfield Avenue on the trolley? A. Yes.

Q. And stand on the back of it? Did you ever notice the automobiles trying to get by that trolley? A. I have been trying to get by the trolley myself, in an automobile.

Q. Did you ever drive up behind that particular trolley? A. I have driven many times.

Q. How do you justify the statement that a trolley in the density of traffic is the proper and the best mode of transportation? A. I have stopped behind buses, too, on Bloomfield Avenue.

Q. Not for very long. Will you answer my question: How do you justify your statement, under a condition similar to that which I personally have experienced? A. That isn't always true in the rush hour. People have to get off and get on the vehicle, whether it is a bus or a trolley. Bloomfield Avenue, I am quite familiar with the situation there. The

traffic on Bloomfield Avenue can be better taken care of, mass traffic, by the trolley than the bus.

Mr. Blake: May I suggest this: Mr. Young, when he uses the term "density of traffic," is using it in reference to the situation of the riders on the cars. Counsel is confusing that traffic with congestion on the streets and highways.

Q. Is that true? A. That is true.
Q. I beg pardon. I wasn't speaking—

Commissioner Autenrieth: I don't know that that line of examination has any particular importance to this inquiry, anyway.

The Witness: I was speaking from a technical sense only.

Commissioner Autenrieth: Whether the subway or the trolley was the vehicle for future development.

Mr. Lindabury: What I had in mind. the thought I had in mind was the trolley to a certain extent stagnates traffic.

Commissioner Autenrieth: Counsel have come here and objected to the buses, that they cluttered up the street and stagnated traffic.

Mr. Lindabury: Probably there is a difference of opinion.

Commissioner Autenrieth: I think there is. I think we are dealing with a specific problem and your questions should relate to that.

Q. You read some testimony into the record about the fares in Philadelphia and New York; do you recall that? A. I think so, yes.

Q. Did I understand you to testify that bus fares in New York were ten cents? A. I think so.

Q. You said so. Do you know of any particular line in New York that charges ten cents? A. Fifth Avenue.

Q. What kind of service is there on Fifth Avenue? A. Very slow service.

Q. De Luxe service? A. Very slow service. No; I shouldn't call it De Luxe service.

Q. Do you know whether there are any passengers permitted to stand in those buses? A. They are so low they couldn't stand if they wanted to.

Q. As a matter of fact, aren't they presumed to be a De Luxe service? A. I shouldn't say so.

Q. Do you know of any other bus line which charges ten cents within the City of New York? A. That is the main bus line I am familiar with. I don't travel much on buses in New York.

Q. Isn't it a fact every other bus in New York City but the Fifth Avenue bus charges five cents? A. I think they have a number of cross-town lines.

Q. So, you were in error, as a general proposition, that the buses in New York charged ten cents? A. I don't know that I am.

Q. You haven't any other information to give us, other than the Fifth Avenue bus line? A. That is the principal line. The bus situation

is changing every day, in New York. The latest information I have heard is that they propose to have zones in New York.

Q. Do you know about the Queensboro line, the Brooklyn line? A. No.

Q. The Long Island lines? They all charge five cents, don't they? A. I am not familiar with those.

Q. Then you made that statement on the basis of the Fifth Avenue buses? A. That is true.

Q. How about Philadelphia? A. Ten cents.

Q. Every bus? A. That is my understanding.

Q. Do you know of any particular line in Philadelphia that charges ten cents? A. Yes, many of them.

Q. Many of them? A. Many of the lines.

Q. Enumerate some of them? A. There are so many I don't know how. I will give you the Philadelphia Rapid Transit report, if you wish that; that will state the situation.

Q. I don't wish that. I want to know whether it is general knowledge or what you are testifying to. A. I don't ride in Philadelphia. I know the general fare is ten cents. I don't ride on the lines and I couldn't enumerate the lines, because they are mere names.

Q. Do you know, as a matter of fact, applications for bus franchises in New York today are all based on a five cent fare? A. I don't know that. It is a mixed up situation and my information has been that a five cent fare, what we call a five cent fare is a zone fare, say, from uptown 42nd Street, with a five cent fare from

42nd Street to downtown, five cents; but that may be wrong. Nobody knows just what the situation is there. If you want—

Mr. Blake: Isn't this a little bit beside the issue? We are giving a five cent fare within the city and we propose to give a five cent fare within the city.

Commissioner Autenrieth: It is cross-examination. I think Mr. Young said something on the subject on his direct-examination. It is not important except to test the witness's knowledge on the subject.

Mr. Lindabury: I am trying to discredit the witness.

Commissioner Autenrieth: It only affects his knowledge on the subject.

Mr. Lindabury: He has made a statement in the petition and that I want to know about—

Commissioner Autenrieth: Why are you? I have allowed the question.

Q. Do you know the conditions that govern the application of the Equitable Coach Company in New York? A. No.

Q. You have testified to certain deficits made by the New York Railway, that are made up by taxation, is that true; in the subways? A. I should think there isn't any question about it. I don't see how else it is made up.

Q. Do you know whether or not there was actually a deficit in the year ending June 30th, 1926, on the Interborough Subway? A. I know this—

Q. Answer my question. Do you know? A. From the bookkeeping end I couldn't tell what deficit it shows or how the books were kept. I do know that that capital invested in the New York subway and the elevated is not getting a return. That is a deficit, in my opinion, whether the books show it or not.

Q. How do you know that? A. I have studied the situation sufficiently to know that. It is a matter of common knowledge. We all know that New York is getting no return on its tremendous investment.

Q. What have you gone over that has led you to that conclusion? A. I am reasonably familiar with their annual report. I am reasonably familiar with the agitation over the matter. I have heard it stated that it requires an eight cent fare, seven to eight cent fare, to give the city a return on its investment.

Q. That testimony was based, really, on hearsay? A. I have seen it stated.

Q. Do you reasonably know it in a reasonable way? A. Yes. It has been testified to by competent people, under oath, and I have read the testimony.

Q. That is what? What has been the testimony? A. As to the cost of operation. It has been up in many hearings, before the various Boards in New York City that have to do with transportation.

Q. The cost of the operation of what, the subways? A. I am speaking of the subway operation. I am using cost as a comprehensive term. It may be that five cents will carry the pas-

senger through the subway if nothing is considered in the cost as to the capital investment.

Q. As a matter of fact, do you know that the Interborough surplus above the operating expenses, taxes and investment for the year ending June 30th, 1926, was over five million dollars? A. I know this: There is nothing deducted from that cost to cover the cost of capital used and the facilities used to operate the subways.

Q. Do you know that the interest on the Interborough's entire securities, bonds and so forth entered into that, too? A. As I tried to point out, the investment is made by the city and that figure leaves out entirely the city's investment.

Q. Do you know the conditions that enter into the lease for the Interborough operation? A. I am reasonably familiar with them. I mean to say, in a general way. Some years ago, I was familiar at that time.

Q. Do you know there is a guarantee to the Interborough under the lease in the way of a preferential return? A. Yes; that comes first.

Q. How much did it guarantee, on what amount of investment, do you know? A. I don't know that that is important—

Q. It is important. A. (Continuing.) —the information I give. I didn't purport, at the time of that statement, that they weren't paying, to give each individual item of cost.

Q. You testified to facts you were not personally acquainted with, only what you had gen-

eral knowledge of, is that true? A. I must say my information was sufficient to warrant my statement.

CROSS-EXAMINATION by Mr. O'Connor:

Q. You spoke a moment ago that the increase in revenue was of merely secondary consideration; what is the primary purpose? A. To bring about co-ordination.

Q. Co-ordination? A. Yes.

Q. The revenue is merely incidental? A. Well, those are inter-related.

Q. Inter-related or not, they are purely incidental, are they not? A. I would say they are incidental, yes.

Q. You spoke a moment ago of the over-bused lines; have you in mind any particular over-bused lines involved in this application? A. By that I meant this: That the trolley service on certain of the lines should be increased.

Q. The trolley service should be increased? A. The trolley service should be increased and the buses diminished.

Q. Have you in mind any particular line where that should apply? A. It comes right back to that traffic situation.

Q. Have you in mind any particular line, in the light of the present circumstances, as to traffic, to which that would apply? A. If you ask me my opinion in the matter—

Q. No; I don't want your opinion. I want to know the facts. A. I think it would be much better if these technical traffic questions were made—

Q. You prefer not to answer that? A. They are traffic questions, our traffic operator—

Q. Who will we— A. I am just giving my general opinion in the matter.

Q. Can you recall now one of the men in your department who would be competent? A. Yes; I think Mr. Warner would be perfectly competent.

Q. How much relief do you expect from the new fare zone on the buses? How much relief do you expect? Using the word "relief" with the same— A. I have had so many disappointments in traffic readjustment and zone readjustment that I prefer in this case to base any opinion I have on the chances of giving the equipment the increased use, with the best service.

Q. That isn't a response. You spoke in your direct testimony of obtaining relief. How much relief and what kind of relief do you expect will accrue to the company by reason of the new or proposed zones? A. If you would like to have from me my opinion as to what the net benefit to the company would be—

Q. Hasn't the company studied the situation? A. As to the application, yes.

Q. The company has studied that situation. Can you tell me how much relief and the kind of relief you expect to get?

Commissioner Autenrieth: You mean the anticipated increase in revenues?

Mr. O'Connor: Yes, and the other relief he has in mind.

A. Economy in operation; my general opinion has been it might give relief to the extent of two hundred and fifty thousand and five hundred thousand a year.

Q. You are putting that as the major relief; I understood that was of secondary importance. What are the major reliefs you expect to get? A. I am including there benefits in operation. When I said incidental, I had more in mind the gross additions, additions in gross revenue. When it comes to net revenue I am using the figure two hundred and fifty thousand and five hundred thousand as my opinion.

Q. You are using the figures two hundred and fifty thousand, that is the minimum? A. Yes; taking all these advantages.

Q. What is the maximum you have in mind? A. I think perhaps $500,000 and beside that, in gross revenue, I want to say it does enable, with the growth of business and the development of the territory, it enables us to meet the need of th public very much better without additional cost.

Commissioner Autenrieth: Does that increase in revenue come only from the increase of fares?

The Witness: No.

Commissioner Autenrieth: Or result as well from economies in operation?

The Witness: Economies in operation and use of facilities.

Q. In analyzing these anticipated reliefs, how much did you expect to get in the way of fares? A. I think our transportation expert can answer that question.

Q. Have you studied that at all, Mr. Young? A. I have been guided very largely by what they have to say. In determining this application we have all been guided very largely by—

Q. By someone else? A. (Continuing.) —the transportation expert's opinion.

Q. You spoke, then, of the relief in the way of some two hundred and fifty to five hundred thousand dollars, apparently for the buses. What is the relief the street railway will get out of it? A. I am using both.

Q. Do you mean to say, are you serious about it, that with the street railway company and the bus company the fare increase will aggregate between two hundred and fifty thousand and five hundred thousand dollars? A. The net.

Q. The two companies? A. Two hundred and fifty to five hundred thousand a year.

Q. What proportion of this do you think will accrue to the bus company? A. Under co-ordination they would be co-ordinated.

Q. I am not asking as to co-ordination. I am asking what percentage of this $250,000 or $500,000 will accrue, do you think, to the bus company? A. I would say—I would much prefer to have that answered by our transportation expert.

Q. Do you expect any immediate relief from paving obligations for the railway? A. I can't tell what the Legislature is going to do.

Mr. Blake: We do; if you want the answer.

The Witness: I hope so. I think it is going to be a very great advantage to everybody, if we do get it.

Q. Taking the paving obligations, what relief is that to the buses; has that anything to do with the buses? A. Not that I know of.

Q. Not a bit. In other words, the public furnishes and then paves the roadway upon which the bus operates, isn't that so? A. That is true.

Q. In regard to snow removal, how does that apply to the bus sitation, if at all? A. I don't know that it applies, the snow removal, for the transportation company, no.

Q. It does not apply? A. No.

Q. You say it does not apply? A. I don't see it does, except incidentally.

Q. Are the municipalities affected by this application the only ones similarly situated with respect to being out of harmony with the system you spoke of? A. I believe so.

Q. Do you know? A. There may be some isolated instances, but generally speaking, I think it covers most of them.

Q. Are you sure of that? A. Not positive.

Q. Your efforts seem to be to have the bus company bend to fit the conditions of the street railway company? A. We want them both—

Q. Wait a minute. Your idea is, your effort is, to make the bus company bend in order to conform to the conditions and requirements of the street railway, isn't that so? A. I would say this—

Q. No. That is susceptible of an answer.

Commissioner Autenrieth: Can you answer that yes or no?

The Witness: I think either yes or no would give you the wrong picture of the situation.

Commissioner Autenrieth: Answer it in your own way, if you can't make a yes or no answer responsive.

The Witness: We are trying to make each service fit the other.

Q. You are trying to make each service fit the other? A. Yes.

Q. In this particular instance it is a case of where the bus has to bend to meet the condition of the street railway? A. You are speaking now of the zones?

Q. Right. A. Of the zones, yes.

Q. If the adjustment sought in this application is made, will the five cent fare be continued? A. That is a hope.

Q. That is a hope.

Commissioner Autenrieth: Speaking of the trolley fare, Mr. O'Connor?

Mr. O'Connor: Yes, and the bus fare, too.

The Witness: He has been speaking of both.

Q. I am speaking of the five cent fare. A. I am speaking of both.

Q. What have you to say to that? You hope only that it will be continued? A. That is all we can do at the present moment.

Q. Assuming now your earnings are two to five hundred thousands dollars more for both companies, under this proposed arrangement, in the light of that fact, and in the further light that you have a deficit for the last three years

of $1,600,000 in the street railway company and $1,500,000 in the bus company, will the five cent fare be retained? A. I would say this—

Q. No; can't you answer that?

Mr. Blake: He told you we hoped to maintain it.

A. I can't say what the future holds forth; state what economic conditions are going to be in the future.

Q. I am not speaking of economic conditions in the future. I am speaking of economic conditions as they exist today and the particular circumstances we are considering now. A. Isn't this the answer: We have maintained the five cent fare during the past three years under very much more adverse conditions.

Q. That don't answer the question.

Mr. Blake: I submit the witness can't guarantee.

The Witness: We don't propose to increase the five cent fare at the moment. We may be driven to it if we do not get enough relief.

Commissioner Autenrieth: Will you read the witness's answer?

(Answer read.)

Commissioner Autenrieth: I think that that is the best answer that can be made to that kind of a question.

The Witness: I am trying to be responsive.

Q. You do not contemplate, in the light of present circumstances, any increase in fare?

A. If we get relief. You mean, in the light of the present circumstances? If we do not get this relief?

Q. Yes. A. I would say there would be nothing left to us. If we are not met with co-operation all along the line there is nothing left for us to do but increase the rate.

Q. Assuming you get the relief you are asking for in this application, do you contemplate increasing the fare or applying for an increase of fares? A. No.

Q. What do you mean when you say in your petition, you are holding in abeyance an application for an increase of fares? A. I don't think we say that.

Mr. Blake: Further delay.

Q. Further delay. On page 15.

Commissioner Autenrieth: Just read the statement, will you?

The Witness: Rate must cover cost of service, that is fundamental.

Commissioner Autenrieth: Mr. O'Connor has questioned what you mean by the statement in the petition. Will you read that statement?

Q. "Having pointed the way for proper co-ordination and reductions in cost, the officials of the companies have decided to further delay filing with the Board an increased schedule of rates for cars and buses." A. That is right.

Q. So you have in mind and did have in mind at the time you filed this petition an application

for increase in rates irrespective of the result here? A. We have been faced with this necessity—

Mr. O'Connor: Will you read my question?

(Question read.)

A. Not irrespective of the result here. I don't think we say that.

Q. I ask you that? A. I would say, no, to that.

Q. You say, "No"? A. Yes.

Q. At the time you filed this application you did not contemplate an application for an increased rate of fare? A. Irrespective of the result here, and mentioned in our application, to be obtained in this application.

Q. May I ask you why you make the Public Service Railway party to this application?

Mr. Blake: I don't know that Mr. Young can answer that. I can.

Q. If he can. A. I didn't quite get the question.

(Question read.)

A. If you wish me to answer.

Q. Yes, if you can. A. I think the Public Service Railway is concerned. I think it is concerned in the application we filed, the rate—

Q. It asks what? A. They have this way, a five cent fare in the City of Newark, on the Bloomfield line.

Q. Is that the only item that it is concerned with in this petition? A. Perhaps directly.

Q. No other way? A. Perhaps directly. Indirectly it is concerned in both.

Q. For no other purpose was the petition filed by the Public Service Railway Company? A. Yes, we have been very frank about it; we have been trying to get by filing this petition, co-ordination of service. We haven't hidden anything.

Q. The thing that the Public Service Railway is interested in is not limited to the five cent fare, the five cent rate in the City of Newark on the Bloomfield line; that is so, isn't it? A. We are concerned with everything that affects the public in matters of transportation.

Q. Mr. Young, you bought these buses as going concerns on a five cent fare basis, did you not? A. That is true.

Q. What radical changes have taken place that calls for an increase? A. We are not asking for an increase in fare.

Q. Yes, you are getting an increase in fare. You just spoke a moment ago about two to five hundred thousand dollars that will accrue to both companies. A. Increased net revenues.

Q. What has taken place in the bus business or bus transportation company that makes an increase of fares necessary? A. Very much better service has taken place.

Q. What radical changes have taken place? A. Put in new buses; put in—

Q. No. I am speaking now of the buses as you bought them from independent operators. A. They have been scrapped.

Q. I know they have been scrapped. A. In snowstorms there were no buses to be run.

Q. Laying aside that; what has taken place? A. I think we built up a satisfactory bus service.

Q. That isn't the answer. A. That is part of the answer.

Q. Then give us all of it. A. We have invested some $18,000,000 in these bus facilities, buses, in repair shops and garages and various equipment. We have given a comprehensive—we formed a company that is giving a comprehensive service, bus service. The investment cost must be supported. The individual bus, as you all know, could not be relied upon under severe weather conditions. We have tried to coordinate, in so far as possible, the two services.

Q. As a matter of fact, there has been no radical changes that have taken place? A. I think that is very radical.

Q. In the bus transportation business? A. I can't agree with you.

Q. As an abstract proposition? A. I can't agree with you.

Q. Wait a moment. You haven't heard my question. As a matter of fact, there has been no radical changes in the bus transportation business, as an abstract proposition, that would justify the increase of fares? A. I can't agree that we are asking for an increase in fares. The fare is five cents. Now, there is an adjustment of zones. The situation that we are met with today is the support of these transportation agencies through net operating revenues.

Q. You haven't answered. Can you answer? A. As compared—

Commissioner Autenrieth: Let him finish.

A. (Continuing.) As compared with individual operation, broken down buses, I think without doubt the service that is being given is a change.

Q. Are there any radical economic conditions that have interjected themselves into the bus business since the Public Service Transportation Company bought these buses? A. Perhaps I can qualify the question in that way; I might say that economic conditions haven't changed.

Q. They have not changed? A. The general underlying economic conditions.

Q. In other words the same economic conditions exist today as existed before you bought the buses? A. I would say that the prices of raw material have not changed so much.

Q. Won't you answer the question? A. That is what you mean, economic conditions.

Q. Surely; that means a lot of other things. You are using the term quite frequently, and also using it quite frequently in your direct testimony; you know what I mean. A. And perhaps this will explain what I have in mind, and our minds will meet: There is a difference between the economic conditions obtaining on the individual independent bus operation and operation by entity equipped to give the service. I think that might very well be described as a change in economic conditions. When I spoke of—

Q. But there has been—

Mr. Blake: Let him finish the answer.

A. (Continuing.) When I spoke of general economic conditions—

Q. Then you spoke—

Mr. Blake: Will you let him finish?

A. (Continuing.) —such as wages and materials and so forth, conditions of wealth in the country and so forth, perhaps there has been no change to any great degree.

Q. As a matter of fact, there is a change in economic conditions today as applicable to the buses and since you purchased them? A. Traffic conditions have also become very much worse.

Q. We will descend to the petition here: The economic changes have been brought about by unified costs of operation, have they not? A. I wasn't referring to that so much.

Q. But it is a fact? A. That is a condition that has obtained.

Q. You operate the buses under the management of the company with more economy and more cheaply than they can be operated by independent bus owners, is that right? A. When you compare the service, yes.

(Recess from 1 to 2 o'clock.)

(After recess.)

PERCY S. YOUNG resumes the stand on behalf of petitioner.

Further cross-examination by Mr. O'Connor:

Q. Mr. Young, will you tell me what changes have taken place since your company acquired the buses that necessitated the creation of new fare zones? A. Well, to begin with, the present zones, which were to some extent, I think, copied after the bus zones (the railway now I am speaking of) were when instituted experimental. From time to time I think modifications have been made in these zones, not so much the railway zones as in some of the bus zones. If you are referring to the operating changes, they are, as I said this morning.

Mr. O'Connor: I think Mr. Young ought to answer that question responsively and not go into a long speech so to speak, on the conditions of the Railway Company.

(Question read.)

Commissioner Autenrieth: I can't tell whether the answer is responsive or not until he finishes the answer.

A. (Continuing.) Beside these changes, certain changes in zones that have taken place, there have been operating changes. The principal change, which I think is pertinent to this inquiry, is the development of a real bus transportation system.

Prior to the purchase of the buses and the installation of the transportation system, buses were operated in a hit or miss style. The service was as the individual operator wished to give it, or was able to give it. There was no comprehensive bus service for the public. The base transportation facility was the railway.

Since the Transportation Company has developed that service it has placed it in a first-class operating position. It has given service that perhaps is unequalled in the way of bus transportation, under like conditions, at that rate of fare, anywhere in the country. As I said, the main change has been that service has been provided by buses where before service was not provided by buses and at an extra cost, as I said this morning, of $18,000,000; other facilities have been provided which were not present, and I don't think there is any comparison between the two classes of service.

Commissioner Autenrieth: Are the routes the same today, the bus routes the same today as they were when the independents operated them?

The Witness: There have been routes added—

Mr. O'Connor: You are speaking about these particular routes?

Commissioner Autenrieth: Yes; the routes in question, the bus routes.

The Witness: I couldn't answer that question definitely. There have been changes in a number of buses. I think some changes in routes.

Q. In other words, one of the changes has been th operating change, you spoke of that, as one of your items? A. I would say this—

Q. One minute. That is one of your items, the operating change? A. Yes.

Q. What do you mean by that? A. I have tried to explain it.

Q. No. I mean, speaking of the operating change. A. Better service has been given and better buses.

Q. Is that what you mean by operating changes, Mr. Young? A. Yes.

Q. The operating change is the better service, is that what you contend? A. Better service and better buses.

Q. Better service and better buses, and secondly, the individual operator did as he pleased? A. It was a parasitical business.

Q. That is from your standpoint? A. Well, from the standpoint of the public too.

Q. Take, for instance, the route on the Roselle Park into the City of Elizabeth, what headway did they operate on before you acquired that line? A. I think the transportation expert can give you that information.

Q. Then you don't know that these individual operators were controlled and regulated by the several municipalities up to within a year ago? A. Theoretically, perhaps.

Q. Well, no; in fact; or don't you know, Mr. Young? A. In fact I don't know that.

Q. You also say that all classes of passes of every kind and cheap rate tickets should be abolished. Do you refer to the school tickets as well? A. Yes.

Q. You don't agree that a public utility then, as a state agency should co-ordinate with the public school system, which is also a state agent? A. I would say this—

Q. You either believe it or you don't believe it.

Mr. Blake: You are asking whether he agrees with Justice Minturn?

Mr. O'Connor: Exactly.

A. Under certain economic conditions, yes.

Q. Under our present day conditions? A. I don't believe, in the absence of a system that is being supported by a reasonable fare, under reasonable fare conditions, that any class of business should be taken at a loss.

Q. Then you don't agree with the Supreme Court? A. I don't know.

Q. You say that competition must be eliminated? A. I do.

Q. What concrete examples have you in mind for the elimination of competition? A. I would say that service which is competitive, that is, harmfully competitive.

Q. Don't you get that— A. (Continuing.) —is service that causes, which is resulting from duplication of investment.

Q. In other words, any competition that the Street Railway Company has, other than it invites, should be eliminated? A. Any harmful competition, yes.

Q. Irrespective of the fact that it can accommodate and serve the public for a less fare than the Public Service Railway Company? A. I think you have to look at the results as a whole.

Q. All right. Take the results as a whole. A. If the resultant effect of the competition is not detrimental to the public, why, of course, it is not harmful and therefore we would not be against it.

Q. Would you say that if the buses can accommodate the public for a five cent fare, which they are now doing, that the fare should be increased in order to eliminate the competition that now exists? A. In the first place, I would say that if they are not now carrying the public completely and furnishing all the service, that they cannot furnish all the service, with satisfaction to the public at five cents and therefore—

Q. I say, assume they can, along any particular or given route, accommodate the public for a five cent fare. A. I don't think any investment that has been made in good faith, that is giving satisfaction and is economic in its character, should be scrapped.

Q. Is it economic in its character if something else competing with it can give the public the same service along that particular route for less money? A. I say this, no service of that character can be comprehensive.

Q. No service of that character? A. Of that comprehensive character can be beneficial to the public at large.

Q. Can be? A. Can be. I say no service can be beneficial to the public at large, of that character.

Q. In other words, the cheaper service should yield to the street railway? A. No. I didn't say that. I say that where competition creates a condition which is increasing the cost to the

public at large then it is detrimental and I say that the service that is not co-ordinated, that we have been speaking of, is detrimental.

Q. Take, for instance, the Westfield Avenue route, Roselle Park to Elizabeth; the buses operate along a street railway line throughout its entire length, I believe. If the buses can operate for a five cent fare should that means of transportation be removed in favor of the Street Railway Company which can't operate for a five cent fare?

Mr. Blake: May I ask counsel if he means if they do all the business? We are furnishing facilities along this route. Do you mean the withdrawal of these facilities? I think counsel should state what he means.

The Witness: Shall I answer the question?

Commissioner Autenrieth: If you don't understand it say so.

The Witness: Will you read the question.

(Question read.)

A. I don't think it makes much difference which is removed.

Q. You don't think it makes much difference? A. I think certainly one should be removed if they interfere with each other.

Q. You think some one of them should be removed? A. I think that is quite evident, in the absence of better—

Q. Which one do you think should be removed? A. I think both should be operated in co-ordination.

Q. In your judgment, which one should be removed? A. I am not familiar enough with the operation of that line to answer offhand.

Q. Under your assumption of facts, whatever they were? A. The assumption of facts I had, there was wasteful competition.

Q. All right. Which one should be removed to remove that wasteful competition? A. I don't think that answer necessarily discloses the right solution.

Q. You mean, Mr. Young, you don't want to answer that question? A. I am willing to answer it in this way, if you want this answer: That either the service should be co-ordinated or one or the other should be removed. It is immaterial which. Of course, the one principal assumption was the one showing the least efficiency should be removed.

Q. On page 9 of your petition you say, "To bring about proper co-ordination, the five cent fare zones for the buses should be adjusted and made co-extensive with the five cent zones of the street railway as well as with the boundary lines of the largest municipalities. In no other way can service be co-ordinated and properly maintained by both companies." You also said that your street railway had incurred a deficit in the course of three years of $1,600,000 and that Public Service Transportation Company had incurred a deficit during the same period of $1,500,000. Now, how will co-ordination, such as suggested by you in this case, overcome those conditions? A. We have overcome it in part already.

Q. How will that overcome it, if at all? A. I have explained what co-ordination would do. It would make the best use of the present facilities with the least waste.

Q. How would it overcome those deficits in those respective companies? It wouldn't, as a matter of fact, would it, Mr. Young? That is clear. A. I think it has been made clear by the fact in the case that these deficits have accrued over this period; that they have been lessened all the time; that we have been gradually putting into effect co-ordinating methods; that this is a still further measure of co-ordination which should help us to keep the five cent fare and without which we can't retain it.

Q. You say the company has put into effect all the economies possible; that is true? A. Under present conditions, yes.

Q. Now, then, the effect it had upon the situation. I ask you how will this co-ordination overcome these accumulating deficits in these two companies? A. That is past deficits. We don't expect to make them up.

Q. You don't expect to make them up? A. We don't expect to operate at a profit and in addition to recoup ourselves for these past deficits by this particular application now.

Q. Then these deficits are not the basis upon which you ask for the order of co-ordination? A. Yes, they are, because we have shown—

Q. If you get it will it wipe out the continuing deficits? A. We hope so.

Q. It will wipe them out? A. Yes, together with the other things we mentioned.

Q. Other what? You mean snow removal? A. Yes.

Q. The paving measure? A. That is true.

Q. And otherwise it won't? A. Well, it will not give us a return without those other measures of relief, but the deficits, I might say, is in a fair way of being removed already.

Q. Has been removed? A. No, but it is in a fair way.

Q. Without the order of co-ordination? A. By reason of co-ordination.

Q. By reason of? A. We have been co-ordinating up to a point. Now we seek—

Q. Which your company has done? You are in a fair way to remove these two deficits in these two companies, is that right? A. That is right.

Q. That is right? A. That is right.

Q. What is the purpose for asking for increased revenue? A. Because an operating deficit will not keep these properties in shape to operate. There must be encouragement for new capital to carry on the business. If there is no return to the owners of the stock at all. The company can't exist on operating deficits.

Q. Then you spoke about getting a return upon the investment in the Street Railway Company; are you concerned with that now? A. Surely.

Q. And concerned with the return upon the investment in the Transportation Company? A. Surely.

Q. Will this co-ordination you spoke of yield you sufficient moneys to get a return on these two companies? A. Not alone, no.

Q. What would be necessary to get a reasonable return?

Commissioner Autenrieth: We have first to determine the value.

A. A certain sum of money, I can't say what, I can't say what; some measure, various measures, perhaps, would have to be operative.

Q. In other words, in this application you don't apply for an increase in fares? A. It is certain if you don't get—

Commissioner Autenrieth: When you say "return," you mean the valuation fixed by the Board in the rate case?

The Witness: Yes, sir.

Commissioner Autenrieth: Or the valuation fixed by the Master in the Federal Court?

The Witness: The Master in the Federal Court.

Commissioner Autenrieth: That was $125,000,000?

The Witness: Yes.

Mr. Blake: $110,000,000.

Commissioner Autenrieth: And the Board's was $86,000,000?

The Witness: That testimony applied to the other valuation, for that matter.

Commissioner Autenrieth: When you said that you must have had in mind some investment or value to fix that return on.

Q. If you figured the valuation fixed by the Federal Court this mere application of an order of co-ordination won't yield you sufficient, of course? A. No.

Q. And with regard to the investment you have in the Transportation Company of about eighteen or $20,000,000, this order of co-ordination would not yield you anything, by far, sufficient? A. No; it is only a measure of relief. We plan others, that are in our application.

Q. It means, in order to give the relief ultimately desired, it means a complete reorganization of these companies, and particularly of the Transportation Company? A. We are very hopeful of working this situation out. It isn't a matter of working it out in three months or six months or one year or two years, or perhaps three years, but we are very hopeful with this measure of relief and with the co-operation of the public to carry on with the five cent fare. We are facing that situation and exerting all our energy to bring that about, but we cannot, as I said before, we cannot go on without getting some measure of relief, with the five cent fare.

Q. Your trolley company or street railway company operates, I believe you said, in a hundred and thirty-two municipalities? A. More than that, I think.

Q. Your buses operate in about the same general territory, do they not? A. Yes.

Q. The competition that the buses give to the trolleys has been invited, has it not, and intensified by the Public Service Corporation? A. I think not.

Q. You think not? When you say these two companies are allied; for what purpose are they allied? A. They are under common ownership.

Allied for the reason that it is an economic necessity.

Q. What made it necessary for the organization of the Public Service Transportation Company? A. Well, I think I made it clear, or tried to make it clear that we thoroughly believe that co-ordinated service will bring about the best results in transportation service in this community and that is the purpose, that was the purpose.

Q. As a matter of fact, the bus as a means of transportation had a telling effect upon the earnings of the street railway, did it not? A. Yes.

Q. In fact, that was the mainspring that prompted the organization of the Transportation Company, was it not? A. Surely.

Q. So that, as a matter of fact, the Transportation Company is allied with the Street Railway Company for the purpose of perfecting this Street Railway Company? A. Protecting the Street Railway Company and the public, who depend upon its service.

Q. The railway first and the public second, is that right? A. I think their interests are mutual, under regulation.

Q. When you organized the Transportation Company and acquired the buses you studied the question of transportation by means of buses, did you not? A. Yes.

Q. You satisfied yourself that the bus was the most economical means of transportation? A. Under certain conditions, in certain places.

Q. Well, under the conditions prevailing on these lines? A. No.

Q. Under the conditions which justified you, in your opinion, in purchasing the buses? A. No. We did not satisfy ourselves and we are not satisfied yet.

Q. Then why did you purchase them? A. It was necessary to co-ordination that we spoke of.

Q. In other words, to control the buses and control the street railway, wasn't that it? In other words, control the transportation problem? A. This establishment of a monopoly under regulation we thought was right and proper and desirable.

Q. I believe you said that the Public Service Corporation was the owner of the majority of the stock of the Public Service Railway Company? A. Yes, sir.

Q. And the Public Service Corporation holds all the stock of the Public Service Transportation Company, except qualifying shares of the directors; that is right, isn't it? A. Yes.

Q. Up to the time that you organized the bus company and purchased the buses, the Public Service Corporation was very pronounced in its opposition to the buses as a means of transportation, wasn't it? A. In certain situations. We still are.

Q. In the situation that existed at the time you opposed them? A. We never opposed the buses under certain conditions. We have opposed them and do oppose them now under other conditions.

Q. Those certain conditions are very, very broad, I suppose, Mr. Young? I am speaking now of the conditions existing at the time you

purchased the buses? You opposed the buses? A. The indiscriminate addition of buses interfered with the ability of the railway company to properly serve the public we did oppose.

Q. The buses, as they were operated before you acquired them, interfered too much with the Street Railway Company? A. Absolutely.

Q. That is the condition you spoke of? A. Absolutely.

Q. And that was the condition that existed, in your opinion, in the 132 municipalities that your Street Railway Company served, generally speaking? A. Perhaps not in all of them but in a large number of them.

Q. You admit, do you not, and recognize the fact that the bus is the more advanced means of transportation? A. No.

Q. It is not? A. No.

Q. You recognize the fact that it is the most flexible of the two services? A. No, except under certain conditions.

Q. What are the conditions under which it is more flexible? A. It is more flexible than a single track trolley line with turn-outs. It is, in centers where there is no proper regulation, general traffic regulations, and perhaps under other circumstances.

Q. So that you consider the street railway the more economical, generally speaking, and the more flexible in service? A. Where traffic—

Q. Generally speaking? A. Where passenger traffic is congested.

Q. Where passenger traffic is congested? A. Where passenger traffic is congested, yes, where it is dense.

Q. Where it is dense? A. Where there is dense passenger traffic.

Q. You say that condition prevails on any of the lines involved in this application? A. Yes, sir.

Q. Does that prevail on the Roselle Park to Elizabeth route? A. Well, I think more in the future; perhaps it isn't now—

Q. Do you know, as a matter of fact? A. Except in parts of the route.

Q. You don't know, as a matter of fact, do you? A. No; I suppose I don't.

Q. You spoke about aggravating competition; that was principally due, was it not, to the one being a five cent fare and the other being a ten cent fare for the same ride? A. No. We never thought that was altogether true; I think to some extent it was, yes. To a certain extent there was a duplication that was really objected to.

Q. In that difference in fare, what was that due to, in your opinion, Mr. Young? A. Why, I should say it was about fifty-fifty, an off-hand judgment. The buses obtained a number of people because of a particular route which might be lower in fare. I think another element that came in was the novelty in riding; perhaps the drawing up to the sidewalk, and such things as that.

Q. Wasn't it due to underlying and fundamental costs as between the two kinds of transportation? A. I don't think the fare, perhaps, represented the underlying difference in cost. If you mean fare and not cost why, I think, as I say, that is fifty per cent, the situation was due to that.

Q. You think the difference between the five cent and the ten cent fare, the former charged by the buses and the latter by the Street Railway, wasn't due to underlying and fundamental costs, such as investment, operating expenses and so forth? A. I don't know to which you refer as the ten cents. We have not yet had a ten cent fare.

Q. To ride on the line from Roselle Park to the City of Elizabeth by trolley you charge ten cents; the same ride on the bus is five cents? A. Yes, but you can go on the trolley for five cents perhaps from one city line of Elizabeth to another. There will be two overlaps. When you have zones and have overlaps naturally the flow of traffic will go to the vehicle charging the lowest fare.

Q. What enables the bus to charge five cents and the trolley company for the same ride ten cents? A. The same thing that enables the trolley to carry for five cents where the bus charges a passenger ten cents, for a similar ride; that same thing obtains in Elizabeth.

Q. What is that? A. Buses coming to the center of Elizabeth and—

Q. Where is there a bus charging ten cents for a ride and the trolley charging five cents? A. Many places.

Q. Where? A. Not in one vehicle, but having to change from one vehicle to another and to get to your destination from the starting point you have to pay ten cents; where you can get to your destination for five cents on the trolley. That is what I mean.

Q. Point out any of these routes involved in this application where the bus charges ten cents and the trolley charges five cents? A. Any number of them.

Q. In this application? A. Yes.

Q. Find some of them. A. Many of the buses come to the center of Newark, they turn around.

Q. Just mention some specific route. A. What I mean is this: That the trolley runs from the city line, south, to the city line, north, many of them, for five cents and the bus runs from the outskirts to the center for five cents and anyone going, we will say, from a point to the center in the other direction, would have to be brought in the bus—

Q. I am speaking of where the bus and the trolleys are running along the same route? A. I think the difficulty between us is, you are speaking on these particular applications.

Q. Surely. A. I am speaking generally, as to the fare to the public.

Q. This is co-ordination now, we are speaking about, as applicable to these 132 municipalities? A. I think we can give you several instances, if you will allow us to turn them in.

Q. I will pass it up for the present; on pages two and three of your petition you said, "During the strike and while street railway transportation was totally paralyzed, the company suggested a comprehensive plan as a means of settling transportation difficulties." "One of the principal items in this comprehensive plan was a suggestion that the street railway company, either itself or through an affiliated company, acquire by purchase, the competing buses

and thereafter that the street railway cars and buses be operated under one management and of one co-ordinated system." "Public hearings were held by the Board and on August 22nd, 1923, the Board issued a public statement as follows: The Board has considered the plan and accepts it as an effort on the part of the Company to end the present situation, and while some of its features do not appeal to the Board as practical, it presents a basis for discussion and conference." Did this company at any time, as suggested by the Board in its letter, have discussion and conference before its purchase of the buses of the several independent operators? A. I have no doubt we did.

Q. Do you know or don't you know? A. This is some years ago. I think I can state what happened, but at the time—

Q. No. My question can be answered yes or no.

Commissioner Autenrieth: You mean discussion and conference with the Board?

Mr. O'Connor: Exactly.

Q. The Board suggested in that letter that it was the basis of discussion and conference. Now, then, did the company go on and buy these buses without any discussion or conference with the Board? A. No, absolutely not. What happened in the meantime? We were ordered to resume service by the Vice Chancellor, I think it was. We were compelled to brought about an entirely different condition grant an increase in wages to the men. That

to what we had in mind when we wrote to the Board, submitted the plan to the Board, and it made it necessary to file our application for a ten cent fare.

Q. All right. You may have submitted the thought to the Board. That it would probably be a good thing to buy up the buses. What I am driving at is: When it came time to actually buy those buses, your company did not take that question up with the Board as it suggested. A. Whether form a company to buy the buses?

Q. No. A. I don't understand.

Q. When you bought the several lines of buses, before you closed with the operators, you didn't discuss with the Board the advisability of buying these lines at the prices that these bus owners demanded?

Mr. Blake: In each individual purchase, take it up with the Board; is that what you are driving at?

Mr. O'Connor: Yes.

A. Certainly not. We wouldn't think of doing business on any such basis as that.

Q. What? A. We wouldn't expect the Board to pass on any—

Q. On what? A. On the question of which bus we should buy and which we shouldn't buy. They wouldn't advise us, I don't believe, I don't know.

Q. Did you take it up as a general proposition? A. Surely.

Q. How far did you go with the Board? A. I think we announced to the Board.

Q. You announced to the Board? A. I think, without doubt, we announced to the Board we were planning to co-ordinate the service.

Q. You announced it to the Board and the Board said to you while it doesn't agree with you, or substantially words to that effect, it is the basis of discussion and conference? A. That is a rate of fare; that was a rate of fare. This plan that is spoken of here is—

Q. What did that letter refer to? You quoted that in your petition, and are using it for some particular purpose or other? A. It refers to this: There was no service throughout the state. We, I think, stated that there should be a given rate of fare, I think it was a rate of fare, an equalization of the rate of fare between the buses and the trolley. We owned some of the buses, all of them we didn't own or as many as we do now. But as I remember it, it was a uniform seven cent fare.

Q. Then that letter you have got in here— A. This, of course, went overboard as soon as we had to increase the men and we had to resume service.

Q. Then when the Board said to you, quoting that portion of the letter which appears in your petition, the Board has considered the plan and accepts, that has reference to rates and not the purchase of buses, is that right? A. No. I think this present situation is getting rid of zones, as I recall it—

Q. Then it has nothing to do with the bus situation? A. I would like to refresh my memory on that.

Mr. Blake: I furnished the Board with copies of the letter and counsel, and I thought I had copies here.

The Witness: We wanted to give the facts.

Mr. Blake: And also a copy of the plan, the comprehensive plan.

Q. You furnished that? A. This was circulated throughout the whole state. We had a plan, I think that was sent broadcast throughout the state and was a matter of general consideration, and I have forgotten that now; so many things have happened since.

Q. To the best of your present recollection, that letter had nothing to do with the plan, subsequently put into effect for the purchase of the buses?

Mr. Blake: May I interrupt you? The comprehensive plan was submitted and broadcast, that they proposed to buy all the buses at a certain rate to be determined upon and they also proposed to charge a seven cent fare on all the buses and all the trolley cars; there was about two pages containing that in the plan; and also increase the wages of the men. That is the plan we spoke of as the comprehensive plan. That was circulated and the public was asked if they approved it to send in a letter to the Board. You may recall that there were some two or three rooms filled with answers that were mailed in.

I have offered Mr. O'Connor to supply him with a copy of the printed plan and also a copy of the letters to which he referred. It seems to me we will save a good deal of time if he waits until he gets them rather than ask Mr. Young what is meant.

Mr. O'Connor: Mr. Young, in his direct-examination, on which he is now being cross-examined, spoke of this and read the extracts and quotations from these letters, and I assume when he did so that he knew just what they meant or what I understood by them, at least, was, as I got it, that the Board had approved of the purchase of those buses, in a measure, that it was the basis of discussion and conference. The Board didn't say go out and buy the buses at any old price.

Mr. Blake: No; the general plan was to acquire the buses. That was brought to the Board's attention and it was following out that general plan.

Q. I understand, Mr. Young, you are not clear on that, are you? A. My recollection of the matter was this: We were faced with an emergency; there was no service being given in the state; people were desperate; we presented this as a solution. We offered to, I think, grant an increase to the men, as I remember it, but not as much as they asked, and we proposed that the fares should be equalized and we said we were ready to find the capital to co-ordinate the service.

Q. When you said co-ordinating the service, you had in mind the acquisition of the buses? A. Surely.

Q. All right. The Board said to you, while we don't agree in all particulars with you we do find it the basis of discussion and conference? A. That is true.

Q. Now, what I say to you is: As the Board said then, your company has had no discussion or conference with this Board as to the advisability of buying these buses at the price you paid for them? A. The plan was not carried out because of the injunction or whatever it was; the court order which compelled us to grant the rate of pay to the men and operate the cars.

Q. Let it go at that. A. Then we had to start off afresh.

Q. Then, if it were thrown overboard and didn't amount to anything, what is the idea of quoting it and what is the idea of laying it before the Board now? A. This is a piece of history. It was necessary to know these steps in order to find—

Q. Yes, but there is a piece or something else there, to my mind.

Mr. Blake: There are certain principles in there. Principles don't change because this particular plan was abandoned. Only portions of it were abandoned.

The Witness: We adhered to the principle.

Q. All right. It is out of the window. September 19, 1923—

Mr. Blake: I don't think Mr. O'Connor can throw a lot of history out of the window. Portions of this plan were abandoned. We never abandoned our plan of buying the buses and co-ordinating the system and the fact that we spent $18,000,000 in going on with that plan ought to be self-evident we haven't abandoned it.

The Witness: The principles of the plan.

Q. Whether it is germane to this inquiry or not, the fact still, nevertheless, remains that your company never sought to bring the acquisition of those bus lines to the attention of the Board from time to time? A. We certainly did.

Q. Wait a minute, Mr. Young. (Continuing.) And get its approval? A. We certainly did.

Q. Wait a minute. (Continuing.) As to the price you paid for some of these bus lines. A. Every price we paid has had the approval of the Board.

Q. Let me ask you about that. You didn't do it before you bought them? A. I think perhaps it is fair to say, that it wasn't possible to get approval in advance, of each purchase.

Q. You didn't make very much of an effort to bring it to the attention of the Board before? A. We did. We wouldn't have gone ahead without it. If it hadn't been approved by the Board we would certainly not undertake it.

Q. You closed some of these things before you ever came to the Board? A. What is that?

Q. You closed some of these things before you ever came to the Board? A. These buses were bought one by one. Sometimes we had to catch the man while he was driving the bus and bring him into the office. Sometimes the question of purchase had to be done—it didn't occupy a second's time.

Q. As a matter of fact, Mr. Young; let us be frank about it; you didn't come to the Board until after you came with the bus, in many cases? A. I said so; I haven't denied that.

Q. You could have gone to the Board before you bought them? A. Not in each case.

Q. Why didn't you come to the Board before you bought them? A. It is simply a matter of closing the bargain. We couldn't have the Board sit here, as I see it, to indicate the price we should pay for the bus. We couldn't get the seller—

Q. It wouldn't take very long to estimate, if they know anything about the price you paid for the buses.

Mr. Blake: Counsel assumes we should have brought every prospective seller of a bus before the Board and asked the Board to fix a price and ask the Board if we could purchase it.

Commissioner Autenrieth: Unless the operator was a public utility it was none of the Board's business and we had no jurisdiction over it.

Mr. O'Connor: This was a public utility, wasn't it?

Mr. Blake: What was?

Mr. O'Connor: The buses.

Mr. Blake: Not all of them. Out of one thousand perhaps four hundred.

Mr. O'Connor: Four hundred?

Mr. Blake: Yes. The sales approved by the Board, four hundred were utilities; the others were all approved because they were utilities after they were acquired.

Q. The point is, those four hundred, the purchase of them was made before it was brought to the attention of the Board for approval, wasn't it? A. I think that is quite possible, a number of them were not purchased independent of the Board's approval.

Q. This is what you say in your petition: On September 19, 1923, the railroad ased the Board for a ten cent fare but you accepted a five cent fare in the larger cities, which still prevails, with an additional fare, without a transfer, for the longer ride. You say in this same petition, that the five cent fare has proven itself insufficient? A. Yes.

Q. Doesn't that insufficiency still continue? A. Yes.

Q. But the insufficiency isn't sufficiently strong enough or great enough to call for an increase of fares? A. Yes, it is.

Q. It is, but there is no necessity for calling for an increase in fares? A. Yes, there is.

Q. There is. But the company intends to overcome the necessity of calling by putting into effect other economies, is that right? A. We hope to.

Q. You hope to. You said a little while ago you were in a fair way of having that accomplished? A. We are making progress, yes.

Q. Has it proceeded to such a point you can say with reasonable definiteness there will be no increase asked for? A. No.

Q. You can't say that? A. No.

Q. You say in your petition, quoting from your letter to the Board, of September 27th, 1923, "The company must have more revenue, arising from the transportation of a very much larger number of passengers which a curtailment of uneconomic and wasteful competition will produce." Does this statement hold true, as in 1923? A. At the present time?

Q. Yes. A. Yes.

Q. It does. How does your street railway company propose to do this if the public prefer to ride and you have accomodation on the buses at a five cent fare? A. All the measures, I, perhaps, cannot give you, but broadly, we propose, just as we say here, to bring about a curtailment in uneconomic and wasteful competition.

Q. And that means by making the bus zones co-extensive with the railway zones? A. In part, yes.

Q. And how does the Public Service Street Railway Company intend to obtain more passengers? A. We believe the traffic can be built up by improving the service. We admit that.

Q. Putting on more cars? A. Having service where it is necessary. Perhaps putting on more cars where it is necessary. Perhaps taking some off where they are unnecessary.

Q. Have you made any calculations of how many more passengers you will get? A. Oh, of course not.

Q. Then you don't know what that amounts to, do you; have you no calculation at all? A. No, that is impossible.

Q. You say that every possible economy has been put into effect by both companies, is that so? A. Yes, under the conditions obtaining.

Q. Do you think that the purchase of the buses by your company, that is, the purchase of the independent buses by your company, economical? A. Yes.

Q. Are you familiar with the price paid for those buses? A. Yes.

Q. You consider that economic and prudent? A. It is necessary and anything that is necessary is economical.

Q. Necessary? Necessary for whom? A. For the public as well as the company.

Q. How was it necessary for the public? A. In order that the five cent fare may be maintained.

Q. We had a five cent fare. A. Yes. We ought to have asked for more.

Q. You did? A. We ought to have asked for more.

Q. The bus owners were operating on a five cent fare? A. That is true.

Q. You bought the buses as a going concern on a five cent fare? A. That is true.

Q. Well, then, why do you speak about a five cent fare being retained? A. They weren't carrying all the people; carrying a fraction.

Q. Is that not— A. (Continuing.) They were only carrying a fraction of the people; they were relying on the basic service of the railway to take care of the needs of transportation in this community.

Q. How were they relying; in what respect was anybody relying on the basic service of the street railway? A. Any single operator by operating his bus when and how he pleased—

Q. You know that is not true; how he pleases; he didn't operate his bus "how he pleased." A. What I say is true, I can demonstrate, in any number of cases; it is absolutely so, during this period of unrestricted competition; there isn't any question about it in anybody's mind. I don't—

Q. You mean to say that the buses were running without regulation and control in the City of Elizabeth? A. I will say, without proper regulation and control, yes.

Q. Without proper regulation and control? That is purely your own personal opinion, isn't it, Mr. Young? A. I think it is in accordance with the facts.

Q. What have you in mind? A. I am referring now to the time, prior to the time of the buses coming under the Commission.

Q. How were the buses regulated in Elizabeth that made that regulation improper? A. I think we can give you cases that would demonstrate it, prior to their coming under the Commission.

Q. You can't? A. I can't do it, but I am so informed and I know the situation there for years.

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Q. Is there any comparison at all between the financial condition and the physical properties of the street railway properties and the transportation company? A. They were both struggling, if that is what you mean.

Q. No. Is there any comparison between the two structures, the two companies? A. I don't now that I understand.

Q. Well, the Street Railway Company is a much larger company, isn't it? A. Yes.

Q. A larger and greater investment? A. Yes.

Q. Greater overheads? A. No.

Q. No? Greater fixed charges? A. Yes.

Q. Greater operating expenses? A. Carrying more people, yes.

Q. You have greater operating expenses with the street railway than you have in proportion to the people you carry? A. I wouldn't say so.

Q. You don't know? A. Yes, I do know.

Q. What is it, yes or no? A. I would say no.

Q. You would say no? A. Yes.

Q. You wouldn't say that one company was a standard for the comparison of the other, would you? A. No.

Q. What? A. They are entirely different equipment.

Q. Entirely different? A. Different equipment.

Q. And demand different treatment? A. They are both transportation agencies.

Q. Surely, but they demand different treatment? A. You mean in maintenance?

Q. On the part of the public, they demand different treatment; on the part of this Board they

demand different treatment? A. You mean in rate of fare?

Q. Yes. A. No; I think that would be entirely wrong and uneconomic as long as they are both performing the same function, I think they should be subject to the same laws.

Q. Irrespective of how they perform or what they are required to perform, they should be treated as one unit of transportation? A. I think that is the thing that is necessary in this case, yes.

Q. What was the necessity of acquiring the buses if the trolleys were so efficient? A. As I say, to abolish wasteful and uneconomic competition.

Q. I know, if your trolley system and the Street Railway Company was so efficient it could compete with the bus transportation? A. No competition in transportation is desirable.

Q. I know, but it may not be desirable— A. They should both be preserved so long as they were here, both agencies should be preserved.

Q. Both agencies should exist? A. Not if they were not in existence. I don't think both agencies should be created, necessarily; but being in existence, I think there has been demonstrated there is an economic field for each and it is costly to scrap any agency that is once established. That is why we ask to co-ordinate the services of the two agencies.

Q. You felt the demand for the bus was necessary? A. No, not altogether.

Q. If they weren't necessary then the trolleys were more efficient, were they not? A. That is true.

Q. And they were more efficient? A. That is true.

Q. And served the public demand better? A. In many cases, yes.

Q. And more economically? A. In many cases, yes.

Q. In these cases now; in this particular case? A. I don't know which one you are speaking of.

Q. In this case that is now being heard by the Board? A. The vast majority, making one or two situations here where that might not be true; by and large it is so.

Q. If that is the case, the street railway is so efficient, why don't you make the street railway the basis for fixing the fare zones for the bus company? A. Because it is the base instrumentality.

Q. You mean it is the oldest instrumentality? A. No; because it is the most capable of giving the service.

Q. Why do you say it is basic? A. Because it is the most capable of giving the service.

Q. The most capable, and that capability has to do with these 97 different lines. It is the most capable on these 97 different lines? A. I don't know that that was the number.

Q. Well— A. I think that is true.

Q. Isn't that so? A. By and large.

Q. And you feel that the standard of efficiency claimed by the street railway company should be the standard that the buses should be called upon to meet? A. I would say that the standard that the street railway company should be

governed by is the standard that the buses, the Transportation Company should be governed by.

Q. Do you think that the bus, as a means of transportation is susceptible of great development? A. I am not so sure of that.

Q. You are not so sure? A. I think it is fairly developed now.

Q. You think it has reached its high mark? A. No, I don't think so.

Q. What do you think will still be done to make the bus still more efficient?

Mr. Blake: That would be very entertaining, but—

A. I wish I knew. I can't say I do know.

Q. Mr. Warner estimates that the person affected by these lines here will number about 40,000 persons. Do you agree with him on that? A. I would take his word for it, yes.

Q. That is three per cent of all the passengers carried on the street railway and the bus line, is that right? A. I don't know whether it is or not.

Q. Do you know how many passengers are carried upon the street railway and the bus lines? A. Yes.

Q. What? A. Yes, I do, but I haven't figured it up. Perhaps that is correct. Mr. Warner can tell you.

Q. Would you say his estimates are correct? A. If he made that estimate, yes; that is about right.

Q. Assuming that is so, that would mean if this co-ordination goes into effect that about

40,000 people will pay double fare? A. No; I don't think so. We discovered that in our so-called zone experiment; we haven't—

Q. No. We are speaking about this particular territory? A. Yes.

Q. It affects 40,000 people? A. Yes.

Q. There isn't any question about that? A. Mr. Warner—

Q. If it affects 40,000 people it is found to make 40,000 people pay double fare? A. Not necessarily, no.

Q. I believe Mr. Warner said that that 40,000 was net, excluding twenty-three, that would be obliged to pay double fare; twenty-three was eliminated? A. That there were 63,000 affected?

Q. Sixty-three thousand? A. Sixty-three thousand?

Q. Let us say 60,000? A. Well, I wouldn't like to hazard a guess as to the net effect on the travel.

Q. He says that 62,000 is the present riding; 40,000 additional fares would be somewhere around it; do you agree with that or not? A. I think it is high.

Q. You think it is high? A. I would be—

Q. On what do you base the fact you think Mr. Warner's estimate is high? A. It is just my—

Q. Just merely a guess? A. It is just my experience on this matter.

Q. Have you studied this particular matter for the purpose of forming some definite opinion as to how many people would be affected? A. I know how many people would be affected, yes.

Q. How many would be affected? A. I think Mr. Warner's figures are right.

Q. How many people, in your opinion, would be obliged to pay the double fare? A. Anything that I would give in that matter would be a guess.

Q. Purely speculative? A. Speculative.

Q. I don't want it then? A. I don't think anybody would agree on that.

Q. Mr. Warner laid those facts before the Commission. That would mean, if 40,000 were affected and pay double fare, that would be $2,000 a day, wouldn't it; on 300 days that would be $600,000 a year, wouldn't it; $600,000 a year? A. That is right.

Q. In the light of those facts, there would be an increased revenue to the companies of $600,000 a year, how do you arrive at your minimum figure of $200,000? A. I said two hundred and fifty to $500,000.

Q. How did you arrive at that figure? A. My figure was the net figure. That is gross.

Q. No? A. You are giving me the gross at five cents.

Q. No? A. The gross dollars and cents revenue. We are not getting the gross passengers, but the gross revenue. I am talking about—

Q. You are still operating your cars, your overheads are the same; there is more power; the tracks are the same? A. Every passenger who pays five cents, right off the reel we have to pay ten to twelve per cent taxes, that reduces the five cents to something over four cents, wouldn't it? Every passenger that rides—

Mr. Stewart: You pay those passengers that go—

Commissioner Autenrieth: Don't all talk at once.

The Witness: The taxes are based on the gross receipts.

Commissioner Autenrieth: Have you finished?

The Witness: The taxes are based on the gross receipts for every five cents.

Q. I agree with you that the tax is the only item that enters into it? A. No.

Mr. Blake: You are making that statement. You say that you agree; the witness says, no. You are talking of gross and he is talking of net.

Q. Tell me what else enters into that $600,000, by way of a deduction? A. Yes. Beside taxes any additional service.

Q. Mr. Young, don't get me into that. Tell me something you know of your own knowledge unquestionably enters into the $600,000 outside of taxes.

Mr. Blake: He started there.

A. In the first place, I don't agree with the $600,000. I think that figure is high.

Q. It is your own witness; I can't change it. Let us assume for present purposes that Mr. Warner is right? A. I gave my figure of two hundred and fifty thousand to five hundred thousand dollars. I think that is as near as you can get to it.

Q. All right; we won't argue about the matter. Tell me, outside of taxes, what other deductions there are that you now haven't got. A. That is the principal item.

Q. That is the main thing? A. That is the principal item, yes, sir.

Q. According to your records, you have got about $10,000,000 of investment in revenue yielding properties, isn't that so, in the Transportation Company? A. Will you read that question.

Q. (Question read.) A. We have some $18,000,000.

Q. No. I am speaking now of your revenue producing properties? A. It is all necessary to producing revenue.

Q. We will get into the other items. I admit that your capital is about eighteen or twenty million dollars. Now, I am trying to analyze, in a measure, that capital. You have carried on your books now revenue producing property of $10,000,000? A. We carry $18,000,000.

Q. Excluding the intangible capital; that is right, isn't it? A. I think the intangible is part of that capital.

Q. I am excluding it, for the present question; we will get into that intangible capital after a while? A. I don't want to admit any of our capital is not necessary for the purpose of producing the revenue.

Q. Will you admit that your books set up this Capital account— A. By whatever it is.

Q. By disclosing the item of revenue producing property of $10,000? A. Whatever it is;

it will speak for itself. If we have a balance sheet here I can answer the question.

Q. I said $10,000,000, it is $9,135,408.38; isn't that revenue producing property? A. What you mean there is that the tangible value of our business—

Q. What does that item say? A. Revenue passengers, motor equipment.

Q. What does that mean? A. That means the fixed capital invested in—

Q. In revenue producing property? A. There were other revenue producing property, is the point.

Q. The business? A. There are other revenue producing property. If you said books, I would agree with you.

Q. It is all your revenue producing property, isn't it, of a tangible character? A. No. We have garages, shops, miscellaneous equipment, materials and supplies, cash, various current assets.

Q. Let me ask you something: What is your total fixed capital? A. $18,229,197.

Q. All right. Other intangible capital, how much is that? A. That will be about $10,000,000.

Q. That nine or $10,000,000, Mr. Young, represents then, physical properties, doesn't it? A. That is true.

Q. What? A. That is true.

Q. What? A. That is true, other than current materials and supplies, working capital and so forth.

Q. I am taking your own figures and assuming— A. Other than working capital, yes.

Q. If we have $600,000 paid by 40,000 people in a year, you are getting six per cent on an investment of $10,000,000 of tangible property out of 40,000 people? A. If you had $600,000.

Q. Assuming that you had $600,000, out of these 40,000 people yielding you six per cent on your capital of $10,000,000, do you think that that 40,000 people should be called upon to pay that increase? A. I don't think it is an unreasonable thing they should.

Q. You don't think it is an unreasonable thing? A. No.

Q. Is that sheet you are referring to, Mr. Young, one on file with the Commission? A. I think so.

Q. You don't know? A. I think copies of all the papers—if this was prepared by us.

Mr. Blake: Copies have all been furnished.

A. (Continued.) I couldn't answer that question.

Mr. O'Connor: If your Honor please, can we have this marked for identification.

(Statement headed Public Service Transportation Co., comparative balance sheet, 1923 to 1926, inclusive, marked Exhibit O1 for identification.)

Mr. O'Connor: There is an income statement.

Commissioner Autenrieth: There are other papers attached to it. It is merely for identification. State what the paper is, if it is anything different.

Q. Mr. Young, you testified there was a deficit of $1,500,000 in the bus company in the last three years. What percentage of this $1,500,000 is due to the bus routes not involved in this application? A. I think we can give that information, but I haven't it before me.

Q. Has that been determined by anybody you know of? A. I think we could readily determine it.

Q. Has it been? Can you give me the name of anybody in your company that made any determination or calculation? A. I couldn't do that; we do so many things around our shop.

Q. Then, as far as you know, it has never been determined? A. No; I wouldn't say that.

Q. As far as you know? A. No.

Mr. Stewart: If Mr. Young could have that done before the next hearing.

Commissioner Autenrieth: Friday?

Mr. Stewart: Friday. I am more or less interested in it, in the line of examination I will take up.

Mr. Blake: Mr. Tuson, sitting alongside of me, our General Auditor, says we don't keep our accounts in that way. I doubt if we could have it out.

Commissioner Autenrieth: Then it can't be done before Friday, if that is the situation.

Mr. Stewart: I assume not.

Commissioner Autenrieth: Friday is the next hearing day, the 25th on this matter.

Q. Will you refer me to anything in your petition or anything in your testimony that these

particular lines involved should yield to the company $600,000 a year. A. No; I wouldn't have made that statement, because I don't believe it.

Q. Is there anything in your petition you can refer me to or any testimony that you can give me that shows that these particular lines are carried at a loss of $600,000? A. No. I don't think—

Q. Is there anything in your petition or in your testimony you can give me that shows these lines are carried at any loss? A. No. We are looking at this thing from a comprehensive standpoint of state wide service. Some lines have to carry—the paying lines have to carry the losing lines, or do away with the service entirely, which of course is out of the question, is impossible.

Q. You would not say that any of these lines are losing lines, would you? A. I think some are, yes.

Q. But can you name any particular one? A. We haven't made that the basis of our application.

Q. If you have some losing lines and some are not losing why in your application do you not consider all your losing lines rather than saddling $600,000 upon only three per cent of the riding public? A. Because you would discriminate then against localities, which would be unfair and detrimental to the business as a whole.

Q. How does it discriminate against localities, how does that out weigh the discrimination against the public? A. It is all discrimination against the public.

Q. No. You say you think you can afford to discriminate against these 40,000 to the extent of $600,000 a year.

Mr. Blake: He assumes there is discrimination against those people because we don't want to carry them six miles for nickle. There is no proof of discrimination against these people yet.

Commissioner Autenrieth: No proof yet.

Mr. O'Connor: There is proof only 40,000 people are affected by these increased fares. It is presumed those 40,000 are only three per cent out of the entire riding public.

Commissioner Autenrieth: That don't necessarily mean there is discrimination. They may have had an undue advantage before.

Mr. O'Connor: If these people are called upon to pay $600,000, let us assume that is the figure, or $500,000—

Commissioner Autenrieth: Whatever it is.

Mr. O'Connor: And you make an order calling upon them to pay that rate and that fare, when there may be in the other municipalities of a hundred or more in the State losing lines, with longer rides, which the Company should ask the Board to consider, they should be considered; inasmuch as this is now a rate case, while it is not an ordinary rate case, it is nevertheless a rate case. Then they ought not to arbitrarily select 90 lines or 97

lines and say, here is the mere effect of co-ordination, which is nothing more or less than a matter of form, strictly speaking, yet where it involves an increase of rates, as it does in this case, we ought not to ask those people to pay that sum of money per year to the company without weighing or taking into consideration the other conditions existing on the lines which are contributing, probably in no small measure, to the deficit that the company is complaining about. It seems to me that is the grossest kind of discrimination.

Commissioner Autenrieth: If you will go back to your question and the objection to it; the objection was made that the question assumed there was discrimination, which he said hadn't been a matter of any proof yet; that the mere raising of the fares on the lines in question would not necessarily establish discrimination; they may have been out of line before, for all I know. Your question assumes a discrimination; I say that fact has not yet been established. If you will put it in your question as a hypothesis rather than an established fact then your question might not be bad.

Q. It does mean this, anyway: That an arbitrary number of people or lines are selected, does it not? A. I wouldn't say it was an arbitrary number. I think we selected the lines which as yet are not co-ordinated.

Q. That selection was made without regard to conditions on other lines, lengths of ride? A. No, I wouldn't say that was true. I would say we considered that the particular applications that were made were reasonable, the adjustments for which we made application were reasonable.

Mr. Blake: May I interrupt to straighten this out. I think Mr. Young, which was the result of an answer to a question this morning that he couldn't be sure whether it took in all places on the property where there was co-ordination of the bus lines. These are the only places, I think, where the bus lines and trolley lines aren't co-ordinated. As Mr. Young left it this morning there might be others. I think that accounts for Mr. O'Connor's question.

Q. Can you say that the average ride on the routes involved in this case is any greater than the average ride on other routes not involved in this case? A. I would say that with this change, adjustment that we made application for the rides are not unduly short.

Q. That isn't my question. You understood my question? Didn't you understand it? A. I can't say what our average ride is. I think Mr.—

Q. Then you can't answer the question? A. Not accurately, no.

Q. Would you say that there are lines, what you would call losing lines, in the state? A. Yes.

Q. Not involved in this application? A. Yes; unfortunately so.

Q. Why are those losing lines you speak of not brought into this application? A. Various reasons. There are perhaps lines which are serving territory which is growing rapidly, in which the traffic is not very dense, the distances may not be; the rate of fare may be as high as is desirable to attract the traffic. As I said before the rate of fare depends somewhat on the traffic density, not the rate of fare but the cost of operation.

Q. Have you made yourself any comparative study that you could tell us about? A. On this matter of distance carried and revenue per line? I am very familiar with the lines, yes. They vary for the same distances, the revenue varies for the same distances.

Mr. Stewart: I was wondering whether the Public Service Companies could supply us with a list of the municipalities served by the bus lines. They say they are all co-ordinated except these lines. I should like very much to go into a short examination on that.

Commissioner Autenrieth: I suppose they can furnish you that. We will adjourn until Friday morning, at the same time, eleven o'clock.

Adjourned until Friday, March 25th, at the Industrial Building, Newark, N. J., at eleven o'clock A. M.

BOARD OF PUBLIC UTILITY COMMISSIONERS.

Newark, N. J., Friday, March 25th, 1927.

PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY—Application for adjustment of fare zones and other relief.

Before the following Commissioners: Jos. F. Autenrieth, Esq., president; F. W. Gnichtel, Esq.; H. C. Eddy, Esq., chief inspector of transportation division; Leo Conlon, Esq., traffic inspector.

For petitioners appears George H. Blake, Esq.

For town of Irvington appears Charles H. Stewart, Esq.

For Borough of Hawthorne appears W. W. Evans, Esq.

For Roselle Park appears Martin P. O'Connor, Esq.,

For Kenilworth appears J. S. Lindabury, Esq.

For City of Clifton appears Wm. B. Courley, Esq.

For town of Bloomfield appears Raymond F. Davis, Esq.

For Lyndhurst appears Luther Shafer, Esq.

For City of Elizabeth appears John J. Griffin, Esq.

Petitioners' Witness, Percy S. Young, Cross

PERCY S. YOUNG resumes the stand on behalf of petitioners.

Mr. O'Connor: May I reserve the right to cross-examine Mr. Young on the local conditions of my client, that is, the local conditions in Roselle Park; also on another branch of the case, and allow other counsel to take up the portion of their case they are handling now, which will fit in and I think result in a better understanding of the case and perhaps avoid duplication of effort and having counsel jumping up and asking the same question over and over again.

Commissioner Autenrieth: I don't suppose there is any objection to reserving it?

Mr. Stewart: I understood that was the arrangement I made with Mr. Blake the other day.

Mr. Blake: I am handing counsel for Irvington a list of the municipalities served by Public Service Railway Company and Public Service Transportation Company, which was requested and which we agreed to furnish. (Counsel for the petitioner hands counsel for the municipality paper.)

Mr. Stewart: Thank you.

Cross-examination by Mr. Stewart:

Q. I understood you to say that this is not in your estimation a rate case? A. Did I say that?

Q. I understood you to say it wasn't a rate case?

Mr. Blake: Senator Wakelee made that statement in his opening, that it was not primarily a rate case, but a readjustment of the zones.

The Witness: I didn't remember saying it.

Q. I understood you to say the other day it was not a rate case but principally one of coordination? A. As we understand it.

Q. Is not one of the principal reasons for these proposed changes to give the transportation company more revenue? A. One of the reasons, yes.

Q. You, the other day, and Mr. Warner also, in his testimony, have referred to the fact that only three per cent of the passengers are affected by the proposed changes? A. I believe Mr. Warner made that statement, yes.

Q. Is that three per cent of the passengers carried daily? A. I think Mr. Warner can give you that information.

Q. You don't know whether it is three per cent of the bus passengers carried daily throughout the state or three per cent of all the passengers carried by both forms of transportation? A. I haven't figured that out myself, no. I had accepted Mr. Warner's statement.

Q. Have you figured it out, how many of the Public Service Transportation passengers are affected by this change? A. Not personally, no.

Q. Nor do you know the percentage of passengers who ride into and out of Irvington who are affected by this change, do you? A. Mr. Warner can give you that information. He testified to it, I believe.

Q. Have you any idea as to what the percentage is of the Irvington passengers that are affected, that is, those going into and out of Irvington? A. That is all in Mr. Warner's sheet.

Q. You don't know that. Now, Mr. Warner testified that there were about 62,000 people who would be affected daily, that is, 62,000 passengers who would be affected daily by this proposed change. If this whole number of 62,000 people that were affected were to pay the additional five-cent fare which would be required by this co-ordination scheme, that would mean an increase of $3,100 a day, wouldn't it? A. Yes. That is a matter of simple arithmetic.

Q. That is what it would mean. That would amount to, on a three hundred day year, about $930,000 a year; that is correct, in the arithmetic? A. That is the arithmetic, I suppose.

Q. I want you to just check me on this. If 22,000 a day walk, Mr. Warner says about 40,000 people would pay that additional fare, if 22,000 a day walked, as Mr. Warner testified to, it would leave those 40,000 to pay the additional fare, that would be an increase of $2,000 a day, wouldn't it? A. Yes.

Q. That would amount to $600,000 a year increased income to the Transportation Company, working on a three hundred day year basis? A. Gross revenue.

Q. Gross revenue. You testified you thought the increase in fares would result in additional revenue of between $250,000 and $500,000 a year? A. Net income is what I testified to.

Q. How did you arrive at that? A. This whole question of the result in the net income from a change in zones is very largely a matter of judgment. It is impossible to make an exact estimate of the net result because of the number of factors that affect the situation. You have mentioned one only that was the number that might walk. The other factors affecting the situation would be people that might take other conveyances—

Q. May I interrupt. When you say other conveyances do you mean— A. Private automobiles.

Q. All right. Go ahead? A. (Continuing.) For instance. As I understand it, the distance the people have to walk to avoid the payment of another fare is a varying distance. A few people, perhaps, would pay five cents to avoid walking two or three blocks or four or five. It would vary with the weather and vary with other conditions. A fine spring day more people would walk than a rainy day or cold weather.

There are so many factors that influence the situation that, as I say, it is impossible of exact determination.

I have deducted in mine the amount of taxes that would have to be paid, from those gross figures, $600,000 gross revenue. Even from the figures that Mr. Warner had in his mind and used.

I found no dependency can be put on estimates made under conditions obtaining in the communities, of the effect of a change in zones. We have been many times disappointed in the net result.

I might add, in addition to the factors of the gross revenue—

Q. By the way, how much is that tax on the gross revenues? A. It approximates ten per cent.

Q. All right, go ahead? A. Five per cent on the gross receipts for the franchise tax, so called, and a percentage of the gross receipts in lieu of personal taxes. It is something under 10 per cent. I will say, perhaps, it is more nearly nine. Of course, there are other taxes in addition to that.

Then there would be, if the result was a net income, would more than make up the losses, there would be of course the federal income taxes, which is thirteen and a half per cent of the net, which would be, if you add that to the nine per cent would be twenty-two and a half per cent.

Q. It wouldn't be twenty-two and a half per cent on the gross? A. No; you are right about that. Nine per cent first and thirteen and a half per cent on the balance.

Q. It is like the trade discount? A. That is it.

Q. A five and twenty per cent? A. Yes. It wouldn't be very far, the figure would be pretty close to the twenty-two and a half per cent I mentioned.

Q. I note on the income statement of Public Service Transportation Company it shows a passenger revenue of $10,748,130.18 for the twelve months ending December 31st, 1926? A. Yes.

Q. I note in that same statement for taxes $608,665? A. Yes.

Q. That would seem to include all taxes? A. I was speaking there of taxes in lieu of personal property, of the Railway, the affect on the Railway. When it comes to the transportation—

Q. I am not talking about the Railway, but the Transportation Company? A. Some of this revenue would perhaps go to the Railway. It doesn't all go to it; it doesn't all go to the Transportation Company. I was directing my reply there to that portion of the net revenue that went to the Railway, too. Respecting the net revenue that went to the Transportation Company, that would be subject to a slightly less tax, but it wouldn't vary very much.

Q. In the City of Newark where the bus fare is five cents from, we will say, Clinton Place or 18th Street, that is the city line, from 18th Street to the tube, and the trolley fare is five cents from 18th Street to the tube, you say that your buses are congested there, don't you? A. I think, if you will allow me to suggest, it would be better for that class of question if they would be put to our transportation expert.

Q. You testified with considerable— A. Not on any specific line.

Q. With considerable facility on your direct-examination as to a lot of those items? A. I endeavored to keep away from the exact conditions existing on each line; not being up to date.

Q. You don't feel as though you were familiar on these particular questions in reference to the congestion of traffic on the different lines? A. I don't follow the daily local situation on each line, no.

Q. On Mr. Warner's figures of 40,000 people, which he figured ran up to about $600,000 a year increased revenue, I note you said that was gross revenue? A. Yes.

Q. You were very careful to correct me on that, that it would be gross? A. Yes.

Q. On your figures of between two hundred and fifty and five hundred thousand dollars a year you say that is net? A. That is right.

Q. What is the cause that occasioned that difference of $100,000 between his $600,000 figure and your $500,000 figure, besides those taxes you referred to? A. I don't accept his 40,000 passengers, entirely. I think it is subject to so many conditions that would affect it, so many factors that might enter in, it is merely an estimate. We couldn't tell until we got the net results just what would be the fact.

Q. Was this revenue of between $250,000 and $500,000 a year intended to indicate the revenue additional to the Transportation Company alone? A. No. Both companies.

Q. Can you tell me how much that figure would be, the increased revenue that would be

derived by the Transportation Company by this increase in fares? A. No. I haven't tried to determine that.

Q. You would be able to? A. I think Mr. Warner could do it much better than I, yes.

Q. In figuring your increased revenues, did you take into consideration the economies that you feel would be accomplished by this co-ordination scheme? A. Mine is the net, yes.

Q. As the increased revenue is represented in your figure from $250,000 to $500,000 that would mean that the number of people who would be inconvenienced by this change would be increased, wouldn't it? In other words if $250,000 income was derived from the change that would mean that more people would have to walk from some point in Irvington to the city line, would it not? As you went up the scale from $250,000 to $500,000 that would naturally mean less people would walk because more people would take the bus? A. My observation has been that it is not only the question of people going about their business in the same way, but people might make themselves fewer errands. They might do business locally. They might do many things that would not cause them to walk. Then, too—

Q. Might I interrupt you to ask: This class of people who might do business locally are not what you might call the casual passenger? A. They are not the daily passenger, that is true.

Q. Isn't the bulk of your business derived on these lines from carrying people who must go back and forth to business? A. They are

the passengers who carry us the most money to carry, yes.

Q. They are the bulk of your business? A. I am just pointing out the fact that the change would not cause everybody to walk.

Q. All right, go ahead? A. Other habits would be changed, beside the riding habit.

Q. When you spoke of people taking private autos, did you mean that by reason of the increased fares persons who now ride in the jitney bus would take their automobiles to come down to Newark, their private automobiles, is that your idea? A. I mean this: A man who might have a Ford car would perhaps find it convenient to carry his neighbors down, occasionally. I am not speaking of every day. I don't think it is going to change the habits much of the regular day-to-day type of rider that go from one point to another point, but it perhaps might change the habit and would change to a certain extent the amount of riding done.

Q. It would change their habit, in your opinion, to the extent they would be willing to walk five or six blocks to save a five-cent fare? A. Yes.

Q. But it wouldn't change their habits to the extent of taking their own automobiles back and forth every day? A. No; the occasional rider.

Q. If they did take their automobiles to go back and forth every day and they did carry their neighbors down, not only would you not get the increased five cents for the more but you would lose the other five cents on the other

end of the line? A. That is exactly why I am discounting the figures, because we would lose an additional fare as well as the original fare. That is why I say that it is not safe to determine too closely on the arithmetic of the matter.

Q. I gather from your testimony of the other day that the Public Service Corporation, the several of them, were almost as much interested in accommodating the people, the public; they seemed to have a very tender regard for the public, in your testimony. If you are not getting increased revenue for the companies do you think that it is giving the public that consideration that they are entitled to if you make thousands of people walk every day? A. I don't think a walk of four or five blocks is going to hurt anybody. It does them a lot of good, as a matter of fact.

Q. That depends a good deal on what they were doing before the war. And as a matter of fact, the Transportation Company makes more money on the short haul traffic than it does on the long haul traffic, don't it? A. Yes. If the net result of this change, even though there might be some incidental advantage, if the net result is a loss in net income, of course, we wouldn't be advocating it.

Q. If I understood you correctly, in arriving at your figures of $250,000 to $500,000, that is net? A. That is net.

Q. That is, after you had taken out your tax for franchises and so forth? A. And the losses in the second fare as well as the first fare, and changes in the riding habit and every-

thing that I could bring within the focus of my mind.

Q. That is, what would be subject to the federal income tax? A. If it only—if all of it was shown as net income.

Q. That is what I say? A. And it was not required to make up a loss. If there was still a loss, of course, it would not be subject to the federal income tax.

Q. Your company is not now running at a loss? A. No. That is why I say it is subject to that.

Q. So that $250,000 to $500,000 is available as a return on your capital investment, isn't it, to be applied as a return on your capital investment? A. That is to say—

Mr. Blake: After you wipe out the deficit, the accrued deficit.

Mr. Stewart: Yes, I understand that.

Q. As a matter of mathematics the $250,000 increase in revenue that you refer to would equal 7 per cent based on a capitalization of $3,600,000, wouldn't it; that is correct? A. That is approximately correct.

Q. Or taking your maximum figure of $500,000 that would give you 7 per cent return on a capital investment of $7,200,000? A. That is right.

Q. If Mr. Warner's estimate is correct of 40,000 people that would pay that additional fare, which would equal $600,000, you would get a return on a capitalization of about $8,600,000, wouldn't you? A. No. It would not be higher than the maximum figure I used because his was the gross revenue.

Q. You think his, too, would be the same, approximately? A. It would be no higher than mine.

Q. Taking your figure then, of your return on capital investment of $7,200,000, this figure shows— A. That would be subject to the federal income tax, that higher figure?

Q. It wouldn't reduce it a very great deal, would it? A. Probably reduce it ten per cent.

Q. We will make the reduction of ten per cent, $720,000. That would leave you about $6,800,000 and your vested capital invested in revenue passenger motor equipment, exclusive of intangible capital, is in round figures $9,814,000; do you know whether that is correct? A. I testified to the figures the other day.

Q. And 7 per cent on this nine million odd dollars you testified to, would you say are the correct figures, $9,814,000 exclusive of intangible capital? A. $9,800,000, yes.

Q. And 7 per cent on that is approximately $687,000, isn't it? A. Yes.

Q. So that on your figures the 7 per cent return on $7,200,000 which would be derived as the maximum of $500,000 you are talking about, the other lines apparently would only have to—outside of those involved in this litigation, would only have to produce $187,000, is that right? Or are my figures wrong? A. I don't admit all this revenue would go to the Transportation Company. Probably it would be divided up between the Railway and Transportation Company. I don't know how

it would be divided out. I don't believe anybody could tell.

Q. How would it go to the other company, any portion of this? A. I think it would change the habits of riding and some of it undoubtedly—

Q. You think because people have to pay ten cents to get to Newark some of those who now ride on the buses would ride on the trolleys, is that right? A. I think that is quite possible.

Q. Isn't it a fact, in the City of Newark, on the lines, for instance, that run out of Clinton Avenue, except in the rush hours, your trolleys aren't crowded? A. Yes, and the buses are not crowded either.

Q. Are the trolleys as crowded in the rush hours as the buses are? A. Yes, I think that—I couldn't answer the general question. I think they are both crowded.

Q. You think they are both crowded. In other words, you think the five-cent fare in Newark has nothing to do with more people taking the buses or less people taking the buses? A. I am not sure I understand that question.

Q. You think the five-cent fare, the fact the fares are both alike in Newark has no effect on what number of people ride on the buses or what number ride on the trolleys? A. I think it equalizes.

Q. You think it equalizes? A. The fact the fare is the same equalizes.

Q. Don't you know, Mr. Young, as a matter of fact, every morning there are crowds of people waiting on the Clinton Avenue corners, for example, who let the trolley cars go by and

stop and wait for buses? A. No, not when the trolleys have seats in the rush hours.

Q. Are you sure of that? A. No. I wouldn't say from observation on that line, no; but observation on other lines.

Q. I suggest you go there from 8 to 9 any morning, along from 18th Street all the way to Belmont Avenue and take a look? A. All right.

Q. Can you tell me, Mr. Young, what fundamental changes have taken place in the operating expenses of the Transportation Company since 1923, when you began to extensively operate? A. The operating expenses now?

Q. The operating expenses? A. Yes. We have improved the condition of the equipment. We have operated the equipment much more regularly. We have furnished proper maintenance, overhauling, inspection and properly supervised the operation. We have, I think, generally built up the service.

Q. When you say you have operated more regularly, what do you mean by that? A. I think our headways have been better kept.

Q. Do you know what headway your cars ran on, not the cars, but the buses ran on and what they run on now, different hours of the day? A. On any particular line I haven't it in mind, but we have records we can give you.

Q. Take the City of Newark, on the more congested lines, like the Springfield Avenue line and the Clinton Avenue and Bloomfield Avenue lines; do you know what headway they run on? A. I wouldn't carry that in my mind.

Q. Aren't these headways established by the Traffic Department of the City of Newark rather than by your company? A. I should say not.

Q. Aren't they established through co-operation between the two departments? A. Yes.

Q. Isn't that also so with regard to Irvington, that the headways are established by co-operation between your company and the city officials? A. Now you are speaking about the schedules. I am speaking about the maintenance of the schedules. We have established—

Q. Let us take the schedules first and talk about the maintenance afterward. A. That is true, we have established schedules, but only since we have really organized the transportation industry, the bus transportation industry. We didn't fix a schedule before that.

Q. By that I take it you mean, prior to 1923 the independents didn't operate on any regular schedule? A. That is true, one bus would pass another and they would race for passengers. The condition was impossible.

Q. It has only been within a comparatively short time on the Clinton Avenue line, for example, you have owned the bulk of the buses and passenger cars? A. I think that is true.

Q. Prior to that weren't their schedules established with regard to both? A. I was speaking generally.

Q. The independents as the— A. (Continuing.) I was speaking generally. I think you could get that information from the transportation department.

Q. As a matter of fact, in the City of Newark even before you took over the transportation

of passengers by buses, weren't regular schedules established for the independents to operate on? A. Not that they were conforming to, no.

Q. You are sure of that? A. Yes.

Q. You mentioned a few of those so called fundamental changes; those fundamental changes also resulted in your being able to more economically run your line, do they not? A. More efficiently, but not necessarily more economically. We have given etter service. We have given better upkeep of the property. I question very much whether there has been—I know there has not been a lower cost of operation. There has been a higher cost, but higher efficiency and beter operation.

Q. As a rule, where a system is operated more efficiently and better maintained isn't that reflected in the income you get, in the long run? A. Yes.

Q. In the long run? A. Yes.

Q. Your percentage of profit is greater, isn't it? A. In the long run, yes.

Q. Haven't you come to that point yet in your operating system? A. I think we have come to a point now where our operating expenses should be fairly well maintained. I think at the beginning of things we found that the buses were operating on a hit or miss plan and that proper operation was not evident and that there was more or less skimping of service and skimping of operation.

Q. If I remember your statement correctly—

A. (Continuing.) We have tried to overcome that.

Q. Up to the end, I think, of the year 1925 your transportation company showed a deficit? A. That is true.

Q. For 1926 it shows you have gotton off the red side of the ledger and on the black, isn't that correct? A. That has been due to proper co-ordination.

Q. Just tell me what you mean by that? A. I think perhaps we have been talking at more or less cross-purposes. What I had in mind was, that you referred to operating expenses. Now, there are two factors in net income, the factors of gross revenues as well as operating expenses.

Q. I realize that. A. (Continuing.) We have, of course, operated with the idea of building up the gross income and building up the net income. In doing that we have increased our operating expenses. That is the point I wanted to bring out.

Q. I understand what you mean is, it costs you more to run your buses today but by reason of running them more efficiently you are making more money and therefore you have a margin of profit which is gradually taking care of this deficit? A. Because of the co-ordination we have been able to put into effect.

Q. Tell us about this co-ordination you are talking about. I want to know what co-ordination you have been putting into effect? A. Maintaining the headways properly spaced.

Commissioner Gnichtel: I didn't hear you.

The Witness: Properly spacing the headways.

Q. Over which, the trolleys or the buses or

both? A. Both. We have cut down wasteful services, we have cut down duplicate service.

Q. Let us not generalize too much; let us be a little specific as we go along. What do you mean by wasteful service? A. I mean exactly what I say.

Q. Tell us what you mean? A. When too much service is rendered we have tried to fit the service to the demand.

Q. By too much service you mean too many trolley cars run? A. Surely, or buses, and perhaps too great lay-overs at the ends of the routes. Not necessarily more miles of service. By too much service I would mean too many buses, not necessarily operating or too many cars, but too much platform expense; put it that way.

Q. By which I understand you to mean that under the rules of the Union now if a man starts to work at eight o'clock in the morning he has to work a certain number of hours a day regardless of whether he is on the road or whether he is sitting around in the barns, is that right? A. No. I am speaking of buses at the end of the route that are not performing service. I am speaking of the utilization of the equipment without waste.

Q. When the bus comes to the end of the route and stands for seven minutes we will say, which you call the lay-over, I take it? A. We would have to pay the man's wages during that time.

Q. You would have to pay the man's wages during that time. That is the only thing you would have to pay; there is no expense on the

motor equipment itself, is there? A. Interest runs just the same.

Q. That runs whether the automobile is running or not? A. There wouldn't be so many buses if we didn't have so long lay-overs. We would operate that line with fewer vehicles. That would mean less maintenance and less investment, less inspection and of course, less housing, less garage and less everything.

Q. As I understand this, you would have operated less buses than you did before? A. We may have operated more buses but we have given more service.

Q. If you operated less buses you have been having them stand idle at the end of the route? A. We have probably given more service with the same number of buses; put it that way. I know in general what has been done but to particularize on each particular line and give you the facts and figures and all the rest of it, I couldn't specifically answer a specific question.

Q. What I gather is, you have given more bus miles of service, is that it, since you have operated? A. Absolutely.

Q. The more bus miles a bus is operated the greater expense there is in certain lines of certain equipment, such as tires, oil and gas? A. Oh, yes.

Q. I gather you have given more bus miles of service? A. We have so operated, we have given more bus miles of service and at the same time increased our revenues.

Q. Do you know whether the cost of any articles used in the maintenance of your buses

has increased or decreased from 1923? For example, tires; do you know whether they have gone up or gone down? A. Gone up and gone down. There was a period when tires was quite high.

Q. Since 1923? A. Yes, and they now have gone down again.

Q. In buying those tires, you buy them in what you might call wholesale lots, don't you? A. We have what we call a service agreement. We pay on a mileage basis, the most of them. Some, of course—

Q. Just tell us about that service agreement that you have? A. We pay on a mileage basis.

Q. How much a mile do you pay, do you know that? A. Yes. I don't know what it is, I haven't it in mind.

Mr. Blake: We can get it.

The Witness: We can give you the figures.

Q. You are able to buy those tires, aren't you, at a less figure than the independents can? A. I think so.

Q. With regard to your gas, how do you buy that? A. Buy that wholesale.

Q. On the cars at the tracks? A. No. We have a contract covering delivery.

Q. Covering deliveries? A. Of gasoline.

Q. By the year? A. Yes.

Q. Do you know what you paid during the last year for gas? A. I haven't it in mind, but we can get the figure.

Q. Can you approximate it? A. Well, it has varied; it is a sliding scale contract.

Q. Have you any idea how much less it is than the retail rate of gas? A. Yes, it is quite under it.

Q. By "quite under it" that is quite an elastic term. A. We can get it.

Q. Can you tell me whether it is five cents or ten cents? A. Not as much as that.

Q. Not as much as five cents or not as much as ten cents? A. Not as much as five cents.

Q. But it is considerably less than what the independent operators can buy it for, isn't it? A. Yes.

Mr. Blake: Of course, I understand there is group buying by the independent operators. When you say "independent operators" you mean one man going to one gas tank and buying five gallons of gasoline or whether it is community buying.

Mr. Stewart: Some do and some do not.

The Witness: Individual operators.

Q. I am speaking of the independent operators such as the one or two left on Springfield Avenue and the one or two left on the Clinton Avenue line, that haven't yet been seduced. A. That is one of the factors.

Q. That same thing prevails with the oil that you buy? A. I think so. We get more for our money in buying supplies and equipment and we give more for the money in furnishing service.

Q. The same way with your repairs, you can make your repairs to your buses more cheaply than the independents? A. Yes. I think that is true.

Q. So that all things being equal, if the independent bus operator keeps his bus up to the same standard you say you keep yours up to, and he had to buy his gas at the tank on the curb, buy his tires in the retail market and all, assuming that to be a fact, you can operate your bus at a less cost than the independent can operate his? A. If the same standards are maintained, yes; both of maintenance and of service.

Q. One of the costs to the Transportation Company is the interest it has to pay on borrowed money, is it not? A. Yes.

Q. The Transportation Company borrows most of its money from the Public Service Corporation, I believe? A. Yes.

Q. And if you— A. (Continuing.) Most of the money it borrows, yes.

Q. It has to borrow quite some, doesn't it? A. At the present time it is borrowing quite some. Most of its capital has been obtained, though, through the sale of capital stock and up to date it has paid nothing on that money.

Q. What interest does it pay to the Public Service Corporation on the money you borrow? A. I beg pardon.

Q. What rate of interest do you pay to the Public Service Corporation on the money you borrow? A. I couldn't say. It is not over 8 per cent. Is it, Mr. Tuson?

Mr. Tuson: Six per cent.

The Witness: Six per cent.

Q. Do you know what the Public Service Corporation pays for the money it borrows in the

open market? A. It sold its bonds, sold its bonds at six and five and a half per cent bonds and pays its stockholders six per cent.

Q. The Public Service also borrows money without the issuing of bonds? A. No.

Q. All the money it borrows is represented by bonds issued? A. Bonds and stocks.

Q. So if it were issuing a six per cent bond and you were borrowing from it at six per cent it would make nothing on the money you borrowed? A. That is right.

Q. Since 1923, hasn't the money market been very much cheaper than it was in 1923, that is, the rate is less? A. It is at the present time.

Q. And has been for almost a year? A. At the present time, yes.

Q. So that on that phase of your expenses you can save more money than in 1923 or 1924, is that right? A. I suppose the cost of money is slightly less now, yes.

Q. Your company carries its own liability insurance, don't it? A. Yes.

Q. That effects a saving for the transportation company as against the independent operator, does it not? A. I am not so sure of that.

Commissioner Autenrieth: They pay their own damage claims, too?

The Witness: Sometimes the independent operators would escape paying anything.

Q. I assume he is carrying the insurance that the law requires.

Mr. Blake: That still goes.

A. Even that might be true.

Q. What? A. Even in that case it might be true.

Q. He pays the premium, however, to the insurance company. You don't pay any premium; your premium is really represented in the damages you have to pay occasionally? A. That is true.

Q. When you purchased buses, could you purchase them at a lesser rate than the independent operator can purchase? A. The same bus, yes.

Q. For the same bus. Lately, in the last year, a great many of the independent operators—within the last two years the independent operators in and around Newark have been investing in a very good class of bus, have they not? A. Much better class, yes.

Q. Aren't they as good as the buses which you operate, leaving out the gas-electric type? A. That is a very general question.

Q. I am speaking about the buses that operate around Newark and not those you operate elsewhere? A. I don't think so.

Q. The buses which the independent operator operates, I understand, in and around Newark, I understand you to say it doesn't compare favorably with the buses you operate, leaving out the gas-electric type? A. Of course, there is this condition: We have taken over some buses which are not as good as our standard bus. We may still be operating some of those, but the buses we have purchased recently are better buses than the independents'.

Q. Leaving out the gas-electric type? A. That is the only type we are purchasing in Newark.

Q. That is the only type you are now purchasing, but in the last two years you purchased other than the gas-electric type, did you not? A. I think that question had better be asked—

Q. You are not sure of that? A. I don't just recall how they would compare with the buses operated generally by the independents.

Q. Why do you buy the gas-electric buses? I understand they cost a considerable amount more than the mechanical buses (if that is what you call them)? A. They give better service.

Q. By better service what do you mean? A. They are better to ride in, they are more comfortable to ride in; they are more popular with the public; they are more easily operated.

Q. That is, they travel a little faster? A. No.

Q. The pick-up is quicker? A. The pick-up is quicker, yes, and there are fewer objectionable features from the passenger's point of view.

Q. From the company's point of view aren't there less objectionable features? A. Yes.

Q. They cost less to maintain? A. I am not so sure of that.

Q. They get out of order less easily? A. I think that is true.

Q. You don't have the gear shift and all that sort of thing you have on the mechanically operated buses? A. That is true.

Q. There is no clutch to operate? A. That is why we bought them.

Q. You bought them really because you felt there was quite an economy to buy them, didn't

you? A. No, not altogether. We bought them because they were more desirable for the purpose for which they were to be used.

Q. Wasn't that one of the prime reasons; they are more economical? A. No. Not the prime reason. It was felt that they were the more desirable vehicle for a given purpose.

Q. You don't mean to tell the Commission that the Public Service Transportation Company would go to work and buy a bus which was more expensive to operate, cost more money, would last no longer than the mechanically operated bus, just because it was going to give more comfort to the passenger? A. We bought the buses because we believed—

Q. Answer that question. A. That might be possible.

Q. That might be possible, that you would spend money on a more expensive bus, which would cost more to operate, more to maintain and out of it you would get less revenue— A. No.

Q. Wait a minute. (Continuing.) —out of which you would get less revenue— A. No.

Q. —than the other type of bus? A. No. That would not be possible.

Q. That would not be possible? Wherein do you get more net revenue out of the gas-electric bus than you do out of the mechanically operated bus? A. If that type of bus carries the traffic better and gave better satisfaction, even though the cost of maintenance were greater it might be possible that we would decide to buy that bus in spite of the fact its cost of operating was greater.

Q. You are merely taking in one element? A. That is what we were speaking about.

Q. About the whole theory of the thing, the cost of operation, maintenance, life of the bus, and I asked you which one would be the more economical, and as to the revenue, the net revenues? A. Was less. I answered that we would not buy such a bus if the net revenue was less and those conditions obtained you mentioned.

Q. Now, I am asking you how you would get more revenue out of the bus. You gave me generalizations but you don't tell me how you get more revenue out of these buses? A. It is all a question of pleasing the passenger.

Q. I beg pardon. A. It is all a question of pleasing the passenger.

Q. That don't tell me how you get more revenue out of the bus because you have a happy passenger and with a smile that don't come off; that don't give you more money. A. We attract riders.

Q. You attract riders. As I understand it Public Service Transportation Company desires to attract more riders to its buses? A. Surely.

Q. Then I understand, on the other hand, you want to co-ordinate these two systems? A. Surely.

Q. And so drive some passengers off the buses on to the trolley cars? A. We want to attract them to both.

Q. How can you hold up two attractive objects to these people, the people you consider so solicitously? A. There is no reason why we shouldn't.

Q. Will you tell me why there is any reason why you should put on attractive buses to induce the people to ride in them, when, on the other hand, you say you are trying to co-ordinate the two systems so as to make the passengers ride in the trolley cars? A. Riding is a habit; riding on a bus and on a trolley is a habit to be acquired. People will walk if they are not comfortably carried. They will ride in their private automobiles if they are not comfortably carried. We have to attract passengers if we are going to be successful in this business of transportation.

Q. In other words, I take it, your theory is, there are a certain number of traveling people who desire to ride in commodious buses, that will not ride in a trolley car, and in order to attract these people who do not desire to ride in a trolley car and who would like to ride in a bus if it was commodious, where they would otherwise walk or ride in an automobile, you are putting on these expensive gas-electric buses? A. We are putting on the gas-electric buses for several reasons. The principal reason is that they will attract traffic. The secondary reason is we believe they will last longer, even though they cost more to maintain than the straight gas buses.

Q. I may be a little stupid; probably I am; but I still can't see why, if the two companies, the Public Service Transportation Company and the Public Service Trolley Company, have put this application for co-ordination in in order to make people take the trolleys why should you buy these expensive buses? A. Well, I—

Mr. Blake: That question assumes the basis of this is to force people on the trolley cars. I haven't heard anybody admit that.

Mr. Stewart: It has been admitted here.

Commissioner Autenrieth: Mr. Young testified the other day that this attracted some bus passengers to the trolley.

Mr. Blake: Yes, attracting them; not driving them.

Q. I am asking you why you are trying to buy these attractive gas-electric buses when you desire at the same time by co-ordinating the systems to attract people to the trolley cars? A. You are basing your question on the thought that perhaps nobody travels any other way than the bus and the trolley. They do travel in automobiles.

Q. No; I do walk myself, and I do come down in an automobile, occasionally. A. We are endeavoring to attract business in the co-ordination of the service. We endeavor to attract business to both means of transportation.

Q. You say that these gas-electric buses carry the public better; what do you mean by that? A. We think they are safer to operate, more easily controlled; the men can't speed with them.

Q. Pardon me. Let me stop you right there. What do you mean, "The men can't speed"? A. Speed. The buses will not make the high speed that the gas buses will make.

Q. How high will one of those gas-electrics

make? A. I don't know that I can answer that question exactly.

Q. Approximately? A. I do know they will run very comfortably at 15 miles an hour.

Q. Won't they run faster than that? A. Yes, they will run faster than that.

Q. They are not controlled by a governor like a truck is, are they? A. No, of course not.

Q. In other words, when you say they would carry the business better you mean they will carry the public more safely, is that what you mean by "better"? A. More comfortably and more safely, yes.

Q. And you say they give greater satisfaction; greater satisfaction to whom? A. The passengers.

Q. Isn't one of the reasons why you buy these gas-electrics, that over a given route, we will say of three or four miles, the gas-electric make that route in a shorter time than a mechanically operated bus can because they don't have to start in low and then go to second and then into high? A. It will run at more even speed and carry the passengers over a given distance in the same length of time.

Q. And the pick-up is quicker, the acceleration is quicker? A. Yes.

Q. In congested districts you can operate that bus very much more quickly over a given length of track or route than you can the old gas buses, can't you? A. I understand that is the fact.

Q. And the result of that is that the Company gets more bus miles per hour out of the gas-

electric than it does out of the mechanically operated bus, isn't that so? In a congested district or going from here to Irvington or here to Bloomfield, which is almost always congested? A. I think that is perhaps true.

Q. Isn't that one of the reasons for buying them? A. Yes.

Q. The net result of the operation of the gas-electric buses is that the net revenues of the company is greater than by the use of the mechanically operated buses? A. Yes.

Q. Do you know whether the speed, that is, the running time from terminal to terminal on your lines which operate the gas-electric buses has been lessened since you had those? A. No.

Q. Compared with what it was before? A. I don't think that has been the fact. There is a more even operation. I might say, we have not operated the gas-electric a sufficient number of years to really be certain that that reply I gave to your last question will obtain over a given number of years. But we certainly bought the buses with the idea we would receive a greater net revenue from their operation. I don't think we have operated them long enough yet really to be sure that is the case. But nothing has developed so far to make us change our opinion they will eventually yield us a greater net revenue by reason of their attractiveness to the public and by reason of their many useful qualities.

Q. Do you know, Mr. Young, anything about the bus miles or bus hours in the different months of the year? A. In a general way, yes.

Q. You know they have increased from January, 1926, approximately from 8.55 to in December, 9.26? A. You can't take any one month and base any conclusion upon that. You might have weather in January, 1926, entirely different from that in December.

Q. You might tell us the relative increase in the gross then, and see whether that amounts to anything. A. There may have been additional routes added.

Q. Can you tell me from that? A. Not from that; they may have added routes in which the buses ran faster. You have to take the same line and the same number of buses and all the rest.

Q. There might be routes added; do you know the number of routes you had in January, 1926, operated throughout your entire system? A. Our records would show it.

Q. Yes; you don't know that? A. I couldn't tell.

Q. You don't know whether you have added any additional routes? A. Yes.

Q. How many, approximately? A. I couldn't answer that question. We can give you the information.

Q. Do you know whether the number of bus routes added would be sufficiently large to make any increase in those bus hours? A. I think quite a little, the routes and the buses.

Commissioner Autenreith: You added considerable buses to your routes?

The Witness: Added routes and buses, yes.

Q. Are the buses that are operating on the

15 or 16, I think it is, routes involved in this application operating over substantially the same routes as they were when the independents ran them? A. I imagine there have been certain changes.

Q. Aren't they substantially the same? A. I imagine so, yes.

Q. A little while ago when I was talking to you about liability insurance I understood you to say you weren't sure that carrying your own liability insurance was cheaper than carrying liability insurance through an insurance company? A. No; I did not say that.

Q. What did you say? A. I think the stenographer can tell us.

Q. The question was probably put to you whether you thought the cost of carrying the insurance by the independent operators wasn't more expensive than the carrying of insurance by your company through its own channels; to which I think you said you weren't sure it was. A. That is right.

Q. Is that right? A. Yes.

Q. If it isn't cheaper for you to carry it as you do carry it why don't you go to the system that the independents use? A. I think you would understand that. It is quite difficult for an independent to really protect the public.

Q. I beg pardon? A. I think perhaps you can understand that it is very difficult for the independent to really protect the public through insurance. He may get by the law but he may not be protecting the public.

Commissioner Autenreith: On account of the

limited policy, you mean, because of the limiting the policy to $5,000?

Witness: Yes; because of the situation that obtains in the accident insurance business.

Q. It isn't difficult for the independents to protect the public; it is simply he doesn't protect the public, isn't that so, in that he only carries the limit required by law? A. I think that is true. He is not protecting the public properly.

Q. Is that element which you think makes it possibly cheaper for him than it is for you? A. Yes, that is what I have in mind.

Q. The trolley fare, Mr. Young, in Newark from points on Clinton Avenue to the Lackawanna Railroad Station is five cents, isn't it? A. Yes.

Mr. Blake: To what point?

Mr. Stewart: To the Lackawanna Station.

Q. What would the same trip cost if a man wanted to go, say, from 18th Street and Clinton Avenue by bus, to the Lackawanna Station?

Mr. Blake: I suggest that is the question that should be asked Mr. Warner, who is familiar with that.

Mr. Stewart: I think Mr. Young offered to—

Commissioner Autenreith: If Mr. Young can answer it. If he can't he can say so.

Mr. Blake: I wanted to save time.

(Discussion.)

Commissioner Autenreith: I will allow the question.

The Witness: What was the question?

Q. I asked you if you knew the trolley fare from 18th Street and Clinton Avenue to the Lackawanna Station; I think you said yes? A. Five cents, yes.

Q. Then I asked you, to go from the same point to the same point by bus? A. I am not sure that the bus runs by the Lackawanna.

Q. As a matter of fact the bus only runs to the Terminal. The Manhattan Terminal? A. I thought so.

Q. So it would cost him ten cents to go by bus? A. That is true.

Q. Isn't it your idea when you get to co-ordination in operation to make the bus lines co-extensive, I will say, with the trolley lines in so far as the various competing lines are concerned? In other words, do you intend to take a bus which starts at 43rd Street and Springfield Avenue and have it run over the same route that the trolley car runs? A. Generally speaking it would be our intention to give a comprehensive service. It would be ridiculous to try to change the—to alternate, you might say, the service; so we tried to reach every point. There is too much duplication now, as the situation is at the present time. We would try to serve the public to the best of our ability at the least possible cost.

Q. Well, I gather from your answer that your answer is no. You don't intend to make the two lines co-extensive? A. Oh, yes, in that particular situation.

Q. You do not intend to do so? A. No, I do not.

Q. Likewise the Clinton Avenue line of buses, ran, we will say, from out at 40th Street and Chancellor Avenue, I think it is, through divers routes into Irvington until finally they get to Irvington Center and from there they parallel the trolleys to Trinity Church and then go to the station; you have no idea of extending that line up to Nutley? A. Any more than we have the idea of changing our trolley route so that they will stop at the Hudson Tubes.

Q. The other day in the course of the examination, I understood you to say that the only jitneys owned by Public Service Transportation system which were not co-ordinated with the trolleys were these 15 or 16 in this application? A. That is true.

Q. Will you tell us how in any given municipalities that you choose to take in the State of New Jersey you have co-ordinated the two systems? A. We have co-ordinated the zone points. Wherever a zone is crossed we have made the zone point coincident. We haven't made them, necessarily, from zone point to zone point coincident. We haven't changed the route; put it this way: We haven't changed the routes of the buses.

Q. In other words, I take it, that the prime objective in this system of co-ordination is to have the zones of the trolley cars and the zones of the jitney buses end at a given arbitrary line? A. Coincident, yes.

Q. Yes, coincident; regardless of how the routes may diverge either from that line or after they have left that coincident point, is that right? A. That is right.

Q. That is the basic principle of co-ordination then? A. No, that is merely one effect.

Q. I think we have made some progress. There is one thing we understand about this co-ordination. A. I hope you do.

Q. What are some of the other features of co-ordination in these other municipalities than the mere fact that you have a coincident point of zone termination? A. The basic features of co-ordination is to provide the service to the greatest number of people affected, possibly at less cost.

Q. This coincident point of zone termination is not a *sine qui non* in this co-ordination system, is it? A. I think it is.

Q. Then what are you going to do with your Clinton Place line, for example: Your Clinton Place line has no point at which there is a coincident termination with the trolley system? A. That may not be on the same street, but geographically the coincidence is there just the same.

Q. That is to say, you mean to take the arbitrary dividing line of one municipality from the other? A. That or the geographic point, yes.

Q. You say that or the geographic point? A. Yes.

Q. Regardless of whether the point at which the two systems cross the dividing line is on the same street and therefore coincident in that— A. Yes.

Q. —or a mile and a half away? A. As near as possible they should be coincident.

Q. As near as possible they should be co-

incident with municipal lines, is that it? A. No; with the other service.

Q. Well, suppose you have a line on which there is no other service that goes to that field, then how are you going to make your zone line? A. I think then it should be governed by distance.

Q. Take your Hawthorne Avenue line. Let us see if I have got zone maps the company kindly furnished (counsel produces map).

The Witness: The distance and the traffic, perhaps is a better answer.

Q. The Lyons Avenue line is the one I meant when I said Hawthorne.

Commissioner Gnichtel: That is the one that goes to 40th Street?

Mr. Stewart: The Lyons Avenue goes out to the end of Lyons Avenue and Elmwood Avenue where the loop is.

Commissioner Gnichtel: Yes.

Q. Incidentally, I will call your attention to the fact and, Mr. Blake, I also call your attention to the fact there has been an error; undoubtedly your company in delinerating this line has made it run up to whatever this street is here (indicating), I think that is Hawthorne Avenue; it does not run up there; it runs a block or two away.

Mr. Warren: It runs both places; it runs there in the rush hours and there in the middle of the day (indicating).

Q. Take this Lyons Avenue line, which ap-

pears on Exhibit P8, that line starts at the terminal and comes down Broad Street to Clinton Avenue and down Clinton Avenue to Elizabeth Avenue and down Elizabeth Avenue to, I think it is, Runyon Street and up Runyon Street to Hunterdon and down Hunterdon to Lyons and ultimately goes out Lyons Avenue to Springfield Avenue. After it leaves Elizabeth Avenue and Runyon Street it is not running on a street on which there is a trolley car and after it hits Hunterdon Street it does not parallel any trolley line and it does not again come in contact with a trolley line until it gets to a terminus in Irvington at Lyons Avenue and Springfield Avenue. Why do you fix the zone at the city line on that route? A. It is serving the same general area as the other line.

Q. As what other line? A. The lines on Clinton Avenue and Springfield Avenue.

Q. It serves the same general area? A. Yes.

Q. By that I take it you mean that the people who live over in the southwestern end of Irvington would be served by Springfield Avenue and Clinton Avenue and that they have an option to either take the jitney bus or the trolley to get anywhere, is that it? A. That is right.

Q. And the Springfield Avenue line runs down Springfield Avenue to Washington Street, I think it is now (I have lived in Newark all my life but I am not at all sure where the trolley cars run, by the way they are rerouted) and goes to Washington Street, I think, and ultimately goes to your terminal? A. Yes.

Q. That is one branch. Isn't there another branch on the Springfield Avenue line that runs

down Neck somewhere? Isn't that right, Mr. Warner?

Mr. Warner: Part of the Springfield Avenue lines goes to the Ironbound district.

The Witness: It is split.

Q. Take the illustration of either of those Springfield Avenue lines. Would you say that anybody in the southwestern portion of Irvington would take the Lyons Avenue bus to get there? A. You mean, take this bus (indicating)?

Q. This bus, that is the Lyons Avenue bus. A. Those that lived near Springfield Avenue might take the Springfield Avenue bus or the trolley car. Those, perhaps, living at a greater distance from Springfield Avenue or Clinton Avenue would be tributary to Lyons Avenue.

Q. Let us get an answer to the question now. A portion of them to get to the terminal, and living out on the southwestern portion of Irvington, which would they naturally take, the bus or the trolley? A. I think they would take the bus.

Q. Take the bus? A. If they were not on the—

Q. I am not talking about the Springfield Avenue bus now. I am talking about persons living over in the southwestern portion of Irvington, who wanted to get to the terminal, then they would take the Lyons Avenue bus or the Springfield Avenue trolley line? A. Of course, I think they would take the Lyons Avenue bus.

Q. They would take the bus? A. I think so.

Q. Suppose they wanted to go down Neck in Newark, across the railroad, where they could

get to it by your Springfield Avenue line that goes to South Street, would they take the bus or the trolley? A. I think that they would take the trolley. I don't know what the individual would do. I think they would take the trolley.

Q. As a matter of fact, this Lyons Avenue route does not compete with your trolley line, either the Springfield Avenue or the Clinton Avenue, in this southwestern section of Irvington, isn't that right? A. No; you mention a particular destination. There are many other points where various individuals want to go. I don't think your conclusion is correct.

Commissioner Gnichtel: What do you mean by the southwestern section?

Mr. Stewart (indicates on map): He said it wouldn't compete with the trolley system providing they wanted to get to this point there (indicating).

Q. People who wanted to come, for example, to Elizabeth Avenue and Runyon Street or Hawthorne Avenue, if they didn't take the Springfield Avenue or the Clinton Avenue line they couldn't get there, could they? A. Naturally, no.

Q. So where is the justification for putting the five cent limit at the city line on that particular route? A. There are many other destinations that people wish to go to. To properly provide the facilities it would be necessary to have the zoning point coincident.

Q. Just illustrate what you mean by that? A. Why the rate of fare provided on any, was on any one particular route very much less it

would unbalance the whole transportation system; put the rest of the public to much greater expense.

Q. Why would it put the rest of the public— A. That did not use the other facilities.

Q. What do you mean by putting the rest of the public to a much greater expense? A. It would unbalance the transportation system to such an extent that there would be wasteful service in existence.

Q. It wouldn't unbalance your system as between your Lyons Avenue line and Springfield Avenue and Clinton Avenue lines, would it? A. I think so.

Q. What? A. I think so.

Q. Let us say on that basis a person coming out on a Clinton Avenue car to go to Maplewood, ought to get to Maplewood for the same fare that a person going out on the Springfield Avenue route ought to get to Maplewood, is that right?

Mr. Blake: If the Commission please—

Mr. Stewart: Just a minute.

Mr. Blake: I am making an objection. Apparently, as counsel will not refer traffic matters to Mr. Warner on our request, I will object to the question on cross-examination, because nowhere can you find that Mr. Young testified to any specific localities, the effect of the rates of fare on those municipalities nor has he testified to any of these maps that is not proper cross-examination of Mr. Young; therefore I object to this testimony as wasting time.

Mr. Stewart: There is hardly any portion of this petition that Mr. Young hasn't at one time on another testified to.

Commissioner Autenrieth: As to his general familiarity.

Mr. Stewart: As to his general familiarity.

Commissioner Autenrieth: Yes.

Mr. Stewart: I think I am perfectly justified in going into this.

Commissioner Autenrieth: The only point is it might affect his credibility as to his knowledge of the situation in general. I think Mr. Young can amply take care of himself. If he can't answer the question all he need say is he can't answer. There is no testimony of detailed routes by Mr. Young, in that sense it isn't cross-examination of the witness.

Mr. Stewart: As far as Mr. Young's testimony is concerned the time now sought to be saved might have been saved on the first day by the Public Service simply saying we hand in this petition as Mr. Young's testimony up to page so and so.

(Question read.)

Mr. Stewart: Change that to "would get to Maplewood."

(Question reread as follows):

"Q. Will you say, on that basis, a person coming out on a Clinton Avenue car to go to Maplewood ought to get to Maplewood for the same fare that a person going out on the

Springfield Avenue route would get to Maplewood, is that right?''

Commissioner Autenrieth: Can you answer that question?

The Witness: I think the question is confusing.

Q. See if I can make it a little plainer: A person going from Broad and Market Street to Maplewood gets there for ten cents? A. That is right.

Q. A person taking a Clinton Avenue car should be able to get to Maplewood for the same fare, is that right? A. I don't think that follows, no.

Q. Why not? If it follows that the fare on the Clinton Avenue route should be the same as the fares on the trolleys why does not it follow the trolley fares should be the same going from a given point to a given point? A. Because one facility is providing for the through service. Whenever you make a change you have got to pay another fare, as with the getting on and off of the passenger you have two passengers, practically, theoretically.

Q. Your suggestion a few moments ago was that one of the ways to co-ordinate was to make the route one of the governing factors. A. One of the governing factors, that is correct.

Q. Your length of route on the Lyons Avenue line in the City of Newark, is much longer than the Springfield Avenue trolley car is, for example, to get to the same point? A. I said, one of the factors.

Q. It is not a constant factor, is it? It is quite variable? A. Surely.

Q. It is like all the other factors that go into co-ordination; it is the most exceedingly variable situation, isn't it? A. It is generally not merely—

Q. Does the average length of haul have anything to do with the zone that is to be fixed? A. Yes.

Q. I am still anxious to know what advantages the travelling public will receive if this proposed co-ordination goes into effect? A. The main advantage, of course, is to establish the credit of the transportation companies by them receiving higher net income.

Q. The transportation companies, is that what you said? A. Yes; transportation company and railway company.

Q. In other words, when you used the words "transportation companies" you referred both to the railway company and— A. Yes.

Mr. Stewart: Will you read the previous answer.

(Answer read.)

Q. Is the credit of the transportation company now good? A. Not too good.

Q. Is the credit of the trolley company good? A. None too good.

Q. So that by putting two facilities together whose credit is none too good you hope to accomplish a result where you, out of two poor credits get one good one? A. No.

Mr. Blake: You are leaving out one

element that Mr. Young based his answer on.

Mr. Stewart: Mr. Young seems to be able to take care of himself.

Commissioner Autenrieth: He said, "No."

The Witness: I said, "No."

Q. How do you expect to make the credit of the trolley company better by this scheme of co-ordination? A. We hope its income will be improved as well as that of the transportation company.

Q. I beg pardon. A. We hope its income will be improved by the co-ordination resulting therefrom, as well as the transportation company.

Q. How will the net income of the trolley company be improved? A. It will be able to cut down duplication as well as the transportation company, of service.

Q. By cutting down duplication, I take it, you mean you are going to run less trolley cars? A. No. I don't think fewer trolley cars will be run but—

Q. Run on longer headways? A. There will be a better adjustment of service.

Q. That is quite general. I want to get at just how you will do it, if I can.

Recess from 1 to 2 o'clock.

After recess.

PERCY S. YOUNG resumes the stand on behalf of petitioners:

Cross-examination by Mr. Stewart continued:

Q. Mr. Young, I think when we discontinued in the morning we were talking about the net income of the trolley company being improved by this co-ordination scheme. Apparently the last questions that I asked you were, whether by cutting down duplication you meant you were going to run less trolley cars, and you said you did not think so, and I asked you whether they were going to run on longer headways or not, and your answer was: There would be a better adjustment of service. I now ask you if you can tell me just how you are going to make this better adjustment of service that you refer to? A. I think that is an operating question. I think you will get a much better idea of what could be done under given circumstances from the operating officials. They report to us that they can under those conditions, conditions of coincident fare zones, operate the properties much more efficiently, but as to the details, I am sure you would get better advice from them.

Q. Unless you cut down the number of buses which you run or the number of trolley cars which you run after this co-ordination scheme becomes effective, if it does, as compared with the number that you are now running, how will you effect the economies that you speak of? A. By running more mileage by those same trolley cars or buses, which would naturally, where the

traffic is great or where you could attract traffic by so doing, being in increased net revenue.

Q. Take the trolley cars; to get more mileage out of the trolley cars that would mean you would have to run them on a shorter headway, would it not? A. Higher speeds, greater speeds, perhaps, and less layover, less time for layovers. I am speaking generally.

Q. I am speaking generally now with regard to the trolley cars and the buses that are within the area that is effected by this application. Of course, I do not want to take trolley cars or buses that are in areas not affected by this application. You are confining your answer, I presume, to the trolley cars and buses in the area affected by this application. A. No; I was speaking generally. I think if you want specific information the question should be directed to the men in charge of operation.

Q. If you are speaking generally, this co-ordination scheme is not going to be required to run the buses or trolleys in municipalities outside of the affected area at greater speed, is it? A. I think that answer would also apply to these specific cases, but I was speaking generally.

Q. Well, now, with regard to the trolley cars, you would not recommend running your trolley cars at any higher rate of speed than you now do, would you? A. Quite possibly. I don't know. I say quite possibly we might. I cannot say.

Q. You know outside of the congested areas of municipal centers the trolley cars run at about as high a speed as is consistent with safety, don't you? A. It might be possible to

make the same speed—it might be possible to make greater speed and give the same service with fewer vehicles.

Q. Well, you do not answer my question.

(Question read.)

The Witness: No.

Q. I am speaking now of the affected municipalities. My questions are now all directed to the affected municipalities. A. I don't know that.

Q. You do not ride on the trolleys very much, do you, Mr. Young? A. Yes, quite frequently.

Q. You could not speed up the trolleys in the center of Newark from the D., L. & W. down to South Broad Street, very much, could you? A. Not under present conditions, no.

Q. When you refer to present conditions as a qualifying feature; what particular conditions do you refer to? A. Traffic.

Q. Traffic? A. Traffic, vehicular traffic.

Q. Is this co-ordination scheme going to change the vehicular traffic at all? A. Perhaps not.

Q. Well, as a matter of fact, it won't will it, Mr. Young? A. It might, conceivably it might.

Q. Conceivably it might; well now, how? A. If more people took private automobiles, in that situation it would increase the number of private automobiles. If we should run higher speeds, where it may be possible, outside of the particular district you mentioned, we could run the same mileage with fewer vehicles. So it might be possible. I now am speaking with-

out knowledge and without special knowledge of the particular situation.

Q. Let us see if I get some of the elements of your answer. You said, if some of the riding public took private automobiles? A. Yes.

Q. What effect would that have on the traffic conditions? A. Increase the traffic.

Q. That would increase the traffic on the street? A. Yes.

Q. That would not permit you then to speed up your cars any, would it? A. That is correct.

Q. That would be a detriment rather than a benefit? A. That is correct.

Q. That would actually slow up traffic, not only for your trolley cars but the whole general vehicular traffic would be slowed up as a result of putting more automobiles on the street. A. If they were sufficient.

Q. So that element you mentioned would not permit you to speed up your cars? A. That is true.

Q. With regard to running higher speeds with fewer vehicles, from that do you wish me to infer that you are going to cut down the number of your trolley cars that are going to be used after this scheme goes into effect, if it does? A. I don't know whether that will be the result or not.

Q. You don't know then whether, if this coordination scheme goes into effect, it is the purpose of the trolley company to use fewer cars on the area—on the systems in the area that is affected, do you? A. No.

Q. Do you know whether it is their scheme to use fewer buses in case this goes into effect? A. No.

Q. At the present time are you running more trolley cars than are required to carry the traffic as it is now being carried? A. I don't know that.

Q. And with regard to the buses, you don't know that either, do you? A. No.

Q. So that you don't know whether your two companies are providing sufficient facilities to carry the public or not? A. Yes, I know that.

Q. Well, what do you know about it? A. I know that we are.

Q. You know that you are using sufficient facilities? A. Perhaps too much.

Q. How do you know that? A. I did not say I know that. I said, perhaps too much.

Q. I understood you to say that you knew it. A. I said, perhaps too much.

Q. The perhaps too much I got, but the prior part of the answer was that you know you were furnishing sufficient facilities. The perhaps too much was a qualifying answer. A. Because it is our general policy to do so.

Q. In other words, you simply are arriving at a conclusion because it is your understanding that it is the general policy of the two companies to furnish adequate transportation? A. Those are the instructions to our operating officials, yes.

Q. I think you said you could not answer the question as to how these economies were going to be accomplished, if you did not run either fewer buses or fewer trolley cars or fewer of both. A. I think so.

Q. Can you tell me if this proposal for coordination is put into effect, what advantages

will be received by the traveling public? A. In those particular cases I think I will have to refer you to our operating officials. They can tell you better than I.

Q. If this co-ordination scheme is put into effect, will the fares on the trolleys be in any wise affected? A. Except in one case, I think.

Q. That is the one up there in Bloomfield Avenue? A. Yes.

Q. I am glad you referred to that. Do you know why the Public Service Trolley Company was joined in this petition? A. Because it is affected.

Q. Well, it is affected because you joined them. Your answer to my question is it is joined because it is affected. That is just arguing in a circle. A. Perhaps.

Q. Why was the trolley company joined in this application?

Mr. Blake: I think he answered it.

Q. Let me put the question in a different way. What relation has that little branch or section of road, as referred to in the petition, to this general co-ordination scheme? A. It is part of the general co-ordination.

Q. It is part of the general co-ordination scheme simply because it is part of an entire line, isn't it? A. No. The two systems are run, insofar as possible, in co-ordination, and what affects one affects the other.

Q. But I understand from you that there is no other place on the trolley system in the whole State of New Jersey in which the fares need to be equalized or the zones changed in

order to properly co-ordinate these two systems. A. Than those mentioned in the petition.

Q. Than that one? A. No, all that are mentioned.

Q. I beg your pardon. A. You have to include all of the changes and adjustments.

Q. All of what changes or adjustments? A. That are mentioned here in the application.

Q. You did not get my question. I say, that one small strip of trolley is the only trolley rate that has to be adjusted, or its fares have to be adjusted in order to bring it in proper co-ordination with the bus system. A. No, I don't say that. I say this is the only rate adjustment in the trolley system.

Q. Well, all right; that is the only rate adjustment of the entire trolley system. A. Which is quite different from general co-ordination.

Q. That is the only trolley fare adjustment that needs to be made to properly carry out this co-ordination scheme? A. No, I have not said that.

Q. I know you have not. I am asking you. A. I say it is the only rate adjustment we have applied for.

Q. Well, all right. Are there others? A. No.

Q. Well, if there are not others, then that is the only one? A. You spoke about co-ordination first.

Q. I am still speaking about co-ordination. A. Rate adjustment is different from co-ordination.

Q. Let us take your angle of it. If I understand you, this particular application for that little strip of road there is made not to bring this co-ordination scheme into effect, but merely

because you need a rate adjustment on that one piece. A. It makes both on that one piece, it makes a rate adjustment and co-ordination, ability to co-ordinate on that one particular section.

Q. Is there any other portion of your trolley system which needs a rate adjustment in order to effectuate the co-ordination? A. That is the same question you asked before and I will have to answer it the same way.

Q. I don't think you have answered the question so as to indicate whether there is any other portion of your trolley system on which an application has got to be made in order to do what you hope to effectuate by means of this petition. A. I have stated this is the only rate adjustment on the trolley system that I know of, on the trolley system now to bring about co-ordination between the two.

Commissioner Autenrieth: Let me ask a question. Suppose the Board in arriving at some determination in this matter became of the opinion that proper service of the public was not only found in rearranging the bus zones by shortening them, but perhaps in some instances by extending trolley zones; don't you think under a condition of that kind the trolley company would be a necessary party from the general standpoint of co-ordinated service?

Mr. Stewart: I think that might be so if the scheme was initiated by the Board.

Commissioner Autenrieth: The Board

has got this problem and if they have to deal with it along the lines—

Mr. Stewart: When the company comes in here if they have any idea that is so then they ought to present all the places where that is required.

Commissioner Autenrieth: They do not contend that.

Mr. Stewart: I understand they do not.

Commissioner Autenrieth: The Board may find from all the facts that perhaps some readjustment of both sides of the question is necessary.

Mr. Stewart: I am trying to find out from this witness whether there is any other portion of the trolley road system which needs to have its rate or its zones adjusted in order to carry out the co-ordination scheme which is desired.

Commissioner Autenrieth: I realize the position they take. I am merely suggesting now perhaps the Board might have to take a position in some instances that would involve the trolley zones, considering only the question of service, as one class of service relates to the other. Of course, it is all transportation, nevertheless.

Mr. Stewart: I am free to admit if the Board properly handles this matter as I hope they will, they will have to come to that conclusion one way or another.

Commissioner Autenrieth: Then the railway company would be a necessary party to this proceeding.

Mr. Stewart: They would in that instance, yes.

Q. I would like to find out what I have asked before; whether there is any other portion of the trolley road, trolley system that should have been made a party to this procedure in order to properly carry out the co-ordination scheme? A. No.

Q. "No," did you say? A. No.

Q. You have not taken into consideration at all the question of whether the buses would be rerouted after this co-ordiantion scheme goes into effect, have you? A. In what connection?

Q. In the municipalities affected. A. I do not understand what you mean. In making the application?

Q. No, before making the application, have you taken into consideration whether you would have to reroute the buses or would reroute the buses? A. I think that is all part of the possibilities in connection with the co-ordination with which we are faced in the event of the application being granted.

Q. Do you know whether the company, the transportation company has given any consideration to the rerouting? A. No.

Q. That you don't know? A. No.

Q. If they had given any consideration to that would you not know it? A. Not necessarily.

Q. But in all human probability you would know it, wouldn't you? A. No.

Q. Wouldn't you be consulted at all on that question? A. Probably not.

Q. Who would be the people who would handle

that? A. The operating officials until the point was reached where finally a decision had to be made.

Q. And then would you be consulted? A. I think it would come before the proper committees, and finally before the Board of Directors.

Q. You don't mean that a company like the Public Service Transportation Company and the Public Service Trolley Company files a petition for so substantial a thing as co-ordination, without having first considered the entire effect of it and what would be the probable results following, with regard to routes and number of buses that would be used and the number of trolley cars that would be used to properly effectuate it, do you? A. The general result would be known and would be reported upon. The actual steps in cases of this kind would be left very largely to the operating officials to determine.

Q. How would you arrive at these general results upon which you would base your judgment as to whether the application should be made? A. We would have the assurance of the operating officials and they could testify on this point.

Q. In other words, they would simply tell you if you got a co-ordination scheme in you would make more money, but as to how they were going to arrive at that result they would not confide in you? A. In a general way they would state it and have stated it. If you want particulars on that particular point I think you should ask our operating officials.

Q. I understand that part of this scheme is to bring about a condition in which more passengers will travel on the trolley cars, is that right? A. We want to equalize the service.

Q. You can answer that question? A. I think that would be the result.

Q. That more people would travel on the trolley cars? A. Quite likely.

Q. Which in turn would mean that less people would travel on the buses? A. Quite likely.

Q. And so to increase the revenue to the trolley company you would be decreasing the revenue to the buses? A. The gross revenue, yes.

Q. You say the gross revenue. Why not the net revenue? A. It might not work out that way.

Q. Why not? A. We might adjust the service between the two instrumentalities so that both would benefit.

Q. You don't mean to say that by carrying less passengers on the bus lines you would make more money, do you? A. That might be the case.

Q. It might be, but I am asking as to whether in your judgment that is so? A. I have not studied the particular effect on these lines. You are speaking of the Springfield Avenue lines?

Q. No. I am taking the 15 or so lines that are in this application. A. It might be so, I cannot answer offhand.

Q. You say you have not studied the effect on these particular lines. Can you give me any instance in your transportation company where

by carrying less passengers you have made more money, using the same rate of fare?

Commissioner Autenrieth: Net, you mean?

Mr. Stewart: Net.

Q. Net, at the same rate of fare.

Mr. Blake: That was not your former question. Your question was not at the same rate of fare. You were assuming you were going to get an increase in fare.

Mr. Stewart: I am asking the question now.

Commissioner Autenrieth: He has changed it now to put the other element in it.

A. It stands to reason you can always adjust your service to a point where you can carry fewer passengers and make more money. On the other hand you can adjust your service so as to give more service and make more money by carrying more passengers.

Q. What you hope to do in this case is, by getting a ten cent fare then, I take it, to carry fewer passengers on the buses, but because you are getting ten cents instead of five cents, that you will equalize or more than equalize the loss in money that you will have occasioned through —that is, the loss of money that would be occasioned by the less passengers that you carry? A. I don't get that.

Q. All right, we will start over again. You hope by charging ten cents to have a revenue come into your company from the number of

passengers that you will carry, which will exceed the revenue that you have now, don't you? A. That is right.

Q. Notwithstanding that you will lose the carrying of these additional passengers and those additional passengers you expect will go over to the trolley company, is that it? A. I think some of them will.

Q. In other words, the public who apparently would prefer to take buses at five cents, you hope to induce to take to trolleys at ten cents by this scheme, because the rides will be equal on the two varieties of transportation? A. I think some may.

Q. What is going to become of the rest of them; if some may, what is going to become of the rest of them? A. They may stay on the buses and some may do other things.

Q. The other things will be walk or take their private automobiles, wouldn't they? A. Or stay at home or go elsewhere.

Q. But the fact is going to be— A. That we will get more revenue, we hope.

Q. —that the traveling public that has to come from those outlying districts where the fare is asked to be increased is going to have to pay ten cents on one line of transportation or the other? A. On both, yes.

Q. You are making money now on your buses, aren't you? A. We are not making a return.

Q. I did not ask that. I asked if you were making money on your buses now? A. We are more than paying operating expenses. I don't know whether you would define that as making money or not. I do not want to be misunder-

stood; that is the only reason I answered in that way.

Q. I understood you to say the other day that in the purchase of these independent buses, every bus purchased, the purchase had been approved by the Public Service Commission, or the Utility Commission, rather? A. I think that is the case, yes.

Q. Was that approval obtained before or after the bus was purchased? A. After.

Q. And in that application for approval was the price per bus indicated in the application? A. Perhaps not in the formal papers.

Q. Was it indicated in any way, so the Commission knew how much you paid for each bus before the approval was obtained? A. Yes.

Q. Or was the application and the information given to the Commission merely that you had purchased, for example, ten buses at a cost of $250,000. A. The Commission was advised as to every purchase, individual purchase, every bus.

Q. They may have been advised, but you do not answer my question. Was the advice which they obtained so itemized that they knew what each bus cost? A. Yes.

Q. And was the age of the bus given? A. Yes.

Q. Was it indicated in the application how much of that purchase price was put in tangible property and how much in intangible property?

Mr. Blake: What application.

Mr. Stewart: The application for approval.

A. I could not answer that question.

Q. Mr. Young, on your direct-examination you testified that the index number of Professor Richey at the end of 1925, all operating expenses, including labor and material reached the index figure of 204.7 as compared with 100 for the year 1913, and you referred to the index prepared by Professor Richey of Yale. Do you know whether Professor Richey is at Yale or not? A. No, not at this time.

Q. You mean you don't know whether he is there at this time or you don't know whether at this time whether he is there? A. I don't know at this time whether he is there now.

Q. Was he ever at Yale, do you know? A. I don't know that I testified as to the fact he was at Yale. I don't think I did.

Q. You don't know where he is of, do you? A. I had an idea he was of Worcester, but I am not sure.

Mr. Blake: That is where he is.

Q. Just for your information, you did testify on page 12 that he was at Yale. Do you know where he gets his basic figures from for making this index? A. I think they are based upon materials that go into railway operation, construction.

Q. Do you know what proportion, in arriving at this index of 204.7, do you know what proportion he uses for labor and what for materials? A. No, I do not.

Q. You said the index of street railway operating costs prepared by Professor Richey shows the index figure at the end of 1925 for

wages was 223 and for materials 133.9, which gives us the figure. A. I had forgotten that those details were mentioned in the application.

Q. I beg your pardon? A. I had forgotten they were separated, but they are separated.

Q. You said that gave you the index of 204.7 for materials and wages used in operating street railways? A. That is right.

Q. Can you tell us where you got those figures from? A. They are published figures.

Q. Do you know where he got them from? A. I think they are in the journals, technical journals. I should think they would be found in the street railway journal.

Q. I would like to say we have looked for them and we could not find them anywhere. I was wondering whether you could give them to us. A. They are ascertainable; we can find that for you. We probably get it out of our library.

Mr. Blake: We can get them.

Q. I suppose the idea of giving this testimony as to wages and materials costs was to show that since 1923 the figures for wages and materials had also gone up in that period? A. I don't think they have as a matter of fact.

Q. I beg your pardon. A. I don't think that was the object. I don't think they have gone up materially since 1923.

Q. Can you tell us what the wages per hour of trainmen on the Public Service were in 1913? A. They were altogether too low; I know that.

Q. How? A. They were altogether too low.

Q. Can you tell me what the wages are today for the trainmen; platform men I guess you call them. A. Yes, sir, platform men. Sixty-five cents, isn't it?

Mr. Blake: Maximum sixty-five, fifty-five to sixty-five.

Q. Sixty-five cents an hour? A. Yes, sir.

Q. Does that hold good with regard to the operators of buses as well as of the operators of trolleys? A. Yes, sir.

Q. They both get the same wage? A. Both the same wage.

Q. In 1923, how many platform men did you have on the trolley cars? A. Well, I could not answer that.

Q. I don't mean in bulk. I mean, how many on each car. A. We had some one man operation. I don't know just how much.

Q. You did not have any one man operating cars in Newark? A. In 1923, I could not answer that question. I think we did.

Q. In 1913 did you have any? A. No.

Q. Over your entire system in 1913, you had two men, motorman and conductor, didn't you? A. I think so.

Q. You say you don't know what the wages were for your platform men in 1913? A. We can get you that information. Mr. Boylan here can tell us, I think.

Q. As a matter of fact the increase in the wages paid to the platform men per man is relatively not as much when operating a car in 1926 as it would have been in 1913, because now to operate a car you only use one man

and then you used two? A. I imagine the cost is greater, but I don't know.

Q. Do you know, Mr. Young, whether the cost of railway materials in 1926 is higher or lower than it was in 1920 or 1921? A. It makes a difference which year you use, 1921 or 1920; there is quite a difference in those two years.

Q. Which was the higher? A. There was a change in 1920, quite a change in 1920. I don't know how it will average up.

Q. Was it from higher to lower or lower to higher? A. I beg your pardon.

Q. From lower to higher or higher to lower? A. In the particular year, the early part of 1920 it was higher than the latter part of 1920.

Q. Than in 1921? A. In 1921 it was probably lower, in the early part of 1921 than the early part of 1920. Then the prices, after 1921 prices commenced to go up again. I don't know just where the line crosses.

Q. Did they ever begin to go down again? A. I think they remained more or less stationary the last two years, but from 1921 on they climbed.

Q. I understood you to testify that at the end of 1925 the index of electric railway materials cost was 153.9. A. For materials; that is Professor Richey's index.

Q. Don't you know, as a matter of fact, that in 1921 the index figure was 169.9? A. Perhaps that is true.

Q. In 1922 it was 170 and then in 1923 it was

168. A. I had not known they had dropped so much.

Q. And it has been consistently going down since? A. The figure I have been carrying is the composite figure, the composite figure of wages and material, and I have not realized that perhaps material had decreased to that slight extent, wages having gone up though in the meantime. I do not believe you will find the composite figure shows that same relation. I am just speaking from memory now.

Q. Let me ask this: You did not commence to operate buses until 1923. How much have wages of platform men gone up since 1923? A. Since the fall of 1923 they have not gone up.

Q. Since the fall of 1923 they have not gone up, so that you are now not paying any more to your platform men on buses than you did on those buses which you operated in 1923. That is correct, isn't it? A. Since the latter part of 1923. The early part of 1923 we paid a lower wage.

Q. Other than to say that if this co-ordination scheme goes into effect the public will be better served and that you can operate the road more efficiently, you haven't any further explanation to give us as to the effects of co-ordination? A. And the company will get more revenue.

Q. Which company? A. The companies will get more revenue.

Q. Both companies? A. It will be quite beneficial.

Q. How will the putting into effect of these zones effectuate any economies in the bus transportation system? A. I think you have asked that question before and I referred you to our operating officials.

Q. That is the only thing you can answer. I understand you regard Professor Richey's figures authoritative, don't you? A. Yes.

Q. When the independents were operating these buses, do you know whether they were making money on the five cent fare? A. No, I do not.

Q. Do you know whether inquiry was made by your company to ascertain whether the buses were being operated at a profit by the independent owners? A. We have done our best to find out, for fifteen years.

Q. You mean you have done your best for fifteen years to find out whether they were operating at a profit? A. Yes.

Q. That was before you tried to buy, wasn't it? A. Both before and after.

Q. Was there no way by which you could ascertain whether the independent owners whose business you were buying were operating at a profit? A. We could not determine it.

Q. Why? A. There was no standard classification of accounts in the first place; there was no means of determining it, no data available.

Q. These independent bus operators paid the same taxes to the cities that you pay, don't they, per passenger carried? A. If they felt like it.

Commissioner Autenrieth: What was that answer?

The Witness: If they felt like it.

Mr. Stewart: That was not the witness's answer. That was the answer from the side lines.

The Witness: No, I said that.

Q. They do make returns to the cities, don't they? A. Oh, yes, now they do.

Q. Didn't they in 1923? A. Well, some sort of a return, yes.

Q. What do you mean by some sort of a return? A. My information was that it was more or less left to the independent operator.

Q. Your understanding was then, that the city officials did not in any wise check up? A. It was a difficult thing to check. I don't blame the city officials so much. The operators were changing, selling the buses every other day, perhaps, quite frequently they were changing hands; it was difficult to find who did own the bus.

Q. Some of these buses had been operated by operators who had operated them for three, four, five or more years. A. Some had, but there was a very rapid turnover in the early days. That is what I am speaking of.

Q. Let us take the later days, just a year or two before 1923, and from then on down, the independent operators had gotten to the point where there were a number of independent operators who operated and had operated their buses for two or three years, weren't there? A. Yes, I believe that to be the case.

Q. Did you attempt to check up on their receipts and expenses before you bought their buses? A. Oh, yes.

Q. Did you find out whether they were making money or not? A. We did not find out anything of value.

Q. Then, when you went into the business of operating buses you did not know whether it was going to be a profitable business or not, is that it? A. Yes, we knew about what would happen under our operation. We could not tell what was happening under their operation.

Q. In other words, under your operation you thought it was going to be a profitable business? A. Yes.

Q. You figured that at the time you bought them; take a bus that operated over a given route, that that bus could be operated by you profitably, is that right? A. In most cases.

Q. Let us take the Clinton Avenue line, for example, running from up in 40th Street, Irvington down ultimately to the tubes. When you purchased the buses on that line you figured you could operate them profitably? A. I suppose so, but I think that question can be answered authoritatively by a transportation man.

Q. The transportation man would know about the routing and the headway that you ought to run on, and that sort of thing. Would he know about the financial end? A. He would know whether the bus was operating efficiently or was paying, yes.

Q. Isn't that a financial question, as to whether the bus operates properly or not? A Yes.

Q. Isn't it one that would come under your jurisdiction? A. I would in a general way, perhaps, know it, but I would not be concerned with it after the bus had been purchased. At the time, I might have gone into it.

Q. Did you or did you not go into the question at the time these buses were purchased as to whether they were operating profitably? A. Yes.

Q. And you found that they were? A. Well, I suppose your question referred to the previous question, whether they could be operated by us profitably. I have testified that we could not get any satisfactory data as to the profitable operation prior to our acquisition.

Q. You found that if operated by you they could be operated profitably? A. Yes.

Q. Was that decision based, and conclusion based on a five cent fare being charged? A. Yes.

Q. What is there that has happened since you purchased those buses which necessitates a ten cent fare in order that they may now be operated profitably? A. We determined, with the proper co-ordination, buses could be operated properly.

Q. I understand you to say, when you purchased them you had determined that they could be operated profitably on the five cent fare? A. That is what we thought.

Q. Now, I ask you, what has occurred which makes it necessary to charge a ten cent fare in order that they may be operated profitably? A. I could not answer that question.

Q. Who could? A. Mr. Boylan or Mr. Warner.

Q. Do you know whether in 1923 and 1924 when you acquired those buses, you made money on them at the five cent fare? A. I cannot answer that question.

Commissioner Autenrieth: What do you mean by making money?

Mr. Stewart: Earning a return.

Commissioner Autenrieth: Of any given amount?

Mr. Stewart: Yes, above the operating expenses and taxes.

Commissioner Autenrieth: Net revenue above operating expenses and taxes?

Mr. Stewart: Yes, sir.

Commissioner Autenrieth: Making money is rather general unless you give it some classification.

Q. That you say you cannot answer? A. No.

Q. Did you before you purchased these buses make any inquiry into the cost of operation of these buses by the independent operators? A. Yes.

Q. Did you find that if you purchased the buses that you could operate them at a cheaper rate than the independents could? A. As I say, we could not get any satisfactory data as to their cost of operation, therefore it was impossible for us to compare what we considered would be a reasonable cost of operation with the independents' cost of operation.

Q. Did you conclude that the bus corporation could more economically operate the buses if you had a whole fleet of them to operate, than the independent operator could operate with one bus? A. I think this was public property and is public property, and we said it right along, even in our application, that our purpose in acquiring the buses was to co-ordinate the service, was to give a comprehensive and dependable transportation system. The question of the individual bus operation we paid little attention to. What we were trying to do was to give a service to the whole community that would be satisfactory and would fill their wants.

Q. Did you anticipate that the corporation operating a whole fleet of buses could operate them more economically than the individual could? A. Yes, sir.

Q. Wasn't the real underlying motive of buying these buses from the independents, to eliminate what you call ruinous competition? A. The underlying motive has been to maintain the five cent fare.

Q. Maybe you can answer my question. Wasn't the underlying motive to eliminate what you call ruinous competition? A. I think my answer is responsive to that question.

Mr. Stewart: I do not think it is.

Mr. Blake: I submit it is. You asked whether that was the underlying motive and he said the underlying motive was to maintain the five cent fare and you asked again, was the underlying motive

to save us from ruinous competition. I think he has answered that question.

Mr. Stewart: I do not think he has answered that question. He can answer yes or no. If some other motive is underlying, he can say no, that was not the underlying motive, the underlying motive was so and so.

The Witness: I told you what the underlying motive was.

Mr. Stewart: I want him to say yes or no.

The Witness: I think the result of the elimination of competition was the contributing factor to the maintenance of the five cent fare.

Mr. Stewart: The question was whether or not the underlying motive of purchasing these buses was to eliminate what has been termed the ruinous competition of the independents.

Commissioner Autenrieth: I think you can answer that yes or no. Can you answer that yes or no, Mr. Young?

The Witness: I would say no.

Commissioner Autenrieth: That might be only a half truth because it don't comprehend all the elements in that.

The Witness: That is what I mean. If I have to answer one or the other I say no.

Commissioner Autenrieth: I think you have qualified the statement in the record anyhow.

Q. The fact is, however, Mr. Young, that the independent operators operating at five cents, from territories which under the trolley zone system cost ten cents to go to a given point, actually cut into your traffic a great deal, didn't it? A. That is true.

Q. Was it the idea of the company at the time that they purchase the buses, that ultimately they would ask for a ten cent fare on the buses? A. I don't think we had that in mind, no. As a matter of fact we suggested a seven cent fare at one time.

Q. On the buses? A. On buses and trolleys.

Q. You never made any application for a seven cent fare on buses, did you? A. Yes, to the Commission.

Q. On buses? A. No. We stated at the time of the strike that we would undertake to purchase the buses, the independent buses, and equalize the fares between the buses and trolleys and make a universal seven cent fare. But the wages of the men were increased; we were forced to resume operation and had to increase the wages of the men and we then applied for a ten cent fare.

Q. In the last several years there have been so many applications for changes in fare rates by Public Service, for one reason or another, that I am not at all certain when the seven cent fare was applied for that you refer to. At one time you did have a seven cent fare for a short time, I think, didn't you? A. Yes.

Q. Was that prior to 1923? A. Yes.

Q. Is that the application you refer to? A. We had an eight cent fare in 1923 on the trolleys. What we suggested was a seven cent fare for both trolleys and buses at that time, during the strike. Then, as I say, the wages of the men had to be increased and the eight cent fare on the trolleys was not sufficient, and we then applied for a ten cent fare.

Q. That was when the zones were put into effect, was it? A. Then the alternative suggestion was made to put these zones into effect.

Q. Did you ever have a ten cent fare? A. Not a straight ten cent fare.

Q. I am trying to get straightened out on the trolley fares; there have been so many. You never did have a straight ten cent fare? A. No.

Q. After the strike you resumed service; did you at once resume service on the present zone system? A. No.

Q. What was the system that was put in? A. We continued at the old rate of fare.

Q. The old rate of eight cents? A. The old rate of eight cents, yes.

Q. And at that time the buses were charging five cents? A. That is right.

Q. At that time did you have any considerable number of buses? A. We had some, but I don't know how many.

Q. Not any considerable number? A. I don't know how many.

Q. Let me put it definitely. The great percentage of the buses in operation were operated

by the independents at that time, was not that so, so your application for a seven cent fare on both buses and trolleys would not have effected a very great relief to the trolley company with the independents running at a five cent fare, isn't that so? A. I suppose the independents would have increased their fares likewise.

Q. That is a supposition. A. Yes.

Q. Is it your idea then that if you get this zone operation, this co-ordination into effect, and a ten cent fare from Irvington to Newark, for example, that there will be no independents who would come in and apply for permission to run buses at a five cent fare? A. I don't know about that, I am sure.

Q. Don't you know, Mr. Young, as a practical railway man, that if this bus fare is increased to ten cents (that is what it amounts to, an increase in fare to ten cents) that there will be applications by independents for bus lines to run for five cents? A. I don't know.

Q. Would it surprise you if I told you that there have already been made to the Town of Irvington applications for 125 permits? A. Not at all.

Q. Would it surprise you if I told you that some of the applicants had agreed that the fare would be five cents and they would not apply for any increase? A. Not at all.

Mr. Stewart: I have certified copies of the applications here.

Q. Is it your idea that these applications are

not made in good faith? A. I don't know a thing about it.

Q. In other words, you would not suggest that these applicants were merely applying in order to get a permit with the idea of ultimately selling out to the Public Service at increased rates? A. I won't comment on that at all.

Q. At least you had no idea when you bought these buses of the independents that they were losing money, did you? A. Which ones now are you speaking of?

Q. The Clinton Avenue line and the Springfield Avenue line. A. No.

Q. The Lyons Avenue line, you had no idea those men were losing money, did you? A. I don't know, but I suppose they were not.

Q. You suppose they were not? A. Yes.

Q. In fact you do not suppose a man could run a bus for five or six years and lose money every year on it and still keep in business, do you? A. We have had a lot of cases where that was so.

Q. I would like to know how they financed it. A. That is what we have been doing.

Q. I know, but you have unlimited capital back of you, and that sort of thing. As a matter of fact, then, I take it, that it did not make much difference to you whether the independents were making money or losing money; your idea was if you got the line you could make money? A. Surely.

Q. If you had not thought you could make money you would not have taken over the operation? A. That is right.

Q. Is that right? A. That is right.

Q. Regardless of the fact the independents were running at a loss, but cutting in on your railroad fares? A. We had in mind, of course, the effects on both companies all the time; there isn't any question about that.

Q. You really organized your transportation company with the idea of running a bus company, running buses as an adjunct to your trolley line? A. For furnishing the comprehensive system.

Q. At the time the transportation company was formed with that thought in view, wasn't your trolley company giving adequate service? A. I think so.

Q. Then what was the necessity of having a bus company? A. Giving too much service perhaps.

Q. If your trolley company was giving adequate service, adding additional facilities in the way of buses must have meant you would be giving too much service, isn't that true? A. Surely.

Q. Then, if that is true, if your trolley company was giving adequate service, and running buses was giving too much service, what was the idea of your buying the buses? A. Well, I think I made it clear that we wanted to furnish a comprehensive dependable system.

Q. Isn't this the fact, Mr. Young, that if you had not gone into the bus business and eliminated the competition of the independent buses, that your company's officials felt—that is now referring to the trolley company—that your company's officials felt that the trolley

company would be forced into dire financial straits? A. Yes.

Q. That is the real situation, isn't it? A. That is true.

Q. And you bought these buses and operated these bus lines as a matter of self-defense? A. That is true.

Q. So that it was not this tender care and solicitude for the public, to give co-ordinated service, that actuated you, but it was self-preservation, the first law of nature? A. That also carries with it the idea of the preservation of the transportation system for the convenience of the public, however.

Q. From which I infer that you mean that if the buses ate into the trolley system's financial structures, so that it had to go into bankruptcy, that buses could not carry the traveling public, is that it? A. That is right. There would be chaos in transportation existing in the territory.

Q. You are buying from time to time every competing bus that you can buy, where it competes with your trolley lines, are you not? A. I won't say every competing bus, no.

Q. Let us take a few concrete examples. There are one or two independents still, I think, on the Clinton Avenue line running out of Irvington. If you could buy that bus at a not too exorbitant rate, you would buy it, wouldn't you? A. Yes.

Q. And you would buy it not because that particular bus makes any particular inroads into your financial income of either company, but because you would like to have the entire

line under your control, isn't that it? A. Only because it did interfere with co-ordination, that is all.

Q. That is what I say, you would have the entire line under your control so you could make the best of it? A. That is true.

Q. And so with the few independent buses that there are on Springfield Avenue? A. That is true.

Q. Would you in those instances look into the question as to whether those present independent operators were making money on their buses or whether they were not? A. Yes.

Q. As it is now, I understand that you feel that your buses, your bus company is not making money at the five cent fare over the routes that are affected by this application? A. I don't know as to that. I think quite possibly we are.

Q. You are making an adequate return? A. It may be possible on those routes.

Q. On those routes. Suppose you are not making an adequate return on those routes, would you then buy those independent buses just the same? A. It is quite possible.

Q. In other words, you would go in and buy a little more of a losing proposition, is that it? A. Not if we could see our way clear to benefit the transportation agencies and the transportation facilities for the community.

Q. You said, I think, that on these particular lines the buses might be making an adequate return? A. That might be so, yes.

Q. Do you know what lines in your system throughout the state are not making an ade-

quate return? A. I know there are a number that are not. That is always the case in a comprehensive system. There are always some lines that would not be making an adequate return. That is necessarily so.

Q. You have those lines, the income from all your lines so entered into your bookkeeping system that you know what lines are paying and what are not, don't you? A. Yes.

Q. Do you have that bookkeeping system so that you know what lines are making an adequate return on the capital invested in the particular line? A. I suppose we could determine it, yes, but we do not apportion our capital return as a matter of bookkeeping now between the lines.

Q. Is it a matter of return on capital invested that this application is based on, or is it purely on the question of co-ordination that this application is based? A. Both.

Q. If these lines are making an adequate return, as you said you would not be surprised that they were, why the application for an increase?

Mr. Blake: What particular lines are you referring to?

Mr. Stewart: The ones referred to in this application.

Mr. Blake: You mean all the lines in that application?

Mr. Stewart: Yes.

Mr. Blake: There has been no testimony that all the lines in this company are earning an adequate return.

Mr. Stewart: I did not say all the lines of the company. I said in the application.

Mr. Blake: I mean in the application. You don't suppose out in Kenilworth they are getting a return?

The Witness: You were speaking of Clinton Avenue and Springfield.

Q. Will you tell me what lines in this application are not making an adequate return? A. I think a number of them.

Q. Well? A. Quite possibly a number.

Q. You don't know? A. I don't know.

Q. Can you furnish it for us? A. Yes.

Q. Will you furnish it for us? A. Yes, I think we could do that.

Q. Will you also furnish for us the other bus lines in the system that are not making an adequate return? A. Of course, when it comes to an analysis of the fixed capital of the company between all the lines, we have a difficult situation to face. By and large, the majority of the lines are not furnishing an adequate return.

Q. Are not making an adequate return? A. Yes.

Q. Why do you pick on just these lines as the ones which should have an increase in fares? A. Their situation is such that they are benefiting from the rates of fare existing in that particular system.

Q. By which I take it you mean they are the ones that have a five cent fare? A. A base service is furnished, we will say, on the Spring-

field Avenue line, a base service is furnished by the railway company, which materially helps the operation of the competing lines that furnish transportation at a lower rate of fare.

Q. Isn't that so in other municipalities? A. We, therefore, feel that it is fair and just that those zones should be adjusted so that the rate of fare should be equalized.

Q. From that, do you mean that the Springfield Avenue trolley line is furnishing the base service, I think you called it, at a loss? A. No, not necessarily. Our position in this whole question is that the trolley company with a uniform rate of fare has to furnish service throughout the community, and that you cannot pick out one line and base a rate of fare on that; have a rate of fare on one line and another rate of fare on another line and another rate of fare on another line, and give satisfactory service.

Q. That is with regard to the trolley system? A. Trolleys or buses.

Q. I beg your pardon? A. Trolleys or buses, any transportation system.

Q. I understand when the rate of fare was fixed on the trolleys the entire system was brought before this Board and the entire facts relating to the entire system were brought before this Board and they established then the zones in the different municipalities and so forth, at a five cent rate? A. Yes.

Q. Why do you ask, when it comes to the buses, that the buses on those few lines be brought in, in place of bringing in the entire bus system? A. For the reason that the zones here are not coincident.

Mr. Blake: All the others are, Mr. Stewart. That is the reason they are not brought in. All the rest of the zones are coextensive with trolley fare zones.

Q. Your trolley fare zones and your bus zones here will not be coincident after you get this co-ordination scheme into effect, will they? A. Yes, I think they will. I mean the zone point, speaking of the zone point.

Q. All you really mean is that there is that point of coincidental crossing, I think you called it, of the zone? A. That is right.

Q. But when you get away from the coincidental crossing the length of the ride you can get on the particular vehicle is not coextensive, isn't that true? A. That is true.

Q. So that in that respect the rates of fare are not the same? A. The distances you can travel for a nickel are not the same.

Q. Nor are they the same within a given municipality? A. That is true.

Mr. Blake: The municipal limits are the same going out of Newark.

Q. The buses in Newark go down Springfield Avenue, to go to Broad and Market Streets you pay five cents? A. Yes.

Q. From the city line to Broad and Market. If you then want to go on down Market Street on a bus you have got to get out and take another bus, pay ten cents, to take you to the same point that the Springfield Avenue line would take you for five cents, isn't that so? A. Yes, but you are two passengers then.

Q. I understand. You haven't any intent, of course, of making the lines coextensive as to route, I understand that. A. That would be useless service and waste service.

Q. You haven't any idea, I suppose, Mr. Young, how long each of these independent operators operated their buses before you bought them out, have you? A. No.

Q. In 1923 the railway company had a deficit —I mean the bus company had a deficit, didn't it? A. Yes.

Q. In 1924 they had a deficit? A. Yes.

Q. In 1925 was there a deficit? A. Yes.

Q. In 1926? A. Yes.

Q. Still a deficit in 1926 in the bus company? A. The transportation company?

Q. The transportation company, yes. A. I think so. I may be mistaken about that. It may have made a slight profit. It made about $70,000, I guess.

Q. It apparently had a surplus there of about $85,000. What you call the deficits in this bus company's operation— A. That is operating deficits.

Q. —come after you pay all rental charges, interest charges and other fixed charges? A. When I speak of operating deficit, I mean that, yes, as distinct from the deficit or failure to make a return on the capital.

Mr. Blake: Do you understand that question, Mr. Young? The deficit you speak of is after you pay interest rental and fixed charges? I understood you paid no interest rentals or fixed charges?

The Witness: I suppose that would be so in those years, yes. There was a failure even to pay the fixed charges. I was referring then to the year 1926 which showed a deficit as against the return, the full return on the property, but showed an operating income, a net operating income above fixed charges, slightly above fixed charges.

Q. Was the transportation company organized as a separate corporation because the railway company at the time you organized the transportation company was not authorized to operate buses? A. Yes.

Q. Do you know anything about these charges of interest and rental payments to the Public Service Railway Corporation for garages and that sort of thing? A. Yes.

Q. Do these payments of interest and rentals represent the return to the owner of the properties, on the properties used in the operation of the buses, or does it represent a return on the money invested by the railway company? A. If you can give me a particular charge I could reply to that.

Q. I am taking for instance, garages that you rent from your railway company. A. They are minor charges. They do not amount to very much.

Q. You mean the rentals you pay to your railway company for your garages are minor? A. Yes, they are minor, not very much.

Q. My impression is somewhat different. Here is an item in here, in the Public Service Transportation Company, maintenance department

rents $258,445, and another one of transportation rents of $20,375. Do you consider those two bulked together as minor?

Mr. Blake: Are they all charged to the railway, paid to the railway? We have many garages. You are assuming that is all paid to the railway.

Mr. Stewart: All right, let us go to your railway. You have some here on the railway.

Mr. Blake: That was your question.

Q. You pay for the West Hoboken maintenance of way building, to Public Service Railway Company, approximately $6,800.

Mr. Blake: Per year?

Mr. Stewart: Per year.

Q. (Continued.) And you pay another one in West Hoboken, the car house, $8,300 per year. A. That is very minor.

Q. You pay another one on the Lake Street garage (I don't know where that is) to the railway company of $334.67 a year; you pay the Hilton carhouse $15,450 a year; you pay another one, the O. & P. V. carhouse (whatever that means) $4,065 a year; you pay the Lakeview carhouse $6,736 a year; Paterson carhouse $21,558 a year; Rutherford carhouse $2,490 a year; New Brunswick carhouse $25,000 a year; Miller and Broad Streets, which seems to be unimproved land, $2,700 a year; Newton Avenue carhouse $24,000 a year; Hudson Street, Hackensack, $650, Edgewater $795. A. I might say that those charges are an endeavor to properly

apportion the costs of any facilities used by one of the other between the companies, so that each company would show in its costs the true operating costs of its operation.

Mr. Blake: If I may interrupt; there is a relation between the charge per month, is there not, of the buses using the carhouse?

The Witness: What is that?

Mr. Blake: There is a figure per bus, fifteen dollars per month?

The Witness: Yes.

Mr. Blake: For garaging a bus.

The Witness: Yes.

Q. How do you arrive at that figure of $15 a month as being proper? A. Why, I don't know.

Q. You don't know that? A. No.

Q. Who would know that? A. Mr. Boylan.

Q. Who? A. Mr. Boylan would know.

Q. Do you still think that those items are minor, however? A. Oh, yes, when you consider the total operating costs.

Q. You spoke in your testimony about the regulation of traffic as affecting the operation of your two systems. What did you have in mind about that, Mr. Young? A. Why, that it was a factor in operation, that was all.

Q. But nothing that this Board would have any control over? A. No.

Q. Then you also spoke about the issuance of passes. You said taxes should be reduced, passes and reduced rate tickets should be abolished. Of course, this Board would have nothing to do with the reduction of taxes, so you

have to proceed as though the taxes were going to remain as they are, so far as this application is concerned? A. That is so.

Q. With regard to the reduced rate tickets, those are sold to no one but school children? A. That is true.

Q. You have no idea how much revenue is derived from the sale of school children's tickets? A. No, I cannot answer that offhand.

Q. Who can? A. It is not so very great after all. Mr. Boylan can answer that. It is not so very great.

Q. It is not so very great as compared with the entire income? A. No.

Q. It is like the rents paid to Public Service for garages; in comparison to the total it is very slight? A. That is right.

Q. When these school tickets are bought, they are sold, I think it is, at the rate of thirty for ninety cents, isn't it? A. Yes.

Q. That is the way you sell them, I think, ninety cents' worth at a time? A. That is right.

Q. The fact that you have the ninety cents to use over the average of the month, doesn't that somewhat equalize the fact that the rate is less? A. It does not make up for the cost of handling them.

Q. It does not make up for the cost of handling them? A. No.

Q. In other words, the carrying of school children is a loss all the way around? A. I think it is.

Q. At the three cent fare. A. Socially it may

be desirable, but its effect on the company is a loss.

Q. But there are not so many children that use those that it interferes with your carrying the load that would normally be carried, is it? In other words, the children who use those tickets are so scattered over your lines that it does not affect your carrying capacity, isn't that so? A. Well, of course, you can always take one more, you can always get one more in.

Q. In other words, it does not make necessary an increase in the number of cars that you run? A. I suppose not.

Q. With regard to the passes, who has passes, that is, to whom are they issued? A. City authorities.

Q. Police and firemen? A. Officials, police; I don't know who.

Q. Anybody but police and firemen? A. I think Mr. Boylan can answer that question.

Q. I beg your pardon? A. I think Mr. Boylan can answer that question.

Q. As a matter of fact, that does not make very much difference in the carrying of the load, of the normal load, does it? A. No. It is like a leak in the bottom of a pail; each drop makes very little difference but pretty soon the pail is empty.

Q. The trolley car that a policeman gets on and rides a half mile on, the mere fact that you are carrying him does not make the cost of the operation of that car any greater, does it? A. The point is that we are operating these properties and have been these last three years at a loss, we have not even paid operating

expenses. We are trying to get more revenue. Now, we know we cannot cut—we cannot abolish these passes and cut down the service, but we do know that any revenue that we might get through these channels would be helpful and would be helpful in maintaining the five cent fare. That is what we are concentrating upon.

Q. By the way, the passes and the school children's tickets, are they good on the buses as well as on the trolley cars? A. No.

Q. That was my impression. So the effect of the buses and the school children's tickets is only to increase the income to the trolley company? A. That is true.

Q. And would have nothing to do with the income on the buses? A. That is true, except everybody is urging us to carry the school children on the buses and to give passes on the buses. It is inconvenient in that respect.

Q. Suppose a person gets on a trolley at 18th Street and Clinton Avenue, a Broad line car, and he rides to the extreme north end of Newark; he does that for five cents, doesn't he? A. Yes.

Q. Most of the children who go to the schools, where they use this three cent ticket, are children who go to our high schools, to the Newark Academy, the Catholic schools, St. Benedict's and places of that kind? A. Perhaps so, yes.

Q. As a matter of fact, don't they come from such scattered localities that instead of your only getting three cents out of them you usually get six cents because they have to make

the transfers to get there? A. I don't know about that.

Q. Don't they on the average ride a very much shorter distance than a person would who rode from 18th Street to North Newark? A. That might be true.

Q. A passenger who rides from 18th Street to North Newark at five cents, does the company make money on that passenger, or does it lose money on the passenger? A. I could not answer that question.

Q. That you don't know? A. I don't think anybody else could. I cannot refer you to anybody.

Q. In other words, you don't know what it costs to carry a passenger that far? A. Nobody would know.

Q. You referred to the 5th Avenue bus line as a line that charged ten cents, as an example, I took it, as to one of the reasons why your buses out here ought to be entitled to a ten cent fare. In other words, you used it as an illustrative example? A. I think I gave that fact as an answer to a question, that the ten cent fare was not unreasonable.

Q. Your petition says the fare on buses in New York City and Philadelphia is ten cents. As a matter of fact, do you know of any other bus line in New York City, except the 5th Avenue bus line that charges ten cents? A. I don't think so.

Q. There are none others? A. I don't think so.

Q. On the 5th Avenue buses, for a ten cent

fare, every passenger has a seat? A. That is true.

Q. And they also give transfers, don't they? A. I don't know about that.

Q. They have two operators on each bus? A. Yes.

Q. So that the ten cent fare in New York assures in the first place more comfortable transportation, and in the second place it costs more to operate, isn't that so? A. Of course, there is no comparison between transportation on 5th Avenue and transportation through the localities that we serve here in New Jersey. The load factor is very very high. I do not think there is another line, even in the country, that has such a high load factor.

Q. I gather then that you think— A. It is rather unique.

Q. —that there is no relevancy between the 5th Avenue bus system and one of your systems? A. No, except the ten cent fare, which is very high there.

Q. If that is so then, why did you refer to it in the petition, that the fare on the buses in New York and Philadelphia is ten cents? A. Because that is a fact.

Q. If it hasn't any relevancy— A. That is a fact.

Q. It is a fact, but it is an irrelevant fact. A. It emphasizes though because of the difference in conditions. It emphasizes the lowness of the five cent fare, the smallness of it in this locality.

Q. In this locality you get a five cent fare and have one man to operate it and do not give transfers, do not guarantee every man a seat. In New York you get ten cent fare on the bus, they do give transfers and guarantee every man a seat. A. They have a wonderful load factor.

Q. So, under no aspect of the case is the 5th Avenue buses a good illustration to use? A. Yes, it is an illustration to show how much they have to charge under the wonderful traffic that is presented to be carried on 5th Avenue, and a ten cent fare on 5th Avenue makes a five cent fare here appear altogether too low. Comparing the two, if a ten cent fare is charged on 5th Avenue, it shows that a ten cent fare between the localities which would have to pay a ten cent fare in this application is very low.

Q. Do you know, as a matter of fact, Mr. Young, what the number of passengers is on the 5th Avenue line per bus mile? A. No, I cannot answer that. Much higher than ours.

Q. You know it is much higher than yours. A. Yes.

Q. That is much higher than yours on what lines? A. On any line.

Q. Much higher than yours on any line? A. Yes.

Q. Over an average day, do you mean? A. Yes.

Q. Taking their running time and your running time? A. Per mile, I said.

Q. I mean per mile. I mean taking the 5th Avenue bus, I suppose that starts to operate

at a goodly load at 8 o'clock in the morning and operates a goodly load until 9 o'clock at night. A. Day and night, all day.

Q. Yours does not operate at a goodly load all day and night, isn't that so? A. That is right. Their revenue per bus mile is very much higher.

Q. Would you be surprised to know that the density of traffic on your system out here is the same as it is on the 5th Avenue bus line in New York City? A. That is not revenue per bus mile.

Q. I beg your pardon. A. That is not revenue per bus mile.

Q. Well, passengers per bus mile; you do know the density is the same? Of course, the revenue per bus mile would not be the same where they get ten cents and you get five cents? A. I don't know what their passengers per bus mile is.

Adjourned until Wednesday, March 30th, and Friday, April 1st, at Newark, N. J.

BOARD OF PUBLIC UTILITY COMMISSIONERS,

Newark, N. J., Wednesday, March 30, 1927.

In re PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY, adjustment of fare zones.

Before Commissioners Joseph F. Autenrieth, Esq., president; Frederick W. Gnichtel, Esq.

For Petitioners appears George H. Blake, Esq.

For Town of Irvington appears Charles H. Stewart, Esq.

For Borough of Hawthorne appears W. W. Evans, Esq.

For Roselle Park appears Martin P. O'Connor, Esq.

For Kenilworth appears J. S. Lindabury, Esq.

For City of Clifton appears Wm. B. Gourley, Esq.

PERCY S. YOUNG, sworn on behalf of petitioners.

Further cross-examination by Mr. Stewart:

Q. Mr. Young, I understood you to say the other day that the company was buying gas-electric buses because of the greater comfort the public gets in riding and because they are

more economically operated? A. I think I stated that they were more popular and more comfortable to ride in. I think I also stated that we had not operated them long enough to be sure as to their general economy of maintenance, but that we believed, because they were likely to have a longer life, that in the long run they would be more economical. They are still in an experimental stage so far as we are concerned.

Q. Leaving out the question of maintenance and taking up the question of operation, don't the gas-electric buses consume more gasoline per day than the mechanically operated buses? A. Per mile they do, yes.

Q. So that the mechanically operated bus consumes about how many gallons of gas a day, do you know?

Mr. Blake: I do not suppose Mr. Young knows.

A. The gas-electric consumes more than the mechanical but I cannot give the figures.

Q. Isn't it a fact that the company has now stopped buying gas-electric buses and have gone back to buying mechanical buses? A. No, no.

Q. You told us at the last hearing, I think it was, that there had been no changes of any moment in the cost index for cost of bus materials since the Public Service began to acquire independent buses in 1923, is that correct? A. I think we were speaking of the index number of Mr. Richey.

Q. And that there had been no material change in the cost of bus materials since you

began to acquire them? A. I don't think I testified to that.

Mr. Blake: Mr. Young's testimony was as to the railway.

Q. You don't think you testified to that? A. No.

Q. Can you testify to that? A. I don't think I have, and I don't know that I can at the moment.

Q. On your direct-examination you referred to the index of Mr. Richey? A. Yes.

Q. Did those indexes apply only to railway operation? A. I think so.

Q. As a matter of fact, with regard to the buses, do you know whether there has been any material change in the cost of operation, the cost of bus materials since you began to acquire buses in 1923? A. No, I don't know. Gasoline has varied up and down, of course.

Q. If there had been any material change in the cost of materials for bus operation would it not have come to your attention? A. Oh, I suppose so, yes.

Q. With regard to the cost of operating the trolley cars, that you referred to in your direct-examination, in using the figure of 100 for 1913 and the figure of 204.7, I think it was for 1926; the cost of your platform men on the trolley cars has not gone up anything like that percentage, has it? A. I could not say offhand. I think perhaps it has.

Q. Isn't it a fact that in 1913 you were paying your platform men thirty cents an hour? A. I don't know just what we did pay them. Let us assume it was.

Q. It was approximately that, wasn't it? A. We are paying sixty-five now.

Q. And you had two men on each car in 1913; that would have been sixty cents an hour for your platform men? A. That is true.

Q. Today you are paying one man sixty-five cents an hour? A. That is true. The wages have gone up more than the figure I stated, more than the Richey figure.

Q. I beg your pardon. I did not get that? A. On that basis, it would show that the wages, as wages, have gone up more than the Richey index figure.

Q. But it would not show it cost you to operate the trolley car in that proportion, would it? A. That is true.

Q. So when you make the statement, without your usual qualification that the wages have gone up in more than that proportion you are really misleading the Commission? A. No, we are not, not at all. The Commission knows we are only operating one man. I don't think we mislead anybody in making that statement.

Q. You made the statement the other day that the Public Service purchased the independent buses in order to protect its street railway investment, didn't you? A. I perhaps did. I made a number of statements in regard to it.

Q. Don't you know whether or not you did or not? A. I think I said we purchased the buses so we could maintain the five cent fare.

Q. Didn't you state the other day that you had purchased the independent buses in order to avoid what you called ruinous competition

and save the railway company from bankruptcy? A. Quite possible. It is all part of the same—

Q. Don't you know whether you did or not? A. I think it is all part of the same general proposition.

Q. You can answer that question yes or no; didn't you make that statement? A. I have made so many statements. I would say; I will make it now.

Q. Isn't it a fact— A. I will make it now.

Q. What statement do you make now? A. That we purchased the buses in order to preserve and maintain the five cent fare, to serve the public, and to bring about co-ordination, to prevent ruinous competition and to preserve the railway company, if you like, from bankruptcy.

Q. Didn't you also state that the Public Service has produced many operating economies, and increased efficiency in the bus operation since you started in 1923? A. Oh, yes.

Q. And that the principal object of the petition is to increase the revenue of the bus company? A. To bring about co-ordination, give better service.

Q. I will ask you the question: Didn't you also state that the principal object of the petition was to produce increased revenue to the bus company? A. I would say it now, if I did not say it then, but I am not saying it is the sole object.

Q. No, I said the principal. Will you now say that the railway company will also get

very material financial benefits from this proposed co-ordination plan? A. We hope so.

Q. At the bottom of page 12 of the printed petition you make the statement: The companies, therefore, at this time apply to the Board for an adjustment of fare zones to enable the companies to maintain proper service and co-ordinate street railway and bus service where they are operated in the same territory? A. That is right.

Q. Will you explain the statement at the last end of that quotation "where they are operated in the same territory"; what you mean by that? A. Well, I think that is clear, is it not?

Q. It is not clear to me. That is the reason I am asking you to explain it; what you mean by "where they are operated in the same territory"? A. It refers to the lines which operate in the same territory and where the zone lines do not coincide.

Q. What do you mean by the same territory; county, city, ward, street, state or what? A. This is specific, of course, as to the adjustments, it refers to the particular adjustments which we are applying for. Of course, where we say: "To enable the companies to maintain proper service, co-ordinate street railway and bus service where they are operated in the same territory," that means in the same general territory.

Q. That would take in a whole county then, or two counties or three counties? A. Wherever they are operated co-ordinately.

Q. How near, in your opinion, do the street railway and bus service have to be to each other to be in the same territory, then? A. Wherever they serve the same general community.

Q. Regardless of whether they are within one block or five blocks or ten blocks of each other? A. Yes.

Q. Or whether they parallel each other or whether they do not? A. Yes.

Q. In the examination the other day at page 264 the question was asked: "Q. Your company is not now running at a loss? A. No, that is why I say it is subject to that (that is the federal income tax and other items). Q. So that $250,000 of $500,000 is available as a return on your capital investment, isn't it, to be applied as a return on your capital investment? A. That is to say"—then Mr. Blake interrupted. "After you wipe out the deficit, the accrued deficit." Does your company expect to wipe out this accrued deficit—when I say your company I am referring to the bus company now? Does your transportation company expect to wipe out this accrued deficit out of future earnings? A. We hope so, sometime, yes.

Q. You hope those future earnings will be increased by the granting of this petition? A. That is true.

Q. On page 203 of the testimony, when you were under cross-examination by Mr. O'Connor, the question was asked, "Now, then, the effect it had upon the situation, I ask you, how will this co-ordination overcome these

accumulating deficits in these two companies? A. The past deficits we do not expect to make them up." Will you reconcile those two statements? A. I think I had in mind that this relief was so small—

Q. I beg your pardon? A. I think I had in mind that this relief was so small, if we only applied it to the deficits it would take a long time to make it up. It depends where you apply the increased earnings, too, whether you apply it to current earnings, whether you consider it as an increase in current earnings or whether you consider it as a making up of your past deficits. Any earnings, of course, would help your past deficits, but you might be creating at the same time deficits because you were not making a return. That is the point I had in mind.

Q. Your answer was quite specific, namely, "We do not expect to make them up." Now, do I understand you to say you do expect to make them up? A. Well, I think what I tried to convey was that we did not expect to make them up and at the same time get a return on the property from these increases.

Q. Well, now, I will ask you the question: Do you expect to make them up? A. Why, of course, we do, but we would have to, if we did not expect to make them up at some time, we would have to apply for a higher rate of fare. We are hoping to maintain the five cent rate and to make a return, and to make up, we hope, deficits at some time, but this application won't be a drop in the bucket in making up these deficits and at the same time make a return,

unless we are able to bring about further economies and obtain further growth in business.

Q. Without this zoning with regard to the buses, which you strenuously object to having called an increase in fare, although it takes an extra five cents out of a man's pocket, without that your company is now making money, and has gone, as I said the other day from the red side of the ledger to the black, isn't that a fact? A. I want to make it very clear that we are not making money on the buses.

Q. Confine yourself to the buses now? A. For instance, we made a deficit in 1924 and 1925, accumulated a very large deficit; we did show a slight profit over and above operating expenses and such charges as were made during that year but it did not give us a return.

Q. In 1926 you made a profit, didn't you, even though it did not permit you to pay a return on the capital invested? A. A slight profit, yes.

Q. In 1926 your operating income by months showed in January a deficit of $14,411 (I am taking these figures from figures which were furnished by your company to the engineers in this case and I presume are on file with this Board) and in February you showed a deficit of $83,486; in March, $42,704; in April you showed an operating income of $29,784? A. I presume those are right.

Q. In May $45,097; in June you dropped to $5,066, in July you dropped to $210; in August you went up to $34,589; September, $56,585; October, $98,433; November, $102,421. So that

up to that point your income was increasing monthly, wasn't it? A. That is right.

Q. Taking the November figure, if you could maintain that figure for an entire year, you would be making over one million dollars, wouldn't you? A. That is right.

Q. In December you show there that you only made $643? A. That is right.

Q. Can you tell us why that dropped? A. I think there were certain costs which were not ascertainable during the previous months, which were ascertained in December.

Q. And charged off in bulk? A. And made applicable to the year.

Q. Otherwise December would have shown as well as November, or approximately so, isn't that so? A. It would have reduced the other months. No, I am not so sure about that.

Q. It would have reduced the other months, of course? A. It would have been a good deal better than it showed.

Q. It would have been a good deal better than it showed? A. Yes.

Q. You don't know whether as a matter of fact December would have been better or not than November, for example? A. No.

Mr. Blake: The net figure would have been the same.

The Witness: For the year, the net figure for the year would have been the same.

Q. No question about that. The net figure for the year would have shown a profit, a total operating profit there of $232,230 for

the year? A. Before the charges, yes, rentals and so forth.

Commissioner Autenrieth: Before what? You said before something, show the net profit before something; what was it?

The Witness: Before rentals and fixed charges.

Q. Isn't it a fact, Mr. Young, that operating income is consistently increasing each month now? A. Yes, we are showing improvement right along. We are adding additional capital right along, too.

Q. Would your companies accept a plan, Mr. Young, for co-ordinating your bus and trolley routes serving Irvington, which would contain all the elements and advantages of your present petition except that to increase the fare? A. Well, I don't know just what that means.

Q. I mean just what I say?

Commissioner Gnichtel: That is rather vague though, isn't it?

Mr. Stewart: No, I do not think so.

The Witness: Where would you draw the zone line?

Q. I am asking you merely a blanket question, whether you would or not, if we could show you a plan which would co-ordinate your system so far as Irvington is concerned without increasing the fare from Newark to Irvington? A. And without reducing the fare?

Q. Without increasing the fare? A. I would like to see the plan.

Q. I am merely asking you whether you would accept the plan if one could be shown to you?

Commissioner Autenrieth: Whether he would be in a receptive mood.

Mr. Stewart: That is the idea exactly.

The Witness: You bring forth your plan.

Commissioner Autenrieth: What is the answer?

The Witness: I said bring forth the plan.

Q. Have the rates proposed in this petition been determined after a careful study by your company, Mr. Young? A. Yes.

Q. Can you tell us anything about the details of that study, what you went into to ascertain the necessity? A. I think the transportation officials could give you all the detail necessary.

Q. Mr. Warner, you mean? A. Mr. Warner.

Q. Does that also apply to the estimates made of the increased revenue that will be obtained by this petition? A. Yes.

Q. That is, he is the gentleman to ask? A. Yes.

Q. Do you know whether the zone points were determined after a careful study of local conditions? A. Yes.

Q. Did you have any hand in that determination? A. No.

Q. Do you know whether any effort was made to select the zone points in order to cause the least inconvenience to the traveling public? A. I think so.

Q. You don't know though, you did not sit in on the thing? A. No.

Q. So you don't know whether the points were arbitrarily selected as points now established for the zones for the trolleys or not, do you? A. I think the practicality of the matter was considered, yes.

Q. But you don't know? A. Well, I know it would be.

Q. But you are only judging now from previous experience and not from any personal contact in this particular situation? A. I judge from the zone as we have established it.

Q. That is what I say; you don't know from your own connection with this case at all? A. Oh, no.

Q. Do you know whether your company would consider relocating some of these zone points, if it was shown the public inconvenience would be reduced thereby? A. And the benefits of the plan obtained? We would have no objection, we would be glad to have the suggestion made.

Q. You stated the other day that the experience of your company in forecasting the revenue to be derived from former rate changes has been quite unfortunate (I think that was your expression? A. That is true.

Q. Do you consider it probable that the net result of these proposed changes will be that comparatively little increased revenue to the company will result? A. I gave my estimate, which was the net revenue to the transportation company and the railway company. All of these changes would bring between $250,000 and $500,000.

Q. Can you tell us what the net increased revenue to the bus company will be in your estimation? A. No, I could not tell that.

Q. If you cannot tell us what it is to the bus company, you, of course, cannot tell us what it will be to the trolley company, can you; is that right? A. No, I cannot tell that, no.

Q. If you cannot tell us what the proposed increase is to either of the companies separately, how do you arrive at what the increase will be in your estimation to the companies combined? A. It all depends on how the situation is met in its operating conditions, the adjustment of service of the one facility to the other, the number of passengers that go from one to the other, or are affected by the adjustment. It is impossible to tell. I think you can tell the two together very simply, but it is very difficult—

Q. I beg your pardon. I did not get the last part? A. I think you can tell the two together, the effect on the transportation organization as a whole, but it is difficult to state just where it will come between the two agencies.

Q. How do you arrive (I will have to ask the question over again; I do not think your answer answers). How do you arrive at this increase of $250,000 to $500,000 on the two lines? A. It is my guess.

Q. That is just a guess, isn't it, Mr. Young? A. It is my guess; I will use that term.

Q. So Mr. Warner's guess of the number of passengers that will pay the additional fare is probably just as good as yours? A. Perhaps.

Q. Well, he is an operating expert, isn't he? A. Yes, he is. I would take his guess as a basis and discount it somewhat.

Q. His guess would be, with no offense to you, more intelligent than your guess on that particular question, wouldn't it? A. I would not discount Mr. Warner's judgment on the matter except on the financial returns.

Q. But you do discount his judgment on the financial returns? A. On the financial returns.

Q. Then if you would not discount his judgment in the matter, at what point is it that you begin to differ with him; merely on the number of passengers that will be affected, that is those that will ride under the increased fare? A. I discount it perhaps along these lines: That there are certain factors that he may have left out, perhaps has left out, which nobody can tell, and I place perhaps a higher value on those factors than he does. I think on the straight transportation, the knowledge of passengers that are there, I think his jdugment, his information is very much better than mine. I think perhaps when it comes to applying certain overall factors, I think perhaps he is not quite so conservative as I am. I think my conservatism has been nearer right in the past than perhaps his arithmetical and transportation knowledge has led him to the conclusion which he has come to.

Q. In other words, possibly his gross figure is correct but the net figure would be incorrect, is that it? A. Yes. I do not question his gross figure. That is a matter of actual count.

Q. Do you know whether any of the routes, on which this rezoning is proposed in this proceeding, are now earning a fair return on the investment in these particular routes? A. Not as absolute knowledge, no.

Q. Who would know? A. We do not keep our accounts, as I explained before, in that way. We keep our gross revenue on various lines, but we do not keep accounts of any operating expenses per line, nor do we the investment.

Q. By a system of averaging, could you arrive at the result? A. You could arrive at an estimate.

Q. Would the estimate be fairly accurate? A. Within reasonable limits, perhaps.

Q. Do you keep statistics as to the earnings per bus mile on each individual route? A. Yes.

Q. From that, couldn't you arrive at an indication as to whether the particular route was earning or losing? A. Not without further analysis.

Q. You occasionally come before this Board and ask that a trolley route be discontinued? A. Yes.

Q. Do you keep your traction company accounts in the same way that you keep your bus company accounts? A. Generally speaking.

Q. Then how do you arrive at a conclusion that the trolley line that you ask to be discontinued is not a paying line? A. Usually it is so bad that it does not even pay platform expense, and you can tell in such a case.

Q. You do keep an account, don't you, of

the revenues derived from each particular line? A. Gross revenues.

Q. And from that, wouldn't the indication be, taking a particular route, such that you would know whether that was a very well paying line or one which was only moderately well paying? A. In broad limits. You can tell, without keeping the accounts exactly per line down to the return on capital, in broad limits.

Q. Will you tell me what you mean by broad limits? A. Well, I can illustrate on this matter of the abandonment of trolley lines. If we had a line whose gross receipts did not pay platform expense, there would not be any question about that.

Q. There would not be any question about that at all. How bad would a line have to get from the point of view of income before you would begin to question as to whether it was paying or not? A. Well, one might say that hope springs eternal with us, in this transportation railway business, in our breasts. But we have operated some lines which perhaps should have been discontinued long ago.

Q. Has a physical valuation ever been made of the property used in the operation of the transportation company? A. I beg your pardon.

Q. Has a physical value ever been made of the property used in the transportation company? A. No.

Q. Why not? A. Except for our own information, we know what the value is, but we have had no independent valuation made.

Q. What rate of return would be satisfactory to the transportation company on the physical valuation of its property? A. Eight per cent.

Mr. Stewart: I think that is all, Mr. Young, at this time.

Mr. Blake: I would like to suggest to counsel that Mr. Young will not be available on Friday. If possible, I would like to conclude today.

Mr. Stewart: Of course, the Board understands (it has been stated before) after Mr. Evans is through, the different municipalities desire to take up the question of the application as it applies to their particular localities.

By Mr. Evans:

Q. In your previous examination, I believe you had already testified to the effect that you have taken into consideration the difference in the cost of service between the two services, is that right? A. In what connection is that?

Q. In connection with the rate to be charged by the trolley as against the rate to be charged by the buses? A. I did not know that had come under consideration at all, but of course we do.

Q. You do take into consideration the difference in cost? A. We do take it into consideration, surely.

Q. What are the principal elements entering into the cost of service in each case, which you have taken into consideration? A. We have taken into consideration the capital investment and the cost of operation.

Q. As between the bus service and the trolley, there is a considerable difference, is there not? A. There is a difference in the cost of investment.

Q. In the case of the trolley, what is your capital investment? A. Per what unit?

Q. I mean taking your total authorized capital stock issued? A. The total value of the railway system, as we have carried it in our own minds, is approximately the capitalization value, which is $150,000,000. The Master, I think, arrived in the recent case at $110,000,000 and the Commission somewhat less.

Q. You say the company value is $150,000,000 the Master's $110,000,000 and the Commission's was somewhat less? A. Yes.

Q. Have you any idea of the actual figure? A. It is here on the record. I don't know. I would not like to repeat it offhand.

Mr. Blake: Somewhere about $90,000,000.

Commissioner Autenrieth: If you want the figure we will get it from the decision of the Board. Of course, Mr. Evans, the Court found the Board's value was confiscatory, so far as the Board's determination went; that was the effect of the Master's report which raised the value to $110,000,000. It was just when that report came in that this general readjustment of fare zones took effect, so nothing further was done with the case. I think the case dropped of itself then.

Mr. Blake: The value in 1924 as fixed by the Court was not less than $110,000,000.

Commissioner Autenrieth: That is for rate making purposes; that was a rate case.

Mr. Blake: For rate making purposes, yes.

Q. These are total values you have testified to. Have you included in that owned and leased properties? A. Oh, yes.

Mr. Blake: Railway property?

The Witness: Railway; the total value of the railway property is used for the purpose.

Mr. Blake: Of course, Mr. Evans, there are certain properties excluded, like the ferry properties that have no basis in that valuation, and land companies; that is just the railway.

Q. Are all the shops, carhouses and other properties of that nature included in this valuation? A. Oh, yes, all property used and useful.

Q. What total values have you given to the bus company, otherwise known as the transportation company? A. Balance sheet values.

Q. Will you refer to the balance sheet. Have you the balance sheet there?

Commissioner Autenrieth: Mr. Eddy has looked up the Board's valuation which was $82,000,000 in the last decision. That is the one the Federal Court set aside.

Mr. Evans: Has that been marked in evidence in any way?

Mr. Blake: No.

Mr. Evans: That is simply the company's own figures. They have all been marked for identification.

The Witness: It is on file with the Board.

Mr. Blake: It is my understanding that each of these statements furnished to counsel for the municipalities which have been examined upon automatically go in evidence. Mr. Young has been examined on several of them.

Q. Can you give us as nearly as may be, the physical value of the bus company, basing it upon the same value as you have given to the trolley, I mean, taking into consideration the same elements you have used in making up the value of $150,000,000 for the railway? A. That includes intangibles as well as tangibles, of course. It would be approximately $19,000,000.

Q. And that $19,000,000 represents just what? A. The value of the physical property and the value of the concern as a going concern.

Q. The value of the physical property and its value as its going concern? A. Yes.

Q. What proportion of that $19,000,000 represents the physical value? A. The greater portion of it.

Q. Just give me the items, if you will? A. I would say all except the item "other intangible capital," perhaps the first two items in the balance sheet.

Q. That is, the physical value, is represented by all of the detailed accounts representing the $19,000,000, other than "other intangible capital"? A. And organization, perhaps, you might call that intangible. Perhaps it would be better not. That more properly belongs to physical property, I should think.

Q. In other words $8,435,000 represents intangible capital and the balance represents physical value? A. Yes.

Q. Have you any method of arriving at the actual physical value of the trolley as shown by your books in the same manner as you have arrived at the actual physical value of the buses? A. No.

Q. You have never been able to divide that, have you? A. It was divided, I think, in the Master's case. I think the Master divided it. I am not sure whether he did or not.

Mr. Blake: I will supply counsel with a copy of the Master's report which was confirmed.

Mr. Evans: All I want is the information which I am seeking. I am not particularly anxious to get the Master's report. The information I am seeking is the physical value of the Public Service Railway properties as outlined in that report.

Mr. Blake: It is all set up in tables.

Mr. Evans: And also the intangibles.

Q. Are those the only elements which enter into your consideration of the difference in cost with respect to capital investment. Have you

exhausted now the element of capital investment? A. Yes.

Q. Insofar as the two companies are concerned? A. Yes.

Mr. Blake: If I might interrupt, all this capital investment represents cash paid out, this $19,000,000 in your transportation company, that represents all capital investment, doesn't it? You paid $19,000,000 and acquired all the property that shows in your balance sheet?

The Witness: Surely.

Mr. Blake: $19,000,000 is the cash capital outlay.

Mr. Evans: That is clear, is it?

Mr. Blake: Yes.

Mr. Evans: That is $18,229,197, to be exact.

Q. The same obtains with respect to this $150,000,000 that you claim as the total value of the property according to the company's standpoint, that represents also cash investment? A. It must in some way. I do not think it is made up in just that way. This is a recent enterprise, established over the last three years; it is possible to get the actual cash.

Q. In other words, you haven't sufficient knowledge to say whether that $150,000,000 represents an actual cash outlay, in the same manner you can testify the $19,000,000 is? A. No, I haven't that information. I was testifying as to value.

Mr. Blake: In the railway case we had to arrive at that by what is known as

historical cost. The municipalities had their experts on it, and found $120,000,000 or $130,000,000. No one has been able to figure it right out.

Q. Now, we come to the cost of operation. What principal elements do you include in the cost of operation of the trolley? A. Maintenance, operation, taxes, operating other than maintenance and taxes.

Q. Operation other than maintenance? A. And taxes.

Q. Have you introduced in evidence the comparative table of cost? A. It is all on file with the Commission.

Mr. Blake: I think that statement that Mr. Young has before him ought to be offered in evidence, that he has been examined upon.

Mr. Evans: It was not marked for identification.

The Witness: I think it has been.

Commissioner Autenrieth: If they have been called for by opposing counsel and furnished and now examined upon they may be marked.

Mr. Evans: I have no objection. It is perfectly proper.

Statement previously marked P21 for identification received and marked Exhibit P21.

Q. You have before you now, have you, the statements for the year 1926 of both the trans-

portation company and the railway company? A. No, they are on file here.

Q. Possibly you can answer this without reference to the sheets, Mr. Young?

Mr. Blake: I would prefer him to have the sheets.

Mr. Evans: We have the comparative statement of operating revenue deductions for 12 months ending December 31, 1926, of the street railway company.

Mr. Blake: Marked P18, 19 and 20.

Q. From your consideration of these two balance sheets and the annual statements, do you not find that the largest elements of difference in cost of street railway services consist of the cost of maintenance of track and roadway, taxes and interest on investment? A. I have not made that comparison.

Q. But you know that from your own knowledge of conditions? A. I suppose that might be true.

Q. Do you find that the cost of maintenance of ways, I should say the annual cost of maintenance of ways and structures for the street railway, not including the track, would be upwards of $2,000,000 a year? A. Not including the track?

Q. Not including track renewals? A. Well, you have an item here for depreciation, of $600,000, in that figure, which ought to take care of track renewals.

Q. Will you answer my question. I asked you if the item for maintenance of ways and structures per year, not including track renew-

als, amounts to upwards of $2,000,000? A. It includes an item, as I say, for replacements, of way and structures of $600,000.

Q. It would include that? A. It does include that.

Q. So that was simply an arbitrary figure based upon the previous experience of the company, was it not? A. That is a figure that has been allowed by the Board.

Q. As a matter of fact, you spent a considerable sum in excess of that, did you not, for track renewals? A. We may have in any particular year, yes. It is a sort of equalization figure.

Q. You did, as a matter of fact, did you not, for the year 1926? A. I don't know. I haven't the figures before me.

Q. Could you ascertain that now? A. I think Mr. Tuson might know.

Mr. Tuson: There is a balance in the reserve at the end of the year that answers his question.

Q. Who can answer that question? A. We would have to look that up.

Q. That is the actual cost of renewals for the year; you will look that up? A. Yes.

Q. Another element was paving costs, is that not so? A. Yes.

Q. How much do you calculate will be saved to the company by the enactment of the recent paving bill, per annum? A. We have placed the figure from $300,000 to $500,000 a year.

Q. $300,000 to $500,000 a year? A. That would not all be saved in operating expense. Some of that is construction cost, where new

paving is put in, so the effect on operation I could not give you. That is the cash outlay that we would be saved. Some of it would not be charged to operation.

Q. What were the figures for 1926 for paving costs, which would be affected by this bill? A. That total cost of paving was $143,000 in 1926. That would not all be saved by the bill, because a certain amount of paving would have to be done anyhow, so I could not say.

Q. What were the total taxes on the properties of Public Service Railway for the year 1926? A. $2,176,000.

Q. That is the grand total? A. That is the grand total.

Q. Which of that is applicable to roadway and structures, roadway structures? A. None of it directly.

Q. What is that? A. There is no direct tax on that.

Q. Which portion of that is applicable to roadway and roadway structures? A. I say there is none directly.

Q. There is none? A. There is none directly applicable to roadway and structures.

Q. What indirectly, could you calculate that? A. I don't know. I could not answer that question.

Q. Who could? A. I don't think anybody could.

Q. Nobody in the company's employ? A. I don't think so. There is no tax assessed against the roadway directly. We pay a five per cent franchise tax and we pay a tax in lieu of personal property tax.

Q. Is there any tax at all upon the street, the property in the street? A. We pay a tax in lieu of personal property tax, which is a tax upon gross receipts at the average state rate. There is no direct tax.

Q. Is the five per cent tax in lieu of the street tax? A. Not that I know of.

Mr. Blake: We have two taxes. We pay the five per cent gross receipts tax, franchise tax for the use of the streets, then we pay on our physical property, on our gross receipts the average state tax of all the municipalities in the state. That is in lieu of personal property tax.

Q. What do the franchise taxes amount to? A. In dollars and cents?

Q. Yes? A. $629,000.

Q. You have tax on real estate? A. That is right, $316,000.

Q. What does that real estate consist of? A. Sites of carhouses, perhaps some private right of way, all the various real estate used by the company in its business.

Q. The franchise tax is for what purpose; is that to cover your franchise in the pure sense of the word? A. It is the tax paid to the state.

Q. Tax paid for franchise rights? A. I don't know what it covers. Nobody knows. It is called a five per cent franchise tax, a tax we have to pay; no way of getting out of it.

Q. There is no direct tax upon the property in the streets as such, the rails? A. No direct tax.

Mr. Blake: There is money paid, if you want the figures. It is paid in lieu of personal property tax. They do not miss us on any of the taxes. Most of that sheet is taken up with taxes.

Q. Would you say that the tax in lieu of personal property tax would be that tax covering your rails? A. Property in the streets, yes.

Mr. Blake: That would include that.

Q. What other items does that include than the rails, the physical property on the streets?

Mr. Blake: The personal property.

A. Cars, equipment.

Q. All personal property and equipment? A. All personal property and equipment.

Q. It would not include the car barns and other things of that sort which have been included in the real estate? A. That is real estate.

Q. What are your principal elements under the head of maintenance of the trolley or railway company? A. Way and structures and equipment.

Q. What does that amount to? A. Those are the principal items.

Q. Land, structures and equipment? A. Way and structures and equipment.

Q. Way and structures? A. Way and structures and equipment.

Q. What do they amount to in your 1926 report? A. I gave you the way and structures as $1,935,000.

Q. What was that again? A. The way and structures was $1,935,571.49; equipment $1,690,318.46.

Mr. Blake: I offer the three exhibits that have been examined upon.

Statements previously marked P18, P19 and P20 for identification received and marked Exhibits P18, P19 and P20 respectively.

Q. What similar elements to those that you have testified to in the trolley cost of operation do you find with respect to the cost of operation of the buses? A. It is covered under the heading of maintenance of plant and equipment and the total is $3,979,250.23.

Q. Made up of what items? A. Made up of eleven accounts; superintendence of plant and equipment, maintenance department rents, maintenance of buildings, fixtures and grounds, maintenance of bus bodies, maintenance of bus chassis, tires and tubes, maintenance of shop equipment, maintenance of garage equipment, maintenance and operation of service motor equipment, shop expense, retirement expense.

Q. Have you an entirely separate organization for the transportation company? A. We have for the maintenance, yes.

Q. But as to the superintendence? A. We have a separate organization. Of course, the same individual may belong to both organizations. We have a separate organization; in certain cases, I mean, the same individual may belong to both organizations, in certain cases. We have a separate organization.

Q. This item of superintendence of plant and equipment, to what extent are those items shared by the trolley company? A. None of those items.

Q. Under the head of superintendence? A. None of this particular cost is. This is all transportation cost.

Q. I mean, how do you arrive at this figure of $200,000? A. That is a question of time sheets.

Q. To what extent do they represent joint costs and expenses? A. You mean to what extent of the individual time?

Q. Draw salaries from both? A. Part of whose time might be charged to this item? I don't know. I could not answer that question.

Q. Who could testify to that fact? A. That would mean a very considerable analysis. It could be done, of course.

Mr. Blake: There is no duplication, if that is what you are anticipating, in the transportation cost.

Q. Who can testify as to those particular items, who is in a position to testify to that? A. I would think Mr. Tuson might be able to.

Mr. Blake: If you want to clear it up, Mr. Evans, there are no men on the two pay rolls on this account.

Mr. Evans: No single individual?

Mr. Blake: No single individual.

The Witness: There might be a few.

Q. With respect to the operation of buses, you have no investment in roadway, have you? A. No.

Q. You pay no taxes upon the roadway? A. No.

Mr. Blake: Pardon me. No tax as tax on the roadway. We pay for the use of the roadway.

The Witness: Direct tax, I presume you mean.

Mr. Blake: Direct tax, the same as the rails, you mean?

Mr. Evans: Yes.

Q. You have no expenditures for roadway maintenance, that is true, is it not, in other words the public furnish a free roadway for you? A. Generally speaking, no.

Q. You say generally speaking. Are there any exceptions to that? A. We may do some snow removal.

Q. You would not consider that as an element of maintenance of road, would you? A. Yes, I would.

Q. What amount of snow removal did you do for buses? A. I don't know that any was done.

Q. Is there any item there which would indicate to you what the cost of snow removal was? A. No.

Q. Would account 27 be it?

Mr. Tuson: Road expense, if that is road expense.

A. Yes. That is not in maintenance. That

is under transportation. It is not in the figure I gave before.

Q. Would that cover the item of snow removal? A. Yes, I suppose it would, but it is not in the maintenance figure I gave you.

Q. So that element is almost negligible? A. It was last year.

Q. Last year's snow removal costs would be very much larger than those of this year, would they not? A. Yes, there has been less snow this year, but they were not very high last year.

Q. I might ask you over the lunch hour, Mr. Young, if you will get us the cost of track renewals, the actual cost of track renewals for the year 1926 in addition to those charged to the regular maintenance accounts?

(Discussion.)

Mr. Blake: I suppose, if you want to keep the analogy straight—you have asked the witness if the roads were not furnished to us free of cost—I think if you want to keep the record straight you ought to ask there about the five per cent tax paid for the use of roads, because that is comparable with the other tax.

Q. What taxes (this is in regard to the suggested made by Mr. Blake), what taxes does the transportation company pay that are comparable to those of the trolley? A. We pay a five per cent tax, we pay other taxes that are comparable.

Commissioner Autenrieth: Income tax, real estate tax.

Mr. Blake: Personal property tax and five per cent for the use of streets.

The Witness: There are a number of special taxes perhaps that are comparable, personal property tax, real estate tax, car license as against bus license, and so forth.

Q. Then the item of $375,000 paid by the transportation company in 1926, five per cent tax, does that represent the tax in lieu of the use of the roadway?

Mr. Blake: For the use of the streets.

Q. For the use of the streets? A. It is a five per cent tax. It represents that and perhaps other things; I don't know.

Q. On the gross receipts. To whom is that paid? A. To the municipalities.

Q. To the municipalities? A. Yes.

Q. It is not a state proposition? A. No.

Q. Does the bus company pay a five per cent state tax, or is it simply local?

Mr. Blake: If I may explain to counsel, under Chapter 144 of the Act of 1926, the buses are permitted to run upon payment to the municipalities of five per cent of the gross receipts that come in that municipality. Where the line passes through one or more municipalities, the gross receipts are apportioned as the length of the line bears within the municipality to that without. So while the tax is imposed by the state, it is actually paid to the municipalities by the company, five per cent of the gross receipts.

Recess from 12:45 to 2:00 P. M.

After recess.

PERCY S. YOUNG resumes the stand.

Further cross-examination by Mr. Evans:

Q. Would you say that the Traction Company has an investment of approximately seventy-five to $100,000 a mile of track, for roadway and connected structures? A. I haven't figured it out.

Q. You could roughly calculate it between seventy-five and one hundred thousand dollars per mile? A. I don't know. I haven't that in my mind.

Q. Basing it upon a total capital of $150,000,000? A. I haven't the value broken down to that extent.

Q. Would you say that $100,000,000 would represent, roughly, your investment in track and connected structures? A. $100,000,000?

Q. Yes. Of the $150,000,000 $100,000,000 would represent that investment? A. I wouldn't say. I couldn't give it to you now.

Q. Would you say from your figures— A. I haven't the figures. You would have to get a valuation; it would mean a lot of study to determine what was carried in regard to the value of the track.

Q. You would have to give it exact? A. I don't want to guess.

Q. You could give us that? A. I suppose it could be obtained after considerable study and analysis.

Q. Couldn't you give us some sort of general idea what your calculation for your investment in roadway and connected structures per

mile would be? You certainly have had enough experience to know that. A. I prefer to give the valuation figures rather than to guess at it.

Q. How soon could you get those figures for us? A. If you have the valuation here we could figure it out, I suppose.

Q. I would like to get it before the Commission at this time. A. We could give it to you in twenty-four hours, I suppose.

Q. Could you give us any idea at all? You mean to say, after all your years of experience— A. Yes. I can guess. I can give you two or three figures. I would rather not; when the actual figures are available I would rather not be quoted on it; I would rather give you the exact figures.

Q. Would you say it was $50,000? A. More than that.

Q. $75,000, about $75,000? A. You are talking about an average figure?

Q. It wouldn't be less than $50,000? A. You are talking about an average figure?

Q. It wouldn't be less than $50,000? A. No.

Q. Would it be less than $75,000? A. I don't propose to guess at a thing when we can get the actual figures.

Q. Isn't $75,000 a common figure, expressed by engineers as being a reasonable figure? A. There isn't, of course, such a thing as a common figure per mile of track throughout the country. It varies from town to town and city to city. It all depends on the character of the construction; I suppose it depends on that. An average figure would be worthless for this discussion.

Q. It would be over $50,000 though? A. Without a doubt.

Q. Taking it at $50,000 per mile; that is your low estimate, isn't it? A. You are talking of a mile of single track now?

Q. Yes. That would be a low estimate in your estimation? A. I don't know.

Q. Subject, however, to your increasing it and making it more? A. I am willing to assume, for any discussion of any question you may wish to ask me, I am willing to assume $50,000.

Q. You will check that up and correct the record as far as that is concerned? A. Very glad to do it. This is per mile of single track now?

Q. Yes. At that rate, this is for single track, is it not? A. That is what you are using. It is your figure, not mine.

Q. For double track it would be $100,000 a mile? A. If you use your figure of $50,000 for single track it would be double that.

Q. If you allow a reasonable return of six per cent on that investment that would give you upwards of $6,000 per mile, would it not, as a six per cent return on your investment? A. Yes. A mile of roadway, now.

Q. You have no such corresponding investment in the transportation company, have you? A. No.

Q. In addition to that item for interest you would have the maintenance, renewals, and other carrying charges that you wouldn't have in the bus company? A. That is true.

Q. Would you admit for the purpose of the record that all of such costs incurred by the street railway company which are not borne by

the transportation company, would amount to approximately two cents per passenger? A. No.

Q. How much would you admit? A. Will you let me have that question again?

(Question read as follows):

"Q. Would you admit for the purpose of the record that all of such costs incurred by the street railway company, which are not borne by the transportation company, would amount to approximately two cents per passenger?" A. I don't understand.

Q. In connection with roadway and connected structures. A. You have brought in two companies, the transportation company and railway company.

Q. I say that these costs that are incurred in the railway company, which are not borne by the transportation company, would amount to approximately two cents per passenger? A. No; I wouldn't admit that.

Q. How much? A. It would depend entirely on the density of traffic. There might be less per passenger on the railway.

Q. Approximately how much would it be under the most favorable circumstance? A. How much less?

Q. Yes. How much would it be? A. I can't answer a hypothetical question. If you will give me the particular case and the number of passengers.

Q. You have already outlined the cost under certain circumstances? A. You haven't given me the density of traffic.

Q. Take your own density and your own figures. There were 400,000,000 passengers in 1925 on the railroad and 200,000,000 on the transportation company. You, as an expert financier, certainly can figure that out, can't you? A. Yes, but I would like a little time.

Q. It is not possible to answer that question— A. No; I don't think I ought to be asked such a question offhand.

Q. Give us a minimum; what is the minimum figure you could mention? A. These are not figures I handle every day. I can't answer that question.

Q. You are absolutely cognizant of these facts? A. I am absolutely cognizant of those facts, yes.

Q. Who could answer that question, if you can't? A. I suppose the question could be answered if the problem is studied. I say I can't now, at this time.

Q. On the investment of $150,000,000; you state in the railway company you carried 400,000,000 passengers, did you not, in 1926? A. I think that is so.

Q. And on your investment in the transportation company you carried 200,000,000? A. I think so.

Q. That is so. How many passengers per dollar of investment in tangible property were carried in 1926 by the transportation company? A. Per dollar?

Q. Yes. A. You can figure it out yourself.

Q. That would amount to approximately twenty passengers, would it not? A. Per dollar?

Q. Per dollar of investment. A. That is right.

Q. How many passengers per dollar of investment in the bus company? A. The railway?

Q. Or in the railway company would be carried per dollar? A. You are still taking $150,000,000? It would be about three.

Q. Between two and three? A. Yes. You have left out your intangible, though, of capital in the transportation company.

Mr. Blake: And included it in the other.

The Witness: You ought to take $19,000,000 instead of $10,000,000.

Q. Even taking that figure, taking the worst. A. Be about ten, that is about right. The capital is about three to one; that is, three or four times the capital.

Q. You have no such proportion of intangible property in the street railway as you have in the transportation company? A. Quite a large proportion.

Q. There is not— A. Not quite so much, no.

Q. In the transportation company that proportion bears the relation of about two to one, does it not—I should say about fifty-fifty? A. No; it isn't as high as that. I wouldn't say it was over—I don't know what it is. It isn't as large, of course.

Q. In checking up the revenue passengers carried from 1920 to 1926, the statement being there were 361,691,558 we would take the round figure of 360,000,000, in 1920; in 1921,

346,000,000; 1922, 323,000,000; 1923, 299,000,000; 1924, 415,000,000; 1925, 407,000,000; 1926, 398,000,000. A. That is passengers on the railway?

Q. On the railway. Between the years 1920 and 1923 according to those figures it shows a constant decline, does it not? A. Yes.

Q. And from 1924, where there is a substantial increase, to 1926 there is a still further yearly decline? A. Of course, you have different rates there.

Q. Just answer my question. According to those figures? A. Yes.

Q. How do you account for the increase in 1924? A. There was a strike in 1923 and our service was off for a long period.

Q. But I am asking you with respect to the increase in rates in 1924. Was that not the time when the different zones were established and the additional fares were collected? A. Yes. Some passengers would be counted twice under the new plan, yes. That is fares, not passengers.

Q. This represents fares collected and not individuals travelling? A. That is right.

Q. So that under those circumstances there is no evidence before us that would indicate there were more passengers travelling in 1924 than there were in 1923? A. Well, I think there is some evidence before you, yes. They are not strictly comparative, perhaps that is the answer; they are not strictly comparative.

Q. However, from 1924 to 1926 they are comparable as showing a decline? A. Yes.

Q. And from 1920 to 1924 they were comparable? A. 1923.

Q. 1920 to 1923, yes.

Commissioner Autenrieth: Comparable except for the period of the strike.

The Witness: The strike.

Q. So you had a steady decline from 1920 to 1923 and a steady decline from 1924 to 1926? A. I think those figures show that.

Q. It is also true, is it not, that the number of passengers carried by the bus company has been constantly increasing? A. That is true. We have been acquiring buses all the time.

Mr. Blake: Substituting them for trolley cars in many places?

The Witness: Yes.

Q. We haven't the facts with respect to the number of passengers carried, but I will compare them by the amount of revenue derived from the transportation company. In 1926 your total revenue amounted to $10,748,000. A. I am not checking those figures but I am assuming they are correct.

Q. There would be twenty times that number of passengers, wouldn't there, in order to figure out your passengers; twenty times that number of fares, that would make upwards of 200,000,000? A. That is right.

Q. In 1925 there were 7,509,000 carried, approximately? A. Multiply that by twenty and you have the number of fares.

Q. So that would be 140,000,000. In 1924

there were $4,083,000, making a total of about 8,000,000? A. 80,000,000.

Q. 80,000,000. In 1923 $112,472 or 2,240,000. How can you account—so that there has been a corresponding increase in the transportation company constantly? A. You can account for that by the fact—

Q. No. I want to know—

Mr. Blake: You asked him to account for it.

A. (Continuing.) I can account for it by the fact we co-ordinated the service over that period. We have been acquiring buses, putting on new buses, new equipment. We have been abandoning some single track trolley lines and we have generally, as I say, co-ordinated the service.

Q. In view of the decline that is registered by the street railway company, is it not a fact that the purchase of the buses was the thing that saved the situation, as far as the declining rate was concerned, or at least the decline would have been a lot faster? A. No; I am not sure of that. The number of passengers, we might have had more passengers but the net loss on operation might have been greater. Of course, the cost per passenger might have been greater.

Q. Constantly increasing. There is a constant increase in the traffic of the bus company and it is now carrying approximately fifty per cent more passengers today than one year ago? A. It acquired, as I endeavored to explain, a great many additional buses. Whether the passengers per bus has increased is a question.

Q. You would say, as a matter of fact, that the demand for the bus service is increasing while that of the railway company is decreasing? A. No. I wouldn't say that at all.

Q. According to the figures shown here. A. I wouldn't say that is the case.

Q. Even in view of the fact it is constantly increasing? A. No.

Q. You wouldn't say that? A. I wouldn't say that. It is all a question of service rendered.

Q. If the public wanted them they would use them, wouldn't they; take advantage of them? When you see a constantly falling ratio wouldn't that indicate to your mind— A. No. It means an adjustment of service to carry the traffic, I assume, the most economically.

Q. That doesn't answer the question. A. I think it does.

Q. On the whole, hasn't there been a substantial shift from the street railway to the buses since 1923, whether it is this system of transportation or any other? A. No. I don't think there is such a substantial shift, no.

Q. A sizable shift, then. A. You show the number of passengers in 1924 is what for the street railway?

Q. 15,075 was the total revenue? A. In 1926 it was around 400,000.

Q. It went down to 398,000,000, a 17,000,000 drop. A. In view of the fact that single track lines were taken off I wouldn't call that a substantial shift.

Q. There ought to be, in consideration of the normal growth of the several communities, there certainly ought to be—the shift should not

be so substantial, should it? A. I think if there were no other means of transportation, the trolley were there alone, that the growth would have been more, there would have been considerable growth in that period.

Q. On the basis of the present traffic, will not the transportation company carry about 50,000,000 more passengers in 1927 than in 1926? A. I couldn't estimate that. These figures which you have quoted include the addition of the number of buses which we have purchased; not replacements but the acquisition of new buses which were not operated by the transportation company before. I don't think you can determine from those figures just what our growth would be.

Q. It does mean more passengers? A. I think there would be more passengers, considerably more passengers carried in 1927 than 1926 by the buses.

Q. Referring to the deficits which you say were accumulating in 1923, 1924, 1925 and 1926. In 1923 you show a deficit of $13,150, that was the first six months of operation of the buses, of the transportation company. A. Is that the right figure, 13,000?

Q. 13,150. In 1924 a deficit of $814,072.79. A. I haven't the figures before me, but I will accept that.

Q. Those are from your own figures? A. That is right.

Q. In 1925 a deficit of $731,095.84. A. I haven't that figure, no.

Mr. Blake: He is quoting the operating income.

Q. That is the operating income?

Mr. Blake: It isn't a deficit.

A. $731,095.84, yes.

Q. That is an operating deficit, is it not? A. A deficit against operating income account, yes.

Q. That represents your income after operating expenses and taxes have been paid? A. Yes; it represents the amount that operating expenses and taxes exceed the income.

Q. In 1926 you show a net operating income of $232,230.34. A. Yes. We are very proud of the fact we have been able by co-ordination to overcome those deficits.

Q. So that it shows, for some reason, you are on the mend in that respect? A. It has taken a lot of hard work.

Q. There is some substantial increase there. A. It has taken a lot of hard work and ingenuity.

Q. Almost an improvement of $1,000,000 as against the year 1925? A. That is correct.

Q. In your net income? A. It hasn't just happened, though.

Q. Will you explain to us the reasons for the deficits in 1924? A. They speak for themselves. We failed to get sufficient earnings to pay the cost of operation.

Q. For what reason? A. Various reasons.

Q. It was a new enterprise? A. I can't say that.

Q. As a business man you know the elements that go into the organization of a new concern, do you not? A. Yes.

Q. You have dealt with this situation from the beginning; can you explain to the Board why the deficits increased, the reasons for them, in other words? A. I think perhaps you should call upon the operating officials to give you that information, but generally speaking it is due to the fact we have been able to co-ordinate the service.

Q. If you can tell us, suppose I get it out of you this way: On the organization of that new corporation there were certain preliminary expenses had to be paid, were there not? A. I don't think that affected the situation.

Q. In effecting any organization it takes some time before that begins to function properly, don't it? A. I don't think so.

Q. A new business? A. I don't think so in this case.

Q. You feel from the outset it had— A. As far as the organization is concerned.

Q. A perfect organization? A. Yes.

Q. So that the improvement reflected don't reflect at all on the improvement of the organization? A. No.

Q. What is it due to then? A. I prefer that you call upon the operating officials to get a correct answer to that question.

Q. According to the rate of income received in 1926, I suppose you have a pretty fair idea of what the system is going to cost you next year, have you not? A. Yes, I suppose we have.

Q. How much would you say that the company will earn net, in the year 1927? A. I would prefer not to hazard that.

Q. Couldn't you give the Board some sort of estimate; you are calculating on the future, are you not? A. We are making an improvement year by year, and that is very pleasing to us. It gives us hope for the future.

Q. Give the Board some sort of idea from your wealth of experience. They certainly are not in the transportation business and we would like to know just what your prospective income will be this coming year. A. I think without doubt we can make some improvement over 1926, but I don't want to hazard a guess of what it would be; too many things might happen between now and the first of the year.

Commissioner Gnichtel: You said 1926; you mean 1927?

The Witness: Over 1926.

Q. Well, do you believe that the passenger receipts as shown for the year 1926 in the transportation company, for the month of December, will increase at a corresponding ratio as it did from January to December? A. No; I can't tell anything about that.

Q. Is there a reasonable expectation that may occur? A. No; I can't say that.

Q. You couldn't say it won't occur? A. Those receipts are complicated by the fact a number of new lines were acquired during that period.

Q. You expect to acquire other new lines, do you not? According to your testimony here before. A. They might be less or more profitable.

Q. You certainly are not going to acquire nonproductive lines, are you, if you can help it? A. Not if we can help it.

Q. So that using the judgment you have formed in the acquisition of these other buses you can reasonably calculate you will improve your condition by the acquisition of other buses, will you not? A. I don't know about that.

Q. You don't know? A. No.

Q. Well, surely you are the man who ought to know, aren't you? Have you any voice in the acquisition of those bus lines? A. I have something to say about it. I don't know.

Q. What do you know about it? A. I don't know anything about it.

Q. You don't know anything about the acquisition of the buses? A. I don't know anything at all about what bus lines we are going to acquire this next year.

Q. You don't know anything about the policy of the company in the acquisition of new bus lines this year? A. As to the policy, yes.

Q. What is that policy? A. That policy is to acquire such buses as can be obtained at a reasonable price, within a reasonable sum.

Q. And to be profitable lines or unprofitable lines? Are you drawing any distinction between profitable and unprofitable lines in the acquisition of those buses? A. No. We don't endeavor to buy any distinctly unprofitable lines.

Q. What do you mean by "distinctly unprofitable"? A. Lines that couldn't be made to be profitable; buses that couldn't be made to be profitable.

Q. So when you acquire these buses you have in anticipation these buses will, within a reasonable time, become profitable even though they don't show a present return? A. That is true.

Q. What do you mean by "profitable"? Do you refer when you say "profitable" to the economics of operation or in the doubling up of the fares? A. I mean without a change in fares.

Q. Without a change in fares. In other words, you are going to continue your present rates of fare after you purchase these buses? A. We haven't fixed on any buses we expect to purchase, as I told you.

Q. In other words, when you acquire them you are going to acquire them at the existing rate of fare, is that it? A. Our policy is not to purchase buses that cannot be made to be profitable.

Q. Just what do you mean by "profitable"? You mean operate them at the existing rate of fare? A. Yes.

Q. And not to increase the fare? A. Yes, without any change in the rate of the fare.

Q. Have you changed your policy as to that, or is that a new policy that has gone into effect? A. No; there has been no change.

Q. Why the increase in these particular cases? A. What increases?

Q. Before the Board at the present time. A. This is a question of co-ordination.

Q. It is an increase in fares. Don't let us lose track of that fact; don't complicate it by the use of the word "co-ordination." Why have you changed your policy with respect to the present buses you have acquired as against those

future buses? A. There are no other points of adjustment would be affected.

Q. How do you know? A. We know there are no other points, at the present time.

Q. Do you mean to say in the future you are not going to try to rearrange zones where they are out of harmony with the present existing conditions on the routes?

Mr. Blake: When we have done this we will have done all that.

Mr. Evans: I am talking about future routes, of which you have no knowledge.

Mr. Blake: Then I think he ought not to answer, if we have no knowledge.

Q. As a matter of general policy, so we may be advised of what the policy of the company is to be. A. We haven't discussed the question of policy, as to such an eventuality.

Q. What I am asking you is: Why the change now? You have already indicated to us there is such a policy. Why should you endeavor to raise the bus fares in this particular case, where you bought them in reference to an existing condition? A. There is no change in policy. We have been co-ordinating, endeavoring to co-ordinate service since we commenced the acquisition of these buses, and there is no change in our policy; this is a further effort.

Q. If you insist on referring to the term "co-ordination" do you mean the same rate of fare should be charged by the buses as the trolleys where they are competing? A. I think that is a prerequisite, yes.

Q. A prerequisite? A. A prerequisite of co-ordination, yes.

Q. That is, the basis on which this petition is filed? A. That is true.

Q. Would you say that the great improvement which has been recorded in the Transportation Company is due to the development of the traffic and to the mere co-ordinating of the service and reduction in the cost of operating expenses? A. More that than to the reduction in operating expenses.

Q. I am assembling these three elements, the development of the traffic, the co-ordination of the service and reduction in operating costs? A. I think all these factors had an effect on the result, I don't think they all have been moving in the same direction.

Q. What do you mean by that? Don't you think there is a development of traffic? A. I don't think, I believe we have made no great reduction in operating expenses, speaking from recollection.

Q. Haven't you effected economies through the operation of the buses? A. Yes, but we have given better service.

Q. Haven't you obtained economies in the cost of operation? A. Yes, we have given better service and that has cost more money.

Q. That is a question of your own personal opinion, isn't it? A. No. I think the facts will show it. I think the facts will bear that out.

Q. There has been a normal growth in traffic? A. Yes.

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Q. That helps the situation, too? A. Yes. If you ask your question, probably, perhaps I could give you the information you want.

Q. In respect to the development of traffic, isn't it true that your monthly receipts have not only increased greatly but increased in proportion to the bus miles? A. Yes, I think that is true. Some of these statements, I might remind you that some of these statements I am making might be subject to correction. I am speaking from recollection only.

Q. We would be glad to have you correct them. A. Yes.

Q. In so far as the figures are concerned. A. If I am not correct we will come back and tell you. I think by and large, I am speaking from recollection, I think I am stating—

Q. Your statements are, however, substantially correct? A. I think so.

Q. You wouldn't have anything on the record that was distinctly untrue, of course? A. No. I am trying to state from my recollection what is true.

Q. In January, 1926— A. (Continuing.) I would like to reserve the privilege if I haven't stated the actual fact to correct the statement. You are asking me a number of questions about matters of operation, which are in great detail.

Q. It is only matters which you have no direct knowledge of you want to have corrected? A. Yes.

Q. On the matters set out in the petition what you are testifying to are facts from your own knowledge? A. Yes.

Q. In other words, we don't want to have the record turned upside down and have you say you have an error in respect to that. In January, 1926, your receipts were 781,000, that is from the Transportation Company, your bus miles 2,642,000 or about thirty cents per mile; isn't that true? A. That should be about right.

Q. In December, 1926, your receipts were 1,120,000 and your bus miles 3,445,000 or nearly thirty-three cents per mile. A. Is that made up from a statement we furnished you?

Q. Yes; this comes from a statement which you furnished us? A. I haven't a copy here.

Mr. Blake: While they are checking that up I would like to offer Public Service Transportation Company Comparative Statement which Mr. Young testified to.

Commissioner Autenrieth: Let it be marked.

Public Service Transportation Co. Comparative Income Statements marked Exhibit P-22.

The Witness: These figures are correct you have given me and furnished by our company, perhaps you are right.

Q. So that the result obtained was about thirty-three cents per bus mile for the month of December? A. I will figure it out for you. Something under that.

Q. Shortly under thirty-three? A. Yes. Of course, that takes in Christmas riding and was a high month.

Q. At the beginning of the year you were op-

erating at the rate of about 34,000,000 bus miles a year while in the course of the year you were operating 41,000,000 or about thirty-three per cent increase. At the same time you were getting nearly three cents per bus mile more revenue, which on the present basis of forty million miles a year amounting to $1,200,000 a year, is that right? A. You say at the rate of so many miles. What you have done, I suppose, is take the bus miles in December and multiply; reduce that to miles per day and then multiply by 365.

Mr. Blake: You are taking December as the highest mileage and using that as the basis.

The Witness: I wouldn't think that was a sound method to pursue.

Q. You think December is way out of proportion to other months? A. There is quite a variation.

Q. Take November, just follow that up, Mr. Young, and see if you could see where there is a constant increase. A. There has been a constantly increasing gross.

Q. The bus miles? A. I don't know how the cents per bus mile have shown for that period.

Q. We can soon compare it. Have you those figures before you? A. Not the cents per bus mile, no.

Q. There is a constant increase, however, on the bus miles, is there not; which is gradual and somewhat even. A. Yes; as I say, we have acquired a number of buses over that period.

Q. You won't lose those buses, will you? A. How is that?

Q. You won't lose those buses overnight? A. No.

Q. These buses will go on operating or you will scrap them and get new ones? A. The increase may not keep up correspondingly.

Q. You are not going to have any great reduction? A. No.

Q. You can anticipate there is going to be a reasonable increase, based on your previous experience? A. Not with the same number of buses, unless we acquire more buses.

Mr. Blake: Take the month of January last year, we purchased the entire Arrow Bus Line, which brings into the picture thirty buses which were never operated before. In May we acquired the Peters Line, they were operating forty buses.

Mr. Evans: There is no comparison between one month and the corresponding month next year?

Mr. Blake: No, because there are too many variables enter into it.

Q. The point we want to raise is, with the gradual increase in the amount of bus miles there is not apt to be any decrease in the bus miles? A. I will be glad to testify to that.

Q. Yes. A. We expect the pasengers to increase, to carry more passengers right along, on the buses.

Q. Will you repeat that? A. What I want to point out is, this increase during the past year was an abnormal increase due to the purchase of a very great number of buses; that is the

point. I didn't want you to get the wrong impression.

Q. Assuming that the bus miles travelled for the month of December will continue at the rate of 3,345,000 per month? A. You have thirty-one days in December.

Q. Yes. A. Multiply thirty-one by twelve and you get an extra week in.

Q. And at the same time— A. (Continuing.) Which is two per cent.

Q. Bearing in mind the fact you are getting three cents per bus mile more revenue in the month of December as against the amount you received in January of the same year, you will receive approximately $1,200,000 net revenue during the year 1927? A. I don't think that is scientific at all. I think that is very faulty, would be a very faulty practice. We certainly couldn't predicate any estimate on such a method in our own company; we wouldn't like to predicate it.

Q. As a practical man, dealing with this problem for years—how many years have you been dealing with this problem? A. I wouldn't like to tell you. Twenty-four years.

Q. From twenty-four years experience— A. I wouldn't adopt such a method.

Q. What would you give us as a reasonable expectation? A. Of increase?

Q. Yes. A. During the year 1927? I think five per cent increase is quite conservative.

Q. Five per cent increase; what do you mean by five per cent increase? A. Five per cent increase in the gross.

Q. Bus miles?

Mr. Blake: Gross revenue.

Q. Gross revenue? A. Gross revenue.

Q. I don't quite get your answer to that question, of five per cent. What do you mean, in other words, so we can get your meaning of the five per cent? A. I mean that if we could fix, take the number of buses we were operating in December and tell the income, the gross revenue from those buses, operating under that schedule, during the eleven months preceding, we could add five per cent to that gross revenue for 1927 to obtain the estimated revenue for 1927.

Q. That is, you could use that as a basis of the normal amount of bus miles obtained during the year and add five per cent to the grand total in order to find out what increase there would be over that? A. Yes. We would have to increase, perhaps, the buses on those lines to take care of the additional gross revenue. I think five per cent increase could reasonably be expected on those routes.

Q. I call your attention to the figures which are supplied by the company with relation to the monthly operating revenue for the year 1926, and you say in January, 1927 that the increase over January, 1926, was $349,000? A. Yes.

Q. Doesn't that bear up pretty well with the general average or so that there will be a maintenance of that condition? A. That is so complicated by the fact we acquired so many lines of buses during that period, I don't think it means anything.

Q. How many lines did you acquire during January? A. It is over the year. You are com-

paring January with January a year ago. For instance, we couldn't run—

Q. You are getting, however, $350,000 more monthly revenue than you did a year ago? A. In December we did, December, 1926, over January, 1926, yes.

Q. I refer you to the month of November; this says your increase there was $320,000? A. That is right.

Q. And December $353,000? A. That is right.

Q. And in January, 1927, $349,000? A. I haven't those figures before me, but perhaps that is correct. You have one day more in both those months than you do in November; complicated by holidays too.

Q. So that you are on a very much higher level, to the extent of approximately $350,000 per month than you were a year ago? A. That is correct.

Q. And you are rising continually? A. Yes, but not at that rate, necessarily.

Q. Mr. Young, with the increase in the density of bus traffic, is there not a decrease in the total cost of the carrying of each passenger, the same as applies to the street railway? A. Well, it doesn't go up to the same extent in the buses as it does on the street railway.

Q. It is on the whole true? You can agree to that question? A. One can't dismiss those questions quite so easily. There are a number of factors you have got to consider.

Q. You remember my question was— A. You have to carry in your mind, for instance, it depends on when that density of traffic obtains. If you put on more buses during the rush

hours your expenses might be very much greater per passenger. If the load factor is improved I would say, yes; but not if the load factor is not improved.

Q. Have you done anything to improve that load factor? A. Unfortunately, it is beyond our power to do that.

Q. Why so? A. It depends upon many other factors that are out of our control. The rush hour, for instance, depends upon that.

Q. You have to put on additional trolleys, do you not? A. More people riding in the rush hour—

Q. It all depends on additional accommodations, does it not? A. No. It depends on the peak load, very largely.

Q. What is that? A. It depends on the peak load. If we can spread the traffic over a long period it would improve the load factor and so reduce the cost per passenger.

Q. I mean, on the whole, you can say that the same conditions generally apply? A. Generally speaking there would be a slight improvement with the same conditions, until you reach a point of saturation and then, of course, there would not be much change.

Q. In the case of the street railway with decreasing traffic and lower density is not there an increasing cost per passenger? A. That is true. The same is true with the buses.

Q. Does not this increasing divergence of the density of traffic and the cost per passenger mile affect the relative economic cost of transportation by the two systems? A. I think you

are assuming, in asking that question, you are assuming there is a divergence.

Q. Assuming there is a divergence. A. In the density of traffic?

Q. Yes. A. Yes.

Q. You have been following a policy of abandoning certain trolley routes in certain cases. Can you tell us how much you have writen off for abandoned routes? A. Haven't written off anything.

Q. Haven't written off anything. Why do you not write them off? A. We might establish them again.

Q. You might establish them again. There is a reasonable probability of that, is there? A. There might be in some cases.

Q. Take, for instance, the trolley route in Hawthorne; is there any contemplation of the restoration of service here? A. At this moment, no.

Q. What was your reason for abandoning that route? A. In order to save money.

Q. To save money? A. There was a duplication of service, one had to be abandoned.

Q. How do you mean? A. A duplication of service.

Q. How do you mean a saving of money? A. I say there was a duplication of service.

Q. That was one reason. A. We had to abandon one method.

Q. There must have been some other impelling cause, other than the duplication of service? A. No. That was the only one.

Q. That was the only reason? A. The saving of money was the compelling reason, but the

money was saved because there was a duplication of service and so we abolished it.

Q. And thereby you did save money? A. Yes.

Q. In other words, it was an economically wasteful proposition to operate your trolley route? A. To operate both bus and trolley. The density of traffic in that locality was such that the buses were better adapted for the purpose.

Q. There was no hesitation about abandoning that when it was found to be economically unprofitable? A. No.

Q. Why can't you pursue the same policy in abandoning bus routes that are uneconomical and wasteful and not paying the company? A. That policy could be adopted, yes.

Q. That policy could be adopted? A. Wherever that is demonstrated, yes.

Q. Have you abandoned any of the bus routes you have taken over since 1923? A. I think perhaps we have cut down the number of buses though not diminished the service or abandoned the routes.

Q. So that in all cases of abandonment it has been the trolley line and not the bus route? A. I think that is probably so.

Q. Will you tell us if you have found that the trolley route has been unprofitable and you maintain that the bus route is likewise unprofitable why you do not abandon that particular bus route? A. Both the bus route and the trolley route?

Q. Where you found them both unprofitable.

A. Leave the public without service? I don't think the Commission would allow that.

Mr. Blake: Then what would happen to the Hawthorne and Kenilworth lines?

Q. If you are faced with a situation, and if the Commission left it to a matter of the economics of the proposition, and others came in offering to supply the same service, do you think it is fair to the public to let the public have the advantage of a five cent rate as against a ten cent rate? In other words, would your company oppose the application of the independent bus operators who are willing to supply a five cent fare to such a community? A. I certainly think it would be bad policy for any particular district to abandon service.

Q. Answer my question. A. Will you read the question.

Q. (Question read.) A. It is a question of the greater good for the greatest number, I would say. If such a policy affected more people adversely than it benefited I certainly think we ought to oppose any such procedure.

Q. In other words, you think it is for the benefit of the public they should pay a ten cent fare to your company rather than a five cent rate to the independents? A. I think the benefit to the public of the service that is now being rendered should be maintained.

Q. I said, in case the independent operators— A. Generally speaking.

Q. In case these independent operators were willing to furnish the same service. A. If it is a question of independent operators fur-

nishing the service, if one could visualize such a situation throughout the whole territory as possible—

Q. The particular territory, not the whole territory. A. I say it affects the whole situation. You couldn't very well lop off one arm and not affect the body.

Q. You are doing that constantly in respect to the trolley routes. A. We are still maintaining service. It is duplication only we cut off.

Q. I say, if you can't supply service at a given rate and somebody else will, is there any reason why you should oppose the granting of a franchise to the independents? A. I say again, this transportation question has got to be treated as a whole. The service that the Railway and Transportation Company is rendering to the public is to the community as a whole, is more important than any slight effect on the rate on any particular portion of the community.

Commissioner Gnichtel: You say that even if the contention of your opponents be proven, that the buses can operate much more cheaply than the trolley?

The Witness: That is not the question.

Commissioner Gnichtel: You were on that question before, to show that the bus was cheaper in its operation than the trolley. Assuming that is true, what would you say?

Mr. Blake: Does your question assume there is a trolley line in operation? Either he assumes we are in the territory or out of the territory.

Commissioner Gnichtel: In the same territory, I assume. He put a question to you that I think the trolley was two cents higher per passenger. Assuming that, what would you say as to co-ordinating the price?

The Witness: I don't think there would be any question of that, if there was such a difference as that.

Commissioner Gnichtel: Be no question of what?

The Witness : I say there should be no question, if it could be shown in this whole community, aside from one route—

Commissioner Gnichtel: Take one route, the Irvington route: Suppose it is proven, as they contend or as they intimate they will try to prove, that the expense of the trolley is two cents per passenger higher than the bus?

The Witness: Yes. I would still maintain that the competing service should not be allowed to be maintained—

Commissioner Gnichtel: The whole service, the buses and the trolleys, should be regarded as one institution, on all the streets for the whole city.

The Witness: For the whole city, yes, that is what I maintain. It is the comprehensive. dependable service that should be supported.

Commissioner Gnichtel: In other words, the part of the city that hasn't the transportation to maintain a bus or a trolley—

The Witness: Should be furnished service.

Commissioner Gnichtel: Should be furnished service at the cost of some other part of the city?

The Witness: It might amount to that, yes.

Commissioner Gnichtel: I am just tying to get your point of view.

The Witness: Yes.

Commissioner Gnichtel: That would be your point of view?

The Witness: Yes.

Commissioner Gnichtel: Proceed.

The Witness: That is exactly my point of view. Perhaps that clarifies the situation.

Q. Yes, as to those particular competing systems. I want to bring you back to the point of the situation in Hawthorne, where there has been a complete abandonment of trolley service. A. Yes.

Q. The Public Service now makes an application to increase the fare from five cents to ten cents? A. Two zones of five cents.

Q. You bring that municipality in for the reason they are not paying in accordance with other parts of the system and endeavor to compel them to pay the ten cent rate, where the independents will come in and furnish the same service at the rate of five cents and guarantee a continuing rate such as that, do you feel that the inhabitants of that municipality should be burdened with a ten cent fare? A. I think wherever the greatest good—

Q. Yes or no. A. Yes.

Q. You think the inhabitants ought to be burdened with a ten cent fare? A. Yes. I won't admit the burden but I do think they ought to pay ten cents.

Commissioner Autenrieth: Do you contend that the inhabitants of any community ought to receive a lower fare just because it is lower than the existing fare, regardless of whether the lower fare can reasonably support the transportation system?

Mr. Evans: I contend if their method of operation and cost of service is such they can't supply a service that someone else can and is willing to guarantee, there is no reason why a municipality should be saddled with the additional expense.

Commissioner Autenrieth: You take out of my question the whole point of it when you say "that somebody else can." I say, do you think because a fare is cheaper that alone should be the governing factor?

Mr. Evans: No.

Commissioner Autenrieth: Shouldn't there be some inquiry as to whether the cheaper fare can be maintained and also support a reasonably adequate service?

Mr. Evans: When the original franchise was granted—

Commissioner Autenrieth: I wanted to get your view. You were talking about a five cent fare by the independents. It might be that a five cent fare by the independents wouldn't pay, it couldn't support the transportation system, it might for a while but would soon crumple and disappear. Assume that is the fact.

Mr. Evans: Of course, if it couldn't be maintained, and it could be shown to this Commission it couldn't be maintained, then, of course, it ought to be increased.

Commissioner Autenrieth: Then the question as to whether the public ought to have a cheaper fare should be governed by whether the cheaper fare could be maintained under conditions that would afford a reasonably adequate and safe service.

Mr. Evans: Yes.

Commissioner Autenrieth: That would be your point.

Mr. Evans: But this consideration would also have to enter into it: It might be shown by an existing system of transportation that they can't maintain a fare upon the costs they prove to this Commission; that may be so. Others may come in—

Commissioner Autenrieth: I wanted to get your view because you have asked the witness several times whether he thought the public should be deprived of a cheaper fare. I wanted to get your view as to whether you also had in mind the cheaper fare, regardless of what you would have to do, must be a profitable one to the operator.

Mr. Evans: Yes. It all depends on how the person operating a particular route—

Commissioner Autenrieth: Yes, all that goes into it. I just wanted to get your view.

Mr. Evans: Of course, I want to make the point, too, it ought to be governed entirely by the cost of bus transportation and not the cost of railway transportation.

Commissioner Autenrieth: That may be.

Mr. Evans: Each should stand on its own basis.

Commissioner Autenrieth: I don't want the mere difference in rate alone to be the controlling factor. I didn't know whether you had that in mind or not.

Mr. Evans: No. I can see your Honor's point.

Q. Have you any idea of when the trolley service to Hawthorne was absolutely discontinued? A. Mr. Boylan can answer that question, I think.

Q. Is he here?

Mr. Blake: Or Mr. Warner.

Q. For the purpose of the record I want to get these questions answered so I don't care whether they are answered by you or Mr. Warner. Can I have that? A. We will furnish you that information.

Q. If not absolutely discontinued, when was it substantially discontinued? A. We will give you that.

Q. What was the date of the acquisition of

the bus line to Hawthorne? That also will be answered by Mr. Warner? A. Yes, or Mr. Boylan.

Mr. Blake: We will furnish it later.

Q. Returning to the capital account of the Transportation Company, I want to direct your attention to the item of other intangible capital, which is upwards of $8,436,000. A. Yes, sir.

Q. What has been the policy of the company in the creation of that account, insofar as the items which go into that account are concerned? A. That is the difference between the value of the physical property acquired and the amount paid for the bus and the permit, the route and its business.

Q. In other words, is that sort of a scrap heap? A. No. That represents the value of the business.

Q. The value of the business? A. Yes, sir.

Q. What do you mean by "the value of the business"? A. Well, it is the value that we thought was fair for us to pay for the business.

Q. How did you arrive at your value? A. Of the bus?

Q. Yes. A. That we charged to our fixed capital account, you mean?

Q. No. In the acquisition of the individual buses on the line, how did you arrive at a value? A. Our operating men appraised that.

Q. The value you paid for it? A. Our operating men appraised that.

Q. How did they make the appraisal? A. Well, they took the various factors, I presume;

the amount of business done and the value of the bus and the length of time the route has been established and what was a fair amount to pay for the going value, plus, perhaps, for the intangibles.

Q. That was predicated upon the existing rate which is being charged by those buses? A. Yes.

Q. Take, for example, the Permit No. 43, identification No. 1824, of the Elizabeth Auto Bus Company, purchased November 23rd, 1926, at a cost of $34,333.33, Pierce Arrow bus, seating capacity 22, date of manufacture 1924, and how did you reach that $34,000? Was that a single bus? A. I couldn't answer that question.

Q. You couldn't? A. No. We bought them as cheaply as we could, of course.

Q. Who can tell us as to the elements which went into the purchase? A. I would have to find out who purchased the bus.

Q. The company had some policy, did it not, in the acquisition of these buses? A. Mr. Boylan would know.

Q. And not you? A. Yes, Mr. Boylan.

Q. Do you know, as a matter of fact, from the information around the company's offices, you were pretty well in touch with things? A. I try to keep track of every bus.

Q. I am asking you as a question of policy. A. Yes.

Q. Financial policy. A. I have told you what weight we gave to the various factors, I think.

Q. Would you say that bus was worth $34,333? A. The bus and its business was.

Q. And its business. Based on a five cent fare? A. Yes. Whatever fare it was charging.

Q. That is on the Roselle Park line, is it not? Would you say the same would apply to Bus No. 41, identification No. 1608, purchased from S. Schelpks under date of 11/20/25? A. Yes.

Q. At a price of $19,350? A. Yes.

Q. This price was truly justified at the five cent fare for the existing zones, was it? A. Yes.

Q. Now then, you would say that the same answer would apply in general to all of the lines, or all of the buses purchased on that line? A. Yes.

Q. Roselle Park. On the bus last mentioned I notice that you have here the date of retirement as 6/30/26. In other words, you disposed of that bus or retired that bus after about seven months of operation and your selling price of that bus was $850? A. Probably scrapped it.

Q. Wasn't that a turn-in value? A. Yes.

Q. $850? A. As far as we were concerned, we scrapped it.

Q. For that bus you credit to the property account $3,800. Was that the estimated physical value of the bus at that time? A. That was the write off.

Q. Are you sure it was the write off or was it the estimated physical value of that bus? A. This is the date it was scrapped.

Q. No. This is the amount credited to property account, $3,800. A. At the time it was sold.

Q. At the time it was sold. I take it it was that, it is the information from the books. A. Then it is the write off.

Q. That is the same amount which had been charged to the bus as its physical value as of the date of purchase? A. Less, perhaps, the credit for depreciation that it had earned during the period it was operating as a bus.

Q. You only charged that off when you scrapped it? A. Yes.

Mr. Blake: Will you read that question.

(Questions and answers read.)

Mr. Blake: If that is a transcript from the books why not let Mr. Young see it?

Q. I will let you see this (handing witness paper). Isn't it a fact that this $3,800 under the caption "amount credited to property account" is the amount which was credited on the books of the company or charged on the books of the company as the reasonable physical value of the bus? A. That is right; at the time it was purchased.

Q. At the time it was purchased? A. That is right.

Q. You place in the next item, $581.19, the amount of earned depreciation? A. That is right.

Q. What does that represent? The amount of mileage at the rate of three cents per mile? A. That is right.

Q. Charged for depreciation? A. That is right.

Q. This bus ran the full $581? A. That is the dollars and cents. Divide by three cents and you will get it.

Q. About 2,500 miles? A. Less than that.

Mr. Blake: 22,000.

The Witness: Yes, about 20,000 miles; about 20,000 miles.

Q. Have you arrived at the basis of three cents a mile as the reasonable depreciation to be charged for the operation of the bus? A. Yes, sir.

Q. Then we have the item, "amount charged back," Account 504, $2,068.81; what does that represent? A. That amount represents the amount that is capitalized as to intangible value. When these buses are purchased, I might explain, we ascertain as near as possible what is the physical value of the bus and we charge that to the fixed capital account. What is the balance, as I explained, represents the amount that is charged to intangible capital.

Q. Where are these figures represented here as the amount which is charged to the capital account? A. This doesn't purport to show that at all.

Q. It doesn't? A. No. This purports to show the purchase price of the bus, that is all.

Q. In this particular instance you made two charges to the intangible account, is that right? A. That would be right, yes.

Q. At the time of purchase? A. We adjust the situation up or down according to the fact, the life of the bus that is purchased.

Q. At purchase how much was charged to the intangible account in the case of this bus? A. The difference between $3,500 and $19,350.

Q. So that $15,850 was charged to the intangible account? A. That is right.

Q. What did that represent? A. The value of the business.

Q. The value of the business? A. Yes.

Q. In addition to the amount you had charged to the intangible account, that you have already testified to, did not the item of $2,068.81 go into the intangible account? A. That is true. That was adjusted on an ascertainment of the real, useful worth of the bus.

Q. Add that to the $15,850 and it gives you a grand total of $17,918.81? A. That is right.

Q. Charged to the intangible account? A. That is right.

Q. The difference between that represents the actual value of the bus, the earning value of the bus? A. The difference between what?

Q. The difference between $17,918 and $19,350. A. No. That represents the physical value.

Commissioner Gnichtel: What was the answer?

The Witness: The physical value.

Mr. Blake: The question was whether it represents the earning value.

Q. So that the physical or earning value of that bus amounts to $1,431?

Mr. Blake: I object to that question. The witness has just raised the distinction between the physical and the earning value of the bus.

Mr. Evans: The physical. Make that "the physical value."

Commissioner Autenrieth: Change the question to "physical value."

A. Let me have that again.

Q. The physical value of that bus at the time of its turn-in together with the depreciation amounted to $1,431.19? A. That is right.

Q. That charged to intangibles was $17,918.81? A. I think that is the right figure.

Q. That is the ratio of intangibles to tangibles of how much? A. Why, it might have all been charged to the value of the bus if the bus was worth nothing at the time we purchased it, if the physical value was worth nothing. I don't think the ratio has anything to do with it.

Q. The ratio of intangibles to the tangible was then about twelve to one. A. I don't think that has anything to do with it.

Q. Answer my question. A. In that particular case.

Commissioner Autenrieth: Was that the ratio?

Q. That is the fact? A. I haven't figured it.

Q. Yes or no. A. Let me have the two figures again.

Q. $1,431.19 and $17,918.81. A. Yes; something like that. That is near enough.

Q. You say that the purchase of the bus at that figure was warranted by its earning at a five cent fare and the zones through which it was running? A. Yes.

Q. I refer you now to the Hawthorne-Madison Avenue line, Permit No. 242, Identification No.

1541, Meela Transportation Company, acquired 7/29/25 at a cost of $13,110.31, seating capacity 30, date of manufacture 1925, which was retired at 10/31/26. Would you say that the price paid for this bus was also warranted? A. Yes.

Q. In view of the five cent fare, of the condition of the bus and of the zone through which it traveled? A. Yes.

Q. I note that the selling price or salvage of that truck was $800 as of October 31, 1926, after a period of operation of upwards of fifteen months? A. That is right.

Q. That the amount credited to property account was $7,500? A. That is right.

Q. And the amount of depreciation was $1,212.20 and the amount charged back was $5,437.80? A. That is right.

Q. The total charged off on that bus amounted to $11,048.11, is that right? A. That is right.

Q. In the intangible account? A. That is right.

Q. The tangible value $2,062.20, is that right? A. That is right, yes.

Q. And the ratio in that case was approximately five and a half to one? A. That is right.

Q. Are the figures which you have submitted to the municipalities for the various routes affected in this application, correct in their details, as far as you know? A. Yes.

Q. And they have general application such as was evidenced in these particular instances I have cited to the Board? A. I don't understand that.

Mr. Blake: I think you have picked out probably the largest ones. You don't show the three and four thousand dollar ones.

Mr. Evans: I haven't picked out the largest ones. There are a couple of larger ones.

Mr. Blake: We only averaged $15,000.

The Witness: I think the statement speaks for itself.

Commissioner Autenrieth: We will adjourn now until 10:30 Friday.

Mr. Blake: Is there anybody else you can start with Friday? Mr. Young will not be with us.

Commissioner Autenrieth: Is there any other testimony we can take?

Mr. Blake: I have talked that over and consulted my associates. I think it will confuse rather than clarify if we bring in other testimony intervening between Mr. Young's cross-examination by the municipalities. I am very loathe to miss the day but I really think it would tend to confuse the matter if we cut in on other testimony.

Mr. Stewart: At this time, may it please the Board, I would like to make a motion, I would like to make a statement and a motion. The reason for the motion is this, that our prolonged examination of Mr. Young has been occasioned by the fact he is the only witness presented by the company in its direct

case whom we are privileged to cross-examine on the question of policy and book figures. Mr. Boylan's direct testimony dealt merely with certain capital expenditures and the 1927 budget. Mr. Warner's direct testimony dealt only with the detailed route statistics and traffic on each route.

I should like to move the Commission that Mr. Young be instructed to come to the next hearing prepared to answer questions on policy and detail, on the next line of examination which we hope to take up, namely, that which has already been started, capital account, security issues and rental payments. So that Mr. Young will be prepared to make definite answers to us on these subjects and be supplied with definite figures from the company's books.

From time to time it has developed that Mr. Young has been unable to answer with any particular definiteness questions that have been put to him by counsel because of the fact, apparently, that he didn't carry, naturally, all these figures and details in his head and hasn't had the data here from which to testify. So I would at this time make the motion which I have made.

Mr. Blake: Mr. Young will be glad to supply all the information he testified to. The difficulty is in cross-examination, time and again, in order to save time, I have suggested that instead of asking Mr. Young on questions of operating detail

he ask the gentleman who is charged with the operating details, responsible for them; nevertheless they refused to do it.

Commissioner Autenrieth: It is much more satisfactory to have the witness who has definite knowledge on the subject rather than to have Mr. Young hazard a guess or an opinion or something and then spend five minutes discussing the answer and then say, I think the transportation department knows more about it. I don't think that helps the Board much.

I don't see how he can anticipate the questions you may have up your sleeve and come here prepared on them, unless you submit them in advance.

Mr. Stewart: I am not criticising Mr. Young. I hope all the questions I directed to Mr. Young were questions brought out by what he testified to on his direct-examination.

Commissioner Autenrieth: I presume that whatever he can anticipate he is going to be asked he can be prepared to answer. I don't see how he can be prepared to answer a lot of questions that are off the subject.

Mr. Stewart: I am stating now to the Commission, at the next hearing I presume Mr. Evans will finish the capital account details, we want to go into the security issues and the rental payments and I am giving warning in advance so he will be prepared.

Commissioner Autenrieth: I take it he will be prepared.

Mr. Blake: The security issues you want?

Mr. Stewart: Of the transportation company and the railway company, as far as you have gone into them, as far as your records will show.

Commissioner Autenrieth: When can you go on?

Mr. Blake: Any day next week.

Commissioner Autenrieth: Next week is a bad week to give anybody a day. The Board finds it can't sit five days a week and at the same time have time to decide some fifty or sixty cases that are awaiting decision.

Mr. Evans: We don't care how long your Honor wants to take.

Commissioner Autenrieth: I know that. I will see if we can give you three days out of the following week. The time for the suspension of the rates will soon expire. The statute only gives us six months.

Mr. Evans: I think we should have a reasonable time.

Commissioner Autenrieth: Four and a fraction months have gone by.

Mr. Evans: We don't want it to go over two weeks. It gets stale in our mind, too.

Commissioner Autenrieth: We can give you April 12th and 13th, Tuesday and Wednesday of that week.

Mr. Evans: The only trouble is Mr.

Bauer, who is my right-hand bower, is engaged in New York on Tuesday.

Mr. Bauer: I wil try to adjust that.

Commissioner: Autenrieth: The 12th and the 13th of April. I would give you Friday but it is a holiday. We will start at 10:30, that will give you a little more time.

Adjourned until April 12th, Tuesday, at the Industrial Building, Newark, N. J., at 10:30 o'clock A. M.

BOARD OF PUBLIC UTILITY COMMISSIONERS,

Newark, N. J., Tuesday, April 12th, 1927.

PUBLIC SERVICE RY. CO. and PUBLIC SERVICE TRANSPORTATION CO., Appliation for adjustment of fare zones and other relief.

Before the following Commissioners: Jos. F. Autenrieth, Esq., President; F. W. Gnichtel, Esq.

For Public Service Railway Company appears Arthur T. Warner, Esq.

For Town of Irvington appears Charles H. Stewart, Esq.

For City of Elizabeth appears John J. Griffin, Esq.

Commissioner Autenrieth: Is there anybody else interested in this Public Service matter?

(No response.)

Commissioner Autenrieth: About those dates, Mr. Warner, how about April 27 and 29?

Mr. Stewart: That is satisfactory.

Commissioner Autenrieth: And the week of May 9th.

Mr. Warner: As long as necessary to complete that week.

Adjourned until Wednesday, April 27th, at the Industrial Bldg., Newark, N. J., at 11:00 o'clock. Also Friday, April 29th, at the Industrial Bldg., at 11:00 o'clock. Also week of May 9th, 1927, at the Industrial Bldg., Newark, N. J.

BOARD OF PUBLIC UTILITY COMMISSIONERS,

Newark, N. J., Wednesday, April 27th, 1927.

PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY, application for adjustment of fare zones and other relief.

Before the following Commissioners: Jos. F. Autenrieth, Esq., President; Charles Browne, Esq.

For the applicants appears George H. Blake, Esq.

For the Borough of Hawthorne appears W. W. Evans, Esq.

For the Borough of Roselle Park appears Martin P. O'Connor, Esq.

For the Town of Irvington appears Charles H. Stewart, Esq.

For the City of Elizabeth appears J. J. Griffin, Esq.

For Town of Clifton appears William B. Gourley, Esq.

For Borough of Kenilworth appears J. S. Lindabury, Esq.

PERCY S. YOUNG resumes the stand.

Cross-examination continued by Mr. Evans:

Q. Mr. Young, passing back to the question of the acquisition of the various buses, I call your attention to a bus on the Clinton Avenue line under Permit No. 66, which was purchased—you might use this schedule (handing witness paper)—this schedule was furnished by the company to the municipalities at their request? A. Yes.

Q. You will note that the purchase price of that bus was $16,028.89? A. That is right.

Q. The sole tangible value realized from that bus was $850 and, according to statistics furnished by the company, the bus was never used and earned no depreciation. You have charged there $3,500 to the tangible value, of which $2,650 was charged back to the intangible account upon retirement. The total tangible value realized was thus $850 and the intangible value was $15,178.89; is that correct? A. I haven't

that record before me but I think your statement of the salvage value is correct; the statement of the purchase price is correct; I note that the amount credited to the property account was $3,500; the amount charged back to Account 504 was $2,650—I don't know just exactly what Account 504 is.

Q. That is the intangible account. Well, in order to simplify that question, isn't the total which is charged to the intangible account the difference between that which is realized for the bus and the purchase price? A. No. As I understand our plan, we valued the bus at the time it was purchased, between the value of the bus and the value of the business, and established a value.

Q. Is that reflected upon those schedules? A. Yes, that is true.

Q. Then where would that appear? A. Where would what appear?

Q. Where would the value of the business and the value of the bus appear on those figures? A. It doesn't state here. This statement is not complete in that respect, so from this statement I cannot tell you just what was charged to each.

Q. But you can compute it from that statement, can you not? A. No, sir, I cannot; it seems to me it is not complete.

Q. Well, listen to this: If that bus was not used after purchased wouldn't the only value of that bus be its value upon retirement? A. Well, I am not so sure of that. If we kept the bus in reserve and did not use it at all—

Q. But you would have a depreciation account for that bus, would you not? A. Not if it was not used. We adjusted the value of the bus by the depreciation it had earned during its use.

Q. And you had that set forth in your accounts? A. Yes, but it is not set forth here; that is the point. I haven't that record before me.

Q. Well, in case the record showed that there was no use of that bus and no earned depreciation, would not the retirement figure then show the value of that bus? A. I am not quite clear just how we adjusted it. Mr. Tuson is here and I think he could explain it for you.

Mr. Evans: Is Mr. Tuson here?

Mr. Blake: He will be here.

The Witness: He will be here later and I think he can clear that up for you.

Mr. Blake: You see, an automobile bus depreciates whether it is used or not.

Q. Well, isn't there any way by which you can arrive at the value of that bus from the figures submitted? A. I am not quite clear just how we treated it and I would like to have Mr. Tuson clear it up.

Q. As a matter of fact, you really wouldn't know how those figures were obtained? A. I know what they state here. You are drawing conclusions now.

Q. Will you explain to us then, what they mean? A. Yes, this is clear. This statement shows the purchase price of the bus, shows the

date of purchase, shows the description of the vehicle, shows the salvage value, the date it was sold and the amount credited to the property account.

Q. What does that mean? What do you mean by "amount charged to property account"? A. Originally it was charged—I don't know how much was charged originally, but I presume it was originally charged at $3,500. I presume that was the case, but it doesn't state so here.

Q. What does that represent? A. I presume it represents the original estimate of the value of the bus.

Q. The original estimate? A. Yes, sir, when purchased.

Q. Is that what you would term your schedule value, the value you would set up for the various types of buses? A. I did not make up this statement; Mr. Tuson made it up.

Q. Is that what you would term your schedule value? A. We haven't such a term.

Q. Then that represents, as nearly as you can estimate it, the value which they placed upon the bus at that time, at the time of its acquisition? A. Yes, I imagine that is true. It doesn't state so, but I imagine that is true.

Q. Then what is the next item that you have enumerated there? A. The item of $2,650, which is an added amount charged back to Account 504. I haven't the classification before me and I don't know just what that account is, but Mr. Tuson is here and he can explain it for you.

Mr. Tuson: To the intangible property account.

The Witness: Credited?

Mr. Tuson: No, that is charged back to it.

The Witness: I would say that Mr. Tuson is here now and I imagine that that is an adjustment, that that $2,650 is an adjustment of the intangible figure.

Q. It is charged back to the intangible account? A. Yes, sir.

Q. What happens to the rest of the value of this bus? A. There isn't any rest. We account for the $3,500.

Q. Yes, you account for the $3,500— A. It was originally an item charged to intangible and evidently this additional amount is charged to intangibles.

Q. Both those amounts are charged to intangibles? A. Yes, sir.

Q. What happens to the rest of the value of the bus? A. That is represented by the salvage value.

Q. Can you figure then what the total intangible for that bus is? A. Some $15,000.

Q. $15,00 intangible? A. Yes—not of the bus; that was the intangible value.

Q. An intangible value of $15,178.89 as against a purchase price of $16,028.89? A. That is correct.

Q. The tangible then was $850 and the intangible $15,178.89; is that right? A. That is true.

Q. The ratio of the intangible to the tangible, therefore, was approximately eighteen to one, was it not? A. Evidently it developed that that bus was not worth running.

Q. Yes. Now, take the second bus under the Clinton Avenue line, under Permit No. 73, purchased at $15,627.50; the tangible value shown is $1,210.13, consisting of $850, which was the selling price or the turn-in value— A. That is right.

Q. —and $360 realized depreciation. The schedule value charged to the tangible account is $6,500 of which $5,289.87 was charged back to the tangible account at the time of retirement? A. That is right.

Q. The total intangible was $14,417.37 and the total tangible $1,210.13? A. That is right.

Q. The ratio on that particular bus was twelve to one? A. That is right—I presume it is right.

Q. I next call your attention to Permit No. 76 on the same line. The purchase price of which is scheduled at $7,000, the selling price at which it was turned in is $850— A. The salvage value.

Q. Yes, that is the salvage value. The amount earned for depreciation, $2,008.13; the schedule value charged to the tangible was $3,500 of which $641.87 was charged to the intangible account on retirement. The total intangible value was $4,141.87, and the tangible, $2,858.13, or a ratio of two to one; that is right? A. I should say so, yes.

Q. I next call your attention to Permit No. 93 on the same line. The purchase price was $6,649.46; the selling price or salvage value, $850; earned depreciation, $846.15; the schedule value charged to the property account, $2,500, of which $803.86 was charged back to

the intangible account at retirement. The total intangible value was $4,953.31, against a tangible of $1,696.15, or a ratio of three to one; is that right? A. I presume so, yes.

Q. Permits 76 and 93, the buses represented by those permits have not as yet been retired, have they, according to the schedule there? A. 76 and 93?

Q. Yes. A. They have been retired.

Q. Pardon me. Permits 81 and 90, I should say. A. I don't know about that, but certainly the statement does not show it.

Q. According to the figures at that time the statement does not show it? A. No, sir.

Q. Well, the statement shows that as of the date of the furnishing of this statement the buses represented by Permits 81 and 90 had not as yet been retired and were still in service? A. It shows no notation against them. I don't know that there is anything to say—no notation as to that on the statement, but I presume that is the case. Mr. Tuson can tell you about that.

Mr. Tuson: I think that is true; they haven't as yet been retired.

Mr. Evans: They haven't as yet been retired?

Mr. Tuson: No, sir.

Q. In glancing over the schedule, Mr. Young, you will notice that most of the high priced buses have not as yet been retired? A. They were in better condition, I suppose is the reason.

Q. Most of the buses that are indicated here are the more moderate priced buses and most of the buses that have been indicated as having been retired are of the more moderate priced variety; is that the case? A. I don't know about that.

Q. Just look over it. You will notice that the purchase prices there are of the more moderate type buses, averaging around $15,000? A. Well, I presume those that have been retired were in the poorer condition and we found it was profitable to retire them.

Q. But according to the figures there produced they seem to be of the more moderate priced type.

Commissioner Autenrieth: You mean cheaper price?

Mr. Evans: I mean the more moderate priced buses.

Commissioner Autenrieth: Cheaper priced buses?

Mr. Evans: Yes.

A. I don't know.

Q. Just look before you answer. You will notice that most of the retirements are of the $15,000 buses, buses averaging that price.

Mr. Blake: You mean they average that? I can see three, four, five and six thousand dollar buses. But I don't see any $15,000 buses.

A. The only one I can see is the first one you spoke of, No. 66.

Q. That is the fact, isn't it, Mr. Young? A. I will list them, if you like.

Q. Well, just state it for the purposes of the record. I want to find out whether or not the buses below the cost of $15,000, as a general rule, have been retired and hardly any of the higher priced buses have been retired? A. When you speak of higher priced buses, we don't consider that we only buy the bus; we also purchase the business.

Q. Including the price paid for the bus and the business.

Mr. Blake: Won't the exhibit show that? The exhibit has been offered and marked in evidence.

The Witness: I think that is possibly true. I think the exhibit does show that fact.

Q. The exhibit does show that fact? A. I think that possibly it does.

Q. Would you say as a matter of fact that the ratios of the intangible to the tangible, with respect to these high priced buses, that is, buses that you paid upwards of $25,000 to $35,000 for, would be no more than the ratios already indicated in your testimony for the buses that have been retired? A. The ratios of tangible to intangible?

Q. The ratios of tangible to intangible, upon the ultimate retirement of these particular buses still in service? A. I could not answer that.

Q. Couldn't you say, as a matter of your own knowledge, from the experience of the company on these retirements? A. No.

Q. You couldn't testify to that at all? A. No, sir. I will say this: It might very well be that we would buy the business and there might not be any value at all to the bus; the whole one hundred per cent would be intangible. That might very well be.

Q. If that were the case, from your experience in purchasing these buses, or in looking over the figures after their acquisition, you would reasonably believe that the ratio would be no less upon the retirement of these particular buses I am referring to, would you not? A. You are speaking now as to certain particular reports and I cannot figure that out without taking some time for it. I wouldn't want to say offhand. I am merely pointing out that ratio means nothing at all.

Q. It would so far as we are concerned in our analysis of the intangible as against the tangible account. A. I cannot visualize that point of view.

Q. I mean, you can say at least that the ratio will be no less, can't you? A. No, I cannot.

Q. You cannot even say that? A. No, sir.

Mr. Blake: The balance sheet will show that. There are your tangibles and there are your intangibles (indicating), totalled up. There is your ratio and you will notice it isn't twelve to one.

A. I think perhaps a statement might clear this whole thing up.

Q. Never mind. You can make it as part of your own case. From your knowledge of

street railway finances, in how many years would the gross receipts equal your capital investment? A. I think the facts will show for themselves. I wouldn't want to make a general statement as to that, in answer to such a general inquiry as that.

Q. Well, if your average gross receipts are $20,000,000—you know that from your own knowledge, do you not? A. Yes.

Q. —and with a total value of $150,000,000 it would take you approximately seven and a half years. Are you acquainted with the Journal of Land & Public Utility Economics? A. No.

Q. Never heard of it? A. I don't think I ever heard of it, no, sir.

Q. Never had any experience with it? A. No, sir.

Q. Do you read the current journals with respect to railway finances? A. Some of them.

Q. Some of them? A. There is so much literature gotten out today, that is being printed today, that you cannot read everything.

Q. But you have never heard of that journal? A. What is the name of it?

Q. The Journal of Land & Public Utility Economics. A. No, I never heard of it.

Commissioner Autenrieth: I have heard of it, because I get it in the mail more times than I have a chance to read it.

The Witness: Who is it published by?

Commissioner Autenrieth: It is published in Chicago, isn't it?

Mr. Bauer: Yes, by Professor Richard K. Ely, in connection with the Institue of Land & Public Utility Economics.

Q. For your information it turns out that that journal has just published statistics of a survey gotten out by Patton & Gessens, in which the average turnover is a considerable period in excess of five years, and that on the basis of a study of two hundred utilities of various types, operating in various sections of the country, the average turnover would approximate eight years. A. I should think that would be better, between five and eight.

Q. These particular statistics show that of two hundred public utilities, that the average turnover was every eight years, so that the average turnover of the Public Service then does not compare unfavorably, does it, with the average of other public utilities? A. I think that is true.

Q. And I refer to the railway. Would you consider this return a fair return upon the capital investment? A. What return?

Q. Would you consider this turnover a fair return on the capital investment? A. That has nothing to do with the capital investment; that is gross, not net.

Q. The transportation company shows gross receipts of $11,000,000 as against a total capital of $18,000,000 or a turnover in less than two years, does it not? A. I should think that would be about right for the buses, between two and three years.

Q. You would consider between two and three years a fair turnover? A. For buses, yes.

Q. So that with your turnover in less than two years, you are doing much above the average? A. Well, I think we would average very well, yes.

Q. Which is very fair for a new business? A. Yes, I think so.

Q. Do you know of any other utility that has such a turnover? A. Speaking now of a bus utility?

Q. Yes. A. I might say that we are the only company that is operating, that I know of, in such a comprehensive way and utilizing buses for transportation, that I know of. We are unique in that respect. I don't know of any bus transportation company that would compare with ours at all, so we are in a class by ourselves.

Q. You are all by yourselves? A. Yes.

Q. But you know of no other utility in which there is such a turnover in two or three years? A. I say that there are none that have any turnover that would compare at all with ours.

Q. My point is that there is no utility in which there is such a turnover? A. And my answer is that there is no such utility with which to compare a bus transportation system.

Q. So that there is no comparison between buses and trolleys, in that respect? A. I don't know what you mean by that question.

Q. Well, when we say that the turnover of the gross receipts as against the total capital of the Public Service Railway Company is seven and a half and on the same figures it is two to three for the transportation company, there is a vast difference between the rate of turn-

over as against the capital, is there not? A. Yes, of course, that is true; that would be so.

Q. Now, on the question of financial return to the company—either the transportation company or the railway company—a very much smaller percentage of gross revenue is needed for return upon investment for the transportation company than for the street railway company, is it not? A. That is true.

Q. On the street railway, with a $150,000,000 investment, and with $20,000,000 in gross revenues, you need $9,000,000 a year as a return on a six per cent basis, which is 45 per cent of $20,000,000 gross revenue? A. That would be true.

Q. In the transportation company, on your tangible capital of $9,814,000, at six per cent you need only $600,000 as a return, which is less than six per cent of the gross revenue of $10,944,000. A. You are not making a true comparison there; you are taking the tangible and the intangible of the railway with the tangible only of the transportation company.

Q. That is correct, however, isn't it? That is my figures, just as mentioned. A. Yes.

Q. Including the intangible, six per cent on $18,000,000, would require only $1,100,000 a year? In order to obtain six per cent on your investment would require only $1,100,000 a year, would it not? A. That is right.

Q. And that is just about ten per cent of the total gross revenues of $10,944,000? A. That is right.

Mr. Blake: Are you assuming that a six per cent return on a business as

hazardous as a bus business is an adequate return? It is nearer twelve per cent.

Mr. Evans: Well, if we make it seven or eight it will be just the same, comparatively.

Mr. Blake: You just want the ratio?

Mr. Evans: I just want the ratio, yes.

Commissioner Autenrieth: The mathematics will go on just the same.

Mr. Evans: Yes.

Q. On the basis of 1926 operations the percentage of gross revenues for the transportation company, necessary to pay six per cent on the investment, is only ten per cent, compared with 45 per cent for the street railway company? A. That is right.

Q. In view of this difference, which is due to the relative level in investment, a comparatively slight improvement in the volume of traffic or reduction in operating expenses will produce sufficient revenue for the transportation company, while in the case of the street railway company a small increase would have but a slight effect upon the total per cent of return available for the investment. A. I would say this in answer to that question—

Q. Yes or no. A. —that the facilities of the railway company—

Q. You can answer my question yes or no. A. Repeat the question, please.

Q. (Question repeated by stenographer.) A. That is true.

Q. Since the transportation company earned

an operating income of $232,000 in 1926, and since an additional gross of about $600,000 would be obtained through the proposed co-ordination in this case, the net income would be sufficient to bring a six per cent return on the tangible investment of $9,814,000, would it not? A. If it all went to the transportation company.

Q. Assuming that it does? A. Yes.

Q. A corresponding improvement of $600,000 in earnings, even if it were net, would be but a slight percentage on the investment in the street railway company, would it not? A. That is true.

Q. There is this difference then between the two systems: A slight improvement in the net earnings of the transportation company will give a full return on the investment, while a like improvement in the railway company will give only a slight additional percentage of return on the investment? A. That is true.

Q. In 1926 you had 390,000,000 revenue passengers on the street railway? A. That is right.

Q. At six per cent on $150,000,000 the required return would be $9,000,000? A. Right.

Q. This divided by 390,000,000 passengers, is about 2.3 cents per passenger? A. No, I don't agree with that. The total return, not additional return?

Q. Well, in order to obtain that $9,000,000 of required interest on your investment would require about the 2.3 cents per passenger, wouldn't it? A. It would take another cent per passenger.

Q. It would take— A. One more cent per passenger. It would be six cents instead of five.

Q. My question is: For 1926 you had 390,000,000 revenue passengers on the street railways. At six per cent on $150,000,000 the required return would be $9,000,000? A. Yes.

Q. The required return. Dividing this by the 390,000,000 passengers carried, it would equal about 2.3 cents per passenger? A. Well, something over two cents.

Q. What would be about it? A. That is right.

Q. On the buses you had 198,000,000 revenue passengers in 1926. At six per cent on the tangible capital of $9,815,000 the required return would be $600,000. Dividing this by the 198,000,000 passengers amounts to .3 of one cent per passenger? A. That is right.

Q. And if you take six per cent on your total capital of $18,229,000, including intangible, the return would be $1,100,000, or .6 of one cent per passenger? A. That is right.

Q. There is, therefore, this big difference between the street railway and the buses: On the basis of 1926 opration the cost per passenger for a full return on the street railway investment would amount to 2.3 cents per passenger, and on the buses .3 of one cent, based on the tangible capital, and .6 of one cent if based upon the intangibles included? A. That is correct.

Mr. Blake: You used the words "full return" in your question. What do you mean by "full return"?

Mr. Evans: Six per cent.

Q. This would be eight times as much on the street railway as against the buses, if you compute on the basis of the tangible account alone. A. What is that?

Q. (Question repeated by stenographer.) A. I don't agree with that, because you are not computing both on the tangible account.

Q. Or four times if you include the intangible. A. I will agree to that.

Q. In 1926 the number of car miles operated on the street railway was 45,000,000, according to your report? A. Yes.

Q. If the necessary return on the investment on a six per cent basis is $9,000,000 the cost per car mile was 20 cents? A. That is right, per car mile.

Q. Twenty cents per car mile? A. That is right.

Q. For the transportation company, the number of bus miles operated was 36,000,000. If the necessary return on the tangible capital at six per cent was $600,000 the cost per bus mile was 1.7 cents? A. That is the so-called tangible, yes.

Q. If, at six per cent on the total capital, including intangible, the necessary return is $1,100,000, the cost per bus mile would be three cents? A. That is right.

Q. There is this difference, therefore, between the street railway and the buses: For the street railway, on the 1926 basis, the cost for a six per cent return on the investment was six to twelve times greater per car mile than the corresponding necessary cost per bus mile. A. Yes, and that approximates the difference in

the earnings between the buses and the railway per car mile.

Q. There is that difference? A. A car will earn something more than that over the buses, because of its additional carrying capacity, which places the two methods of transportation from an economic standpoint, practically on the same basis, with the added objection, of course, of more vehicles being on the street as to the buses against the cars.

Q. Are you through, Mr. Young? A. Yes.

Q. An improvement in the net bus earnings of 1.7 cents to three cents per bus mile will give you a complete return at six per cent on the entire bus investment, will it not? A. You say net earnings there?

Q. Yes. A. Over 1926?

Q. For any time. A. Assuming that your gross receipts equalled your operating expenses and taxes, an improvement of that amount would give you a return.

Q. A like increase per car mile on the street railway, under similar conditions, would contribute but slightly to a six per cent return on the street railway, would it not? A. That is true, with the same assumption.

Q. Yes. An increase on the average of only one-half of one passenger per bus mile will give you the necessary bus return on a six per cent basis, with the same conditions.

Mr. Blake: You mean on intangibles, or tangibles and intangibles?

A. You are speaking of tangibles now?

Q. And intangibles. A. You are asking me to carry a lot of figures in my head. Some-

thing more; it is about two-thirds of a passenger.

Q. Two-thirds of a passenger then. Such an increase would help but slightly on the street railway, would it not? A. That is true.

Q. The increase in 1926 in gross revenue per bus mile over 1925 was equal to just about two cents, was it not? A. I haven't those figures before me.

Q. Will you consult them, please. A. What was that question again?

Q. (Question repeated by stenographer.) A. Yes.

Q. In 1926 there were $10,944,000 gross revenues and 36,000,000 bus miles, or 30 cents per bus mile? A. I haven't all those figures before me, but they sound correct.

Q. They sound correct? A. Yes.

Q. In 1925 there were $7,609,000 gross revenues and 27,500,000 bus miles, or 28 cents per bus mile, which shows the improvement? A. That is approximately correct.

Q. For the first two months of this year, 1927, January and February, the transportation company received in gross revenues about three cents per bus mile more than for the same two months of 1926; is that right? A. I haven't those figures before me; we haven't those figures with us. If you have a statement there I would be glad to verify it.

Q. That, I believe, comes from a statement which was supplied by the company and is subject to verification. A. Will you give me that statement again, please.

Q. (Question repeated by stenographer.) In order to elucidate further: For the first two months in 1927 you had 6,360,000 bus miles and $2,134,000 gross revenues, or 33.5 cents per bus mile? A. We shall be glad to verify that figure if you wish us to.

Q. In 1926, for the same two months, you had 4,734,000 bus miles and $1,440,000 gross revenues, or 30.5 cents per bus mile? A. We shall be glad to verify that, too.

Q. Showing an improvement of about three cents per bus mile. A. I haven't those figures with me.

Q. I mean, subject to your verification those are correct? A. Yes.

Mr. Blake: Of course, different pictures enter into it; it was not the same property in 1925 and 1926.

Q. On the basis of the net operating income, after operating expenses and taxes, you had a loss of $97,900 for January and February, 1926, and operated 4,734,000 bus miles, or a loss of two cents per bus mile, subject to verification? A. Yes, I will concede that, subject to verification.

Q. For the same months in 1927 you reported a net operating income of $74,318 and 6,360,000 bus miles, or a net income of nearly 1.2 cents per bus mile? A. I shall be glad to verify that also.

Q. It is true, subject to verification, is it not? A. Yes.

Q. The improvement in a year, therefore, has been over three cents per bus mile in the net,

assuming those figures to be correct? A. A similar answer to that.

Q. In view of the growing traffic and the volume already reached, would you be prepared to admit that the net operating income for 1927 will amount to three cents per bus mile? A. No.

Q. You would not? A. No.

Q. You will operate probably not less than 40,000,000 bus miles, will you not? A. I will agree to that.

Q. This would, at three cents net per bus mile, amount to $1,200,000 operating income? A. Yes.

Q. This would be over 12 per cent on your tangible investment of $9,814,000, and over six per cent on the total investment, including intangibles; is that true? A. That is right.

Q. But a net return of three cents per car mile would not go far toward getting a six per cent return on the street railway investment? A. It would help.

Q. Every little bit would help. In the face of these differences, due to the fundamental difference in the character of the two transportation agencies, how can you expect to have an equalization of service, rates, fares and fair adjustments which will enable both companies to obtain an adequate return on the investment, but will keep either or both from obtaining an excessive return? A. There is no true comparison between a bus and a car, with respect to seating capacity.

Q. What is that? A. All these comparisons are on a bus mile and a car mile basis. You

can make no true comparison between a bus and a car because of the difference in the seating capacity, the carrying capacity. One is nearly double the other.

Q. Is that all you have to say about that? A. That is all.

Q. Then your answer is, as I understand it, there is no basis of comparison? A. I say, you cannot make a true comparison on a bus mile and a car mile basis because one has double the carrying capacity of the other.

Q. Well, just analyze that. Do you mean on the average that the street cars have double the carrying capacity of the buses? Is that on the average? A. Yes.

Q. What is your average carrying capacity of a car? A. I should say 50 to 25; that is 50 in the car and 25 in the bus.

Q. Fifty to 25? A. Yes.

Q. And you are including the one-man trolleys up around Paterson and those districts? A. Including all the cars and all the buses; they show two to one.

Q. Do you mean that the average seating capacity of your cars is fifty? A. Yes, sir, and the carrying capacity is still greater.

Q. You include standees, don't you, in that fifty? A. No, sir, that is the seating capacity.

Mr. Evans: That concludes my cross-examination.

CROSS-EXAMINATION by Mr. O'Connor:

Q. Mr. Young, you said a little while ago that when you paid the so-called higher prices for the buses it included not only the value of the bus, but also the business? A. Yes, sir.

Q. The business is what? A. Transportation.

Q. When you buy a bus, what business do you refer to? A. The patronage of that bus.

Q. Of that particular bus? A. Well, the patronage of a bus.

Q. Now, when you buy a bus do you refer to the business of that particular bus when you set a price for it? A. Well, it might be replaced by another bus, but it is the business represented by that bus and the permit under which it is operating.

Q. One minute. Let's get this straight: When you buy a bus, say, for $30,000 the schedule value of the bus represents the physical value of the property purchased, say, at $5,000, and $25,000 represents the business. Let's assume that that condition exists, is that $25,000 for the business of that particular bus? A. You said the business--

Q. Say you paid $30,000 for a bus, and $5,000 of that is your schedule value, representing the physical value of the bus or the value of the physical property, and $25,000 represents the business of that particular bus, does it? A. That would be the case, yes.

Q. That is true? A. If that represents the true condition.

Q. When you say the business of that par-

ticular bus, you mean the patronage that that particular bus gets? A. That is true.

Q. In other words, the good will of that bus? A. It is more than that.

Q. Well, then, the capitalized license of that bus? A. Well, it is more than that.

Q. What is it? A. It is all those things.

Q. What is that? A. It is all those things.

Q. And what else? A. And the right to do business, I suppose.

Q. Well, we have that in under the license grant; in other words, capitalized license and capitalized good will at $25,000. Now, are there any other elements? A. Well, I think if we are going to make fine distinctions there might be a number of other elements.

Q. Let's have the truth of the situation. That is what I want. A. I would term the whole thing as going value; I would make that an inclusive term.

Q. Do you use that in a technical sense? That is a technical term, isn't it? A. I use that in an inclusive sense.

Q. Inclusive of what, the good will and the capitalized license? A. By going value I mean all that appertains to the business besides the physical value.

Q. What do you mean by going value? A. The right to do business, the patronage, the development cost of the business, the further possibilities of development of that particular business—

Q. Well, as a matter of fact, isn't going concern value usually understood to mean the de-

velopment cost? A. All that it means; that is what I mean.

Q. The development cost of any new business is called going value, isn't it? Do you mean it in that sense? A. I mean it in the usual sense that going value is meant in the utility business.

Q. But using it as you say, as a sort of inclusive term, it means the good will and the capitalized license; those are the two main factors, aren't they?

Mr. Blake: No, he hasn't said that. Why do you persist in that, Mr. O'Connor? He said the attaching of the business and the yearly losses, and all that, the development of the business.

A. I wouldn't like to select any two items and say that they were the two principal items.

Q. You leave it on the theory of going concern value, then? A. Yes.

Q. When the larger prices of $30,000 and thereabouts were paid by the transportation company for buses those advances were made, were they not, by the Public Service Corporation? A. They were paid by the transportation company.

Q. And the money was obtained by the transportation company from the Public Service Corporation, wasn't it? A. Oh, yes.

Q. And all the advances came from there, didn't they? A. Oh, yes.

Q. When these advances reached a large sum, then application was made to the Commission for the purpose of issuing stock or other se-

curities to liquidate those advances, was it not? A. That is true.

Q. And when those securities were issued they were turned over to the Public Service Corporation, were they not? A. That is true, in liquidation of the debt.

Q. In liquidation of the debt. Your applications for security or stock issues from time to time did not stand on a schedule of the prices paid for property from time to time, did they? A. I think they did.

Q. Don't think about it, did they or did they not? A. If it was not in the actual application—

Q. Well, was there a detailed statement setting up the prices that you paid for these properties at the time you asked for these security issues? A. I don't know that.

Q. You don't know that? A. No, sir.

Q. Did the purchases of these buses from the independent operators rest upon the sole responsibility of the Transportation Company? A. Yes.

Q. Who was in the Transportation Company who negotiated the purchase of these buses? A. Mr. Boylan.

Q. And what connection has he, if any, with the Public Service Corporation? A. None whatsoever.

Q. And what connection has he, if any, with the Public Service Railway Company? A. Vice president in charge of operation.

Q. And what is his position with the Public Service Transportation Company? A. Vice president in charge of operation.

Q. In both companies? A. In both companies.

Q. Well, can you tell me what officials of the Transportation Company arranged for the advances from the Public Service Corporation? A. Mr. Boylan, on the part of the Transportation Company.

Q. Is he the one who recommends to the Board of Directors of the Transportation Company the purchase of buses? A. He is.

Q. Well, who makes the arrangements for the Public Service Corporation? A. For the corporation?

Q. Yes, that is, for these advances. Who makes the arrangements for the advances? A. That goes through the regular channels.

Q. I know, but who makes those arrangements, if you know? A. The treasurer pays over the money.

Q. The treasurer of the Public Service Corporation? A. The treasurer of the Public Service Corporation, yes, sir.

Q. What connection has he, if any, with the Transportation Company? A. He is the treasure of the Transportation Company.

Q. Who makes the decision on which the treasurer draws his warrant? A. The Board of Directors.

Q. Of the Public Service Corporation? A. Yes, sir.

Q. Now, then, who makes the recommendations and smooths the matter out when it gets to the Board of Directors of the Transportation Company? Who arranges all the detail, Mr. Young, of preparing the recommendations for the Board of Directors of the Transportation Company?

A. I might explain that we have several commitees that help to conduct our business. We have what we term an operating committee.

Q. When you say "we" to whom do you refer? A. The Transportation Company.

Q. The Transportation Company? A. Yes. We have an operating committee that makes its recommendations and they in turn are passed upon by the officials of the company and they make the recommendations to the Board.

Q. What connections have those committees with the Public Service Corporation or the Public Service Street Railway Company? A. Each committee is separate.

Q. The personnel of the Transportation Company committee has no association whatsoever with the personnel of the committees of the other two companies? A. Well, the committees have no association. The personnel may be in some cases the same—

Q. All right, in some cases the committee may have association with the corporation? A. I say, the committee of the Transportation Company is not the same committee of the corporation, if that is what you mean.

Q. I do not understand you, Mr. Young. A. Each company has its own committees; that is the point I am trying to make.

Q. Then let's now confine ourselves to the committee of the Transportation Company. What association has that committee with the Public Service Corporation or the Public Service Street Railway Company? A. None whatsoever; it is a separate committee.

Q. The Board of Directors of the Public Service Transportation Company, are they employed in any other capacity by the Public Service Corporation? A. The Board of Directors are not employed at all.

Q. All right. The Board of Directors of the Public Service Transportation Company, are they associated in any way with the Public Service Railway Company or the Public Service Corporation?

Mr. Blake: If you would define what you mean by "association" I think the witness could answer the question, Mr. O'Connor.

Q. Well, "identified" then.

Mr. Blake: Are they the same people, the same personnel; is that what you mean?

Mr. O'Connor: Yes.

A. They are the same people.

Q. What do you mean by that? A. The Board of Directors of the Transportation Company is identical with the Board of Directors of the Railway Company.

Q. And is the Board of Directors of the Railway Company the same as the Board of Directors of the Public Service Corporation? A. No.

Q. They are distinct? A. They are distinct. Maybe some individuals serve on both.

Q. That is what I want to get at. There are some, are there not, who serve on the three committees? A. That is true.

Q. Can you tell me who they are? A. I can give you our report.

Q. Well, about how many?

Mr. Blake: He is going to give them to you; it is public property, nothing private about it.

Q. How many are there? A. I think there are ten or—I might say this, that there are eighteen members of the Board of Directors of the corporation.

Q. What corporation? A. The Public Service Corporation. When I speak of "the corporation" I mean the Public Service Corporation. There are ten members of the Board of Directors of the Public Service Railway Company and the Public Service Transportation Company. Those ten members are also members of the Board of Directors of the Public Service Corporation.

Q. Now, are those ten members also on the Transportation Company Board? A. Yes.

Mr. Blake: He just testified to that.

The Witness: Yes, I said that.

Q. Well now, when the Transportation Company bought the buses from the independent operators the true or fair value of the buses, as distinguished from the value of the Transportation Company paid for the buses, was not brought to the attention of the Commission, was it? A. I could not answer that question.

Q. Of course, the value of the buses paid to the independent operators took into consideration, of course, the condition of the Street Railway Company; isn't that so? A. I don't know what you mean by that.

Q. Well, when the buses were purchased by the Transportation Company some consideration in making that decision was given to the Street Railway Company, was it not? A. I will say this, that the intent of the Railway Company and the Transportation Company has always been to bring about co-ordination and that it was necessary to purchase the buses to bring that about, that it was destructful and wasteful competition, and necessarily that situation was given consideration.

Q. So that the Street Railway Company was an item of some consideration? A. Oh, yes.

Q. When the Board of Directors of the Transportation Company went out to buy the buses; that is true? A. I think so.

Q. So that the Transportation Company, as a corporation in itself, was not alone considered in the purchase of the buses? A. I think that is true.

Q. In other words, Mr. Young, the Street Railway Company, which you have termed the basic agency of transportation was to be assisted by an auxiliary known as the Transportation Company? A. Well, up to date it has not been assisted very much.

Q. No, but that is the purpose, is it not? A. Well, perhaps I could put it in a better way—I want to put this clearly before you—that it was a hindrance before and it was to remove that hindrance that the Transportation Company was organized.

Q. And in order to convert that hindrance into an auxiliary agency to sustain the Railway Com-

pany the Transportation Company was formed? A. I don't think that is quite the case.

Q. Well, first, Mr. Young, it was a hindrance and in order to convert that hindrance into a purpose of use to sustain the street railway company the transportation company was formed, was it not? A. We had hoped in forming the transportation company that it not only would remove a number of adverse conditions generally that existed, but that it would help to solve the problem of furnishing comprehensive and adequate transportation through both the trolley cars and the buses.

Q. And it could only solve the problem by acquiring the buses through the transportation company which, in turn, by so doing, aided and assisted the street railway company? A. Well, let me put it this way—

Q. I know you may not like the way I put it. Put it your own way then. A. It was not the purpose to support the railway. The railway was perfectly capable of supporting itself and there is no reason why, in the acquisition of these buses, why the buses could not be self supporting. The point that was in mind in acquiring the buses was to utilize the investment in both the railway system and the bus system to the greatest possible advantage and for the greatest possible benefit of the public, not necessarily that one would support the other at all, but that they would both furnish service to the public adequately and properly.

Q. Mutual aid to one another? A. That is true.

By Commissioner Autenrieth:

Q. If the statute which was subsequently passed was passed at the time, would the railway company have operated its own buses, without the formation of an independent company? A. It certainly would have, yes.

Mr. O'Connor: But we do not get away from the fact, if your Honor please, that we have here two distinct corporations.

Commissioner Autenrieth: We have that now, yes, but subsequent to the forming of the transportation company the Legislature permitted railway companies to operate bus transportation.

Mr. O'Connor: Yes, with the distinct understanding—

Commissioner Autenrieth: That the revenues and operations be kept separate.

Mr. O'Connor: Yes.

Commissioner Autenrieth: I understand that.

Mr. O'Connor: But they are not kept separate, according to the testimony of Mr. Young.

The Witness: That is the point I am making, that one was not formed to support the other.

Mr. Blake: I think Mr. O'Connor perhaps misconstrued what Mr. Young said when he said that the revenues are not kept separately.

Mr. O'Connor: No, I don't say that the revenues are not kept separately.

Mr. Blake: That is what you said as

you sat down and I thought probably you misspoke yourself.

Mr. O'Connor: No, I don't say that.

By Mr. O'Connor:

Q. Mr. Young, do you understand—I don't know whether you can answer this question or not—do you understand that any portion of the sum that you paid for the buses, that might be identified as goodwill, do you understand that any portion of such sum could be used for rate purposes? A. No.

Q. You know that it can't? A. I say no.

Q. All right. It is true, is it not, that according to your capital account as of December 31st, 1926, you have an intangible capital item amounting to $8,415,000? A. I think that is the amount.

Q. This item, on the accounting analysis, set up by your company, represents the excess paid for the buses over and above the value of the buses? A. That is true.

Q. Do you understand that there are included in the revenue passenger motor equipment account large sums of money that will have to ultimately be returned to the intangible account? A. No, I don't believe that is true any longer. I might say the explanation of these charges that were made and are being testified to today is that we went through our whole equipment a year or so ago with the idea of standardizing our equipment. We found that we had some thirty or forty different makes of buses and that it was impossible to maintain them with any degree of efficiency or economy and we then

standardized our equipment, and our equipment is now standardized and I don't think there is likely to be any further adjustment of any moment.

Q. That is to say that when you retire a bus now which may have cost you fifteen or $20,000 you do not intend to add to the intangible account of any sum of money upon the retirement of that bus? A. Not that would be of any great moment.

Q. You have changed your policy? A. No, but we are largely standardized. That is the point I am making.

Q. But it has been your practice in the past to charge back into the intangible account a large portion of the purchase price, hasn't it? A. I will explain that by this statement, that when we acquired a number of these buses at one time it was impossible to make a proper valuation at that time of the buses, and when we come to standardize our equipment we made a revaluation, and at that time we determined the adjustments. I think from now on, with our added experience, we are more likely to properly assess the true value of the bus when we purchase it.

By Mr. Blake:

Q. That had to do with the acquisition of the 330 yellow buses, did it not? A. Yes, that is what I mean by standardizing our equipment.

Q. That was a single purchase of 330 yellow buses and had to be adjusted? A. That is correct.

By Mr. O'Connor::

Q. Can you tell me how many private buses you had purchased up to December 31st, 1926? A. No, I cannot give you that information.

Q. Who has that information? A. Mr. Boylan has it.

Mr. Tuson: Mr. Boylan is looking it up; he will have it when he is on the stand, I am sure.

Q. Can you also give me the information as to how many of the buses had been retired up to that time? I mean, the same buses?

Mr. Tuson: He told Doctor Bauer that that would be ready for him.

Q. You admit, Mr. Young, as a matter of course, do you not, that your intangible expenditures amounted to nearly $10,000,000, or about your total capital outstanding? A. No, sir.

Q. That your total intangible expenditures about equalled your outstanding capital stock? A. I haven't the figures here.

Mr. Blake: It shows in the exhibit that is already in evidence.

A. Yes, that is approximately the same as the capital stock, yes.

Q. About the same? A. Yes.

Mr. Blake: That isn't what the question was. Read the question.

(Question repeated by stenographer.)

The Witness: It is less by $1,600,000.

Mr. Blake: I think he means the authorized capital stock. Is that what you mean, or do you mean the amount of capital stock that has been approved?

Mr. O'Connor: He used the term "outstanding," Mr. Blake.

Mr. Blake: Outstanding, that is $10,000,000.

Q. That is correct, is it not, Mr. Young, that the amount outstanding is $10,000,000? A. That is right; it is about $1,600,000 less than the amount of capital stock outstanding.

Q. The funded debt of the transportation company as of December 31st, 1926—I think you can get it from the figures there—was $3,025,000. A. That is right.

Q. Now, the advances from affiliated companies were $5,342,493.16? A. That is correct.

Q. Making a total of $8,367,493.16, for the value of the physical property? A. What has that got to do with the value of the physical property?

Q. I am asking you. I say it is. A. Oh, the sum of those two items?

Q. Yes. A. The sum of those two items is $8,367,000, and the value of the physical property is considerably in excess of that, nearly $10,000,000.

Q. Well, it isn't much greater. What is the difference, can you give me it roughly? A. About a million and three-quarters, perhaps.

Q. About a million and three-quarters? A. Yes.

Q. Now, then, Mr. Young— A. They have no relation to one another though.

Q. Sir? A. I say, they have no particular relation to one another.

Q. Well, they are practically equal to each other, approximately. Now, then, the company, of course, paid the interest on its funded debt of $8,367,493.16? A. That is not the funded debt; the funded debt is $3,025,000.

Q. I will withdraw that question. I have in mind, Mr. Young, not only the funded debt, but also the advances, amounting to $8,367,493.16, which represents both funded debt and advancements? A. Yes.

Q. Now, of course, the company paid its charge, I presume, of 6 per cent, or something, on that date, didn't it, out of its earnings? A. I am not sure that the corporation did advance the money, this $5,342,000. I am not sure what the rate of interest was, if any.

Q. The interest on your funded debt is $109,855; the interest on your unfunded debt, which I presume represents advances, is $25,847.36; that is all paid, is it not? A. That shows—

Q. Just look at the comparison there. A. I have it.

Q. The company paid the interest on those two debts, didn't it? A. No, sir, it did not.

Q. Just follow me on your statement there and you will see that it has. A. No, I will tell you exactly what they paid. They paid $109,855 for interest on the funded debt—

Q. That is right. Wasn't all the interest on the funded debt paid? A. That is just what I stated.

Q. And that is just what I stated, all the interest on the funded debt was paid? A. All the interest, yes.

Q. Now, then after you paid your interest how much did you have over?

Mr. Blake: You are only talking about part of the funded debt.

Mr. O'Connor: I am talking about all of the funded debt.

Mr. Blake: You are talking about one interest payment of $109,000; that was on the car trust certificates and on the mortgages. Now, the next item on the funded debt was what amount, $25,000? Mr. Young wants to tell you how much that amounts to. It is $25,000 on about $5,000,000.

The Witness: It is only a very small part of what we should properly be charged for interest upon the sum advanced. That is the point I am making. The company has not paid full interest.

Q. But you did not contract the obligation until the latter part of that year, did you? A. Well, in any event, I know that it has not paid full interest on the sum advanced. I can give you a statement of what was paid.

Mr. Stewart: May I ask a question at this point?

By Mr. Stewart:

Q. Did you contract to pay any particular amount of interest on this date that you say

you haven't paid all the interest on? A. No, it was an open book account.

Q. Without interest? A. No, not without interest; an open book account with the interest to be adjusted later.

Q. By that do you mean the rate of interest to be adjusted as well as the time of payment? You say, the interest to be adjusted later; do you mean the rate of interest to be adjusted later as well as the time when the payment was to be made? A. Yes.

By Mr. O'Connor:

Q. Mr. Young, can you furnish me with a statement of the interest due, unpaid? A. You would like a statement as to that?

Q. Yes, if you can give us such a statement? A. Yes, I shall be very glad to.

Q. I would like to know what portion of the debt the interest is not paid upon, for what period. A. All the interest that has been charged has been paid.

Q. All right, give me that. May I ask you this: Turn to the comparative income statement again. A. (Complies.)

Q. Will you tell me what the black figure is, "Income Deductions"; the figure I refer to there is $87,517.41. A. That is net income.

Q. Doesn't that mean income after all your interest charges have been paid? A. That is true, but what I want to point out is, the full interest was not charged.

Q. Then these statements are not correct, are they? A. The statements are correct but the point I am making is that the full interest was

not claimed or charged by the corporation that advanced the money. That is the point I am making, and that it will not be charged or paid in the future.

Q. I see. A. The account is closed. If the full interest had been charged the net income would have been less.

Q. Can you tell me to what extent the accrued interest has not been paid for the year 1926, or not charged. A. It has not been charged or accrued or will not be charged or accrued.

Q. Then there is none to be considered, is there? A. That is true. The point I am making is that the corporation has waived interest on some of these sums.

Q. In other words, there are no other interest charges to be considered, other than those that appear in the comparative income statement; is that correct? A. I didn't get your question.

(Question repeated by stenographer.)

A. Yes.

Q. So that on December 31st, 1926, the transportation company had a net income, after paying interest on its funded debt, of $87,517.41? A. Because of the waiving of the right to charge interest.

Mr. O'Connor: That is all I have.

Commissioner Autenrieth: Has anyone else any further questions of Mr. Young?

Mr. Stewart: Yes, I have, but I think it might be well to adjourn for luncheon at this time in order to give Mr. Young's

throat a rest. I understand he is troubled with his throat.

Commissioner Autenrieth: All right, we will recess until two o'clock then.

Recess from 12:45 to 2:00 o'clock.

After recess.

PERCY S. YOUNG resumes the stand.

Cross-examination by Mr. Stewart:

Q. Mr. Young, does the transportation company rent some of the property it uses for bus operation? A. Yes, sir.

Q. What is the nature of this rented property? What kind of property is it? A. Why, I am not sure I am familiar enough to say, but in general, it would be garages and such properties.

Q. Do you know how much these rentals amounted to in 1926? A. No, I don't.

Q. Who would know? A. Mr. Tuson.

Q. He would be able to answer all these questions regarding rentals? A. Yes.

Q. I will try you on some more and see whether you know anything about them. Do you know how much was paid by affiliated companies, that is, companies affiliated with the transportation company? A. No; I don't without looking at the books of course. The books would show.

Q. Do you know how the basis for the amount

of rental is determined, the amount of rental you pay? A. Yes.

Q. How is that determined? A. Why, a fair rental would be established, based on the value of the property used.

Q. When you say that a fair rental based upon the value of the property is used, who would determine, first, the value of the property? A. The two parties.

Q. Then the two parties would say what the fair value was? A. Of the rental.

Q. What the fair rental was, I should say. Those two parties, if I understood you rightly this morning, would be practically the same parties, because the Board of Directors of the two parties are largely identical? A. Yes, I think we would establish a basis that was fair. There wouldn't be any object to make it anything but fair.

Q. That might or might not be so, might it not, under your scheme of co-ordination? A. No, I think not.

Q. Under your scheme of co-ordination the purpose is to assist the railway company? A. No; not entirely.

Q. Not entirely, but partially, is that right? A. That would be true. Not by bookkeeping methods.

Q. It might possibly be that your company would feel that the transportation company could pay a little more than the property was worth in rental value in order to help out the railway company? A. No, I think not.

Q. You think not? Most of this property you rent is property owned by the Public Service

Railway Company, I believe? A. We endeavored only to utilize property, if it was available, owned by the railway.

Q. As a matter of fact, isn't most of it owned by the railway company? A. I think so, yes.

Q. Before the Public Service Transportation company was incorporated and went into business did the railway company rent any of this property that is rented to the transportation company? A. I couldn't answer that question. By and large, I suppose so. Where we have transformed a car house to be both a car house and a garage I imagine that none of it was rented.

Q. Well, Mr. Tuson would know about that? A. Yes.

Q. And if the transportation company was not in existence it would not be at all probable that the railway company would rent any of its property to any other than the allied companies, is that so? In other words, they wouldn't rent to the public? A. If it had available property it would rent it.

Q. Let me put it this way: Where the railway company is and has been using property for the purpose of its transportation business, either repair shops or storage of cars or anything of a like kind, it wouldn't be apt to rent that property to any other than an allied company, would it? A. I think that would be probably true, yes, sir.

Q. Was there any of this property which is rented by the railway company to the transportation company that previous to such rental was not used by the railway company? In other

words, was it lying idle and unproductive? A. I think some was, yes.

Q. So that by this rental to the transportation company that has produced an income on otherwise unproductive property of the railway company? A. Yes.

Q. What is the policy of the Public Service Railway Company with regard to the continuance of its carrying on the transportation of passengers? In other words, is there any likelihood of one company going out of business and the transportation company taking up the entire load? A. No. We propose to build up both for the purpose which each is most particularly adapted.

Q. I presume it is not the purpose of the responsible officials of the two companies, or your corporation, as you call it, to increase bus transportation and the expense of trolley transportation? A. The problem is not approached from that point of view. We approach the problem from the economic point of view. Our desire is to furnish the service that the public requires in the best possible way. In one case it might be by means of buses and in another it might be by means of trolley cars.

Q. Within the limits of the congested area, for example, of the County of Essex: Is it the idea of the responsible officers of the companies that trolley service is preferred to bus service by the public? A. It is very hard to tell as to that point. We believe that trolley service can be, in the more densely populated sections, can be more economically and efficiently rendered.

Q. From time to time in the last couple of years I believe the trolley company has applied for and been permitted to abandon trolley lines, is that a fact? A. Single track lines, yes, sir, with turnouts.

Q. Have you substituted anything where you abandoned the trolley; have you substituted any other form of transportation? A. Yes. We have abandoned a number of single track lines with turnouts, for buses, bus transportation.

Q. You have done that on nothing but single track lines? A. There might be a short section of double track, but by and large, I think that statement is correct.

Q. Those abandonments have occurred where; in the district around Newark or in the district of south and central Jersey? A. I don't think anything has been abandoned in Newark for the purpose of replacing it with bus transportation.

Mr. Blake: There was Montclair.

The Witness: We may have abandoned parallel lines, perhaps; such as Sumner Avenue; I think we abandoned a Summer Avenue piece of track. That service is taken care of by direct service on Bloomfield Avenue. That was abandoned more particularly, that double track, because one end of it is of single track.

Mr. Blake: In the Montclair area.

The Witness: I am speaking of Newark.

Q. I said, I think, in Essex County. A. There may be some outlying sections.

Q. You have abandoned a short section out in South Orange, or out there? A. Yes, outlying sections of the county, that is true.

Q. There you have not replaced that with any bus transportation because there are other facilities by way of trolley transportation close by. A. The particular instance I mentioned, on Summer Avenue, that is true. I could judge as to the other cases if you could mention the particular location.

Mr. Blake: From Orange to Montclair, we substituted buses for trolleys.

Q. Does the rental of the railway property to the transportation company offer one means of maintaining the value of the railway investment? A. I think not. It is comparatively minor, in its effect.

Q. The lowering of the return on the investment of the railway company and the increase in the return on the investment in the transportation company, if such happened, would that alter the program of the company with reference to replacing buses with trolleys? A. If it happened.

Q. In other words, I mean a fair return in regard to the trolley company. The rate of return on your investment is not decreasing? A. No, I don't think so. It is not. It is increasing.

Q. It is increasing? A. Yes.

Q. Your rate of return on your buses is increasing? A. The deficit is being lessened.

Q. When I said "rate of return" I didn't mean in the technical sense we are now speaking.

Commissioner Autenrieth: There is no rate of return if there is a deficit, is there?

Mr. Stewart: I didn't mean it in the sense he meant it.

Q. I mean your income; when I say "rate of return" I mean your income from buses is increasing? A. Our loss is decreasing.

Q. Therefore, your income must be increasing or you wouldn't have money to pay off your loss? A. If we have no income. In the first place I wouldn't say it was an increase if there was still a loss.

Mr. Blake: You mean gross revenue?

Mr. Stewart: Gross revenue.

The Witness: I beg pardon.

Q. Your gross revenue is increasing in your buses, is it not? A. Yes.

Commission Autenrieth: The net might increase entirely through the accomplishment of economies without the return increasing at all, as a matter of fact.

The Witness: You mean the gross revenues?

Q. Gross revenues. If you did replace the railway trolley cars with buses then your railway investment would practically amount to nothing, isn't that so, except what you could salvage? A. The investment would still be there, but a total loss.

Q. It would be of no value, except what you could salvage. With the independent buses operating it was the company's thought that the competition would be so wasteful, I think you called it, it would ultimately result in the trolleys having to cease running, is that it? A.

The ultimate result would be that the trolleys would go into bankruptcy. I think they always would be run to serve the community. I don't think the buses could take care of the traffic. I don't think the jitneys would take care of the traffic. In other words, the community wouldn't be served with efficient transportation.

Q. You rent a property at Clinton Avenue and Coit Street? I say "you," the Public Service Railway Company I believe it is, rents a property at Clinton Avenue and Coit Street, Irvington, to the bus company, to the transportation company? A. I don't know of any such property.

Q. Who does rent it to the company; is it the production company? A. I don't visualize that piece of property.

Q. A piece bought from Day-Elder. A. Yes, that is rented, yes.

Q. Who owns that? A. The Public Service Production Company.

Mr. Blake: The lease to be surrendered June 1st.

The Witness: It is a temporary use of quarters.

Q. That was where you did a large portion of your repairs to the buses, is that correct? A. Yes.

Q. And reconditioned them and that sort of thing? A. That is true.

Q. Where are you going to carry on that thing now? A. The Plank Road shops.

Q. Do you know what the rental was for that

property up there? A. No; we could furnish it to you.

Q. I understand it was about $40,000 a year. Do you know how that was arrived at? A. Yes. Arrived at on the basis of the value of the property and taxes, plus taxes.

Q. Did the transportation company occupy that whole building? A. No. They may have occupied the whole building, but not the whole property. I think there were two or three buildings.

Q. There are two or three buildings there, one on Coit Street; and one on the corner of Clinton Avenue and Coit Street or southerly from Clinton Avenue; that is a big concrete building? A. Yes; they do not occupy that.

Q. They did not occupy that at all? A. No.

Q. They merely occupied the property on Coit Street and a lot of vacant land, didn't they? A. I don't think they utilized it. I don't think they were charged for the vacant land.

Q. You don't think they were charged for the vacant land? A. No.

Q. Where there used to be a large number of buses standing out there from time to time? A. I don't think they paid any rental for that. They may have utilized it.

Q. Did they occupy the entire building on Coit Street? A. I think they did for a time, yes.

Q. After that time had ceased how much of it did they occupy, do you know? A. Just how much they are occupying now I don't know. Mr. Boylan can tell you.

Q. Mr. Boylan can answer the questions on that, not Mr. Tuson? A. Mr. Tuson could, too, I suppose.

Q. I take it that this proposition of the production company is not a public utility that comes under the jurisdiction of this Board, is that right? A. No.

Q. You can furnish us, can you, with the details of the rental payment made by the transportation company to the Public Service Railway Company and the Public Service Transportation Company? A. Very glad to.

Q. The amount of rental? A. Very glad to.

Q. And the value of the property and so forth. I take it from what you say you would not care to answer any specific questions with regard to these rentals? A. I haven't the information.

Q. That is what I meant, you haven't the data before you to do it? A. No; we would be glad to furnish the data.

Q. I don't want to take up the time of the time of the Commission asking you a lot of things you can't answer. A. Very glad to furnish it.

Q. You may be able to answer this: I note in a table I have here (I don't know where it came from) that the rental of some of these car barns or storage stations is at the rate of $15 a month per car; do you know how that is arrived at? A. No, I don't.

Q. You don't know what service you give in return for the $15 a month? A. No, I don't.

Q. Other than mere storage? A. No, I don't. I wouldn't consider that a high rental, though.

Q. I notice also in this schedule that I have here, for example, property rented from the Hoboken Land and Improvement Company; do you

know anything about that; over on the south side of 14th Street, Hoboken? A. Yes.

Q. What is the Hoboken Land and Improvement Company? A. That is a very large company in Hoboken owned by the Stevens estate, I believe.

Q. Not affiliated with the Public Service, in any way? A. No.

Q. Is it the intention of the transportation company to provide its own garages for the use of its buses or is it the idea to continue to rent from the Public Service Railway Company? A. Well, I think the policy would be to do whichever was the best for the transportation company. If it could acquire the property and build cheaper it would most likely do that.

Q. You mean, whichever would be the most economical? A. Yes.

Q. For the transportation company, would be the policy to be followed? A. Yes, that is right.

Q. Was the idea of giving up the lease, which I understand Mr. Blake to say will be surrendered this month, of the property of the production company on Coit Street, Irvington, and shifting that work down to the Plank Road shops, one of economy? A. Absolutely and efficiency, too.

Q. Just tell us how that economy and efficiency is going to be brought about by that shift? A. There are facilities available for painting at the Plank Road shops, which are not available at the Irvington plant. Additions would have to be built there, very considerable additions would have to be built at Irvington; a large amount to make those shops as efficient

and to provide facilities that are available at the Plank Road plant.

Q. What work do you do up at the Coit Street shop? A. Overhauling.

Q. Overhauling? A. And the painting was done at the Plank Road shops.

Q. In other words, you made the mechanical repairs at the Coit Street shop and had to take the car to the Plank Road shops to be painted? A. That is the idea. It is the purpose to centralize it at one point.

Q. By that, I suppose, you effect an economy? A. Yes.

Q. In dollars and cents can you tell me how much economy you calculate you gain, how much economy you expect that way? A. Yes. I think Mr. Boylan has it.

Q. You haven't the figures? A. The whole matter was presented to a committee who went over the question very carefully and it was found to be economical, the economical thing to do.

Q. Other than at the Plank Road shops where does the transportation company have its cars reconditioned? A. I think it is arranged—perhaps I can't answer that question as well as Mr. Boylan. Briefly I know that the operating management is providing to do more and more repairs at the local shops, local garages.

Q. By local garages, I presume you mean, if the cars are stored, for instance, at the Hilton car barns there the repairs will be made to those particular cars. A. I think they propose to do more and more repairs there, and only the general overhauling at the central point.

Q. All right, I see what you mean. Minor repairs are going to be made at the place where the car is garaged? A. That has been done, but they propose to go a step further.

Q. And the major repairs— A. Semimajor repairs.

Q. Which do you refer to as semimajor repairs? A. Well, as I understand it, they are proposing to avoid the transportation of buses back and forth, as much as possible and losing the bus service for that time.

Q. Just answer my question: What do you refer as to as semimajor repairs? A. When a bus has to be completely overhauled, I would call that a major repair.

Q. That is what is to be done down at the Plank Road shops? A. The Plank Road shops, yes.

Q. Would major repairs of that kind to buses that operate, we will say, if you have them, at Trenton but we will assume you did, for example; would repairs of that kind to cars operated in Trenton be made at the Plank Road shops? A. No. We have another shop at Trenton to do that work.

Q. In other words, you are going to divide it up between the two shops, the major repairs, one in Camden and one in Newark? A. By and large I think that is correct.

Q. And semimajor repairs, the little ordinary things that get out of order in a car, are going to be made at the places where the cars are garaged? A. I would call those simple repairs. I think there is an intermediate point, that Mr. Boylan is trying to work out, a division that

would be semimajor. In other words, I don't think there is any classification such as semimajor at the present time; it is either repairs or general overhauling. I think Mr. Boylan (I have heard him discussing it) is considering the advisability of doing some more of the repairs locally.

Q. Whatever those semimajor repairs are they are going to be done at the garage where the car is used? A. Particularly with the gas-electric.

Q. Do you know to what extent the transportation company has its own garages and such facilities? A. I beg pardon.

Q. Do you know to what extent the transportation company has its own garages and own repair shop facilities? A. In a general way, but I think Mr. Boylan—

Q. You think he can answer it better? A. —is the man to answer that question. He can give you all the information along that line that is available.

Q. I think you said you didn't know what the present rental payments amounted to? A. I don't carry it in my head. He can furnish you with the facts.

Q. I notice an item down here in this list that I have picked out which says heating water, Pavilion Avenue, Riverside, rented from Public Service Electric & Gas Company; what is the character of that? A. I imagine that is a garage.

Q. That is down in South Jersey? A. That is at Paterson.

Mr. Blake: No; Riverside.
The Witness: Riverside; yes.

Q. Down near Camden? A. Yes; that is at Riverside, South Jersey.

Q. What kind of a building was that? Was that an old unused, obsolete building of that company? A. No. It is quite a fine building.

Q. What had it been used for before? A. That had been used as a car house.

Mr. Blake: An electric storage room.
The Witness: It is adjoining the car house, isn't it?
Mr. Blake: Yes.

Q. What do you mean by an electric storeroom? A. It was a vacant building or a building that the electric department vacated for the use of the transportation company.

Q. What do you mean by an electric storeroom? A. Why, it was a building that the electric and gas company utilized for the storage of goods, materials. It was desirable for the use of the transportation company because it was located adjoining the car house.

Q. Mr. Young, what is the amount of the investment upon which the Public Service Transportation Company considers it is entitled to a fair rate of return? A. $19,000,000.

Q. Have you something you can refer to that will tell us the exact figure? A. Yes.

Commissioner Autenrieth: The criterion is the mere value of the property used and useful, and not the investment.

Mr. Stewart: I am asking him what they ask for.

Commissioner Autenrieth: You used the word "investment" rather than property.

The Witness: The fixed capital, whatever is under the head of fixed capital, plus working capital, which is some $19,000,000.

Q. I beg pardon. A. Some $19,000,000.

Q. Have you the figures there that will give us the exact amount? A. It is not totaled up here. As of December 31st I would say eighteen and a half million dollars.

Q. Eighteen and a half million dollars? A. Eighteen and a half.

Q. You had a sheet this morning, Mr. Young, I don't know whether it was furnished to you or whether Mr. Blake has it? A. It was furnished to me.

Q. Detailing the amounts of the purchases of the various buses and then it is analyzed into various headings? A. Yes, sir.

Q. I want to ask you a question or two. Take Permit No. 90, the bus was bought from Leon H. Moore, on the Clinton Avenue line; you paid $30,500 for that? A. I think that was the high mark; yes, one of the high marks.

Q. I think you paid more than that for some of them. Maybe not on Clinton Avenue. Is that bus still in operation? A. Yes.

Q. That bus was purchased in November, 1926. You wouldn't have figured any depreciation on that bus at that time, would you, at the time that statement was made out? A. I sup-

pose there would have been some depreciation earned, yes.

Q. I don't notice it in that table. A. It doesn't show unless the bus is retired.

Q. You don't show it unless it is retired? A. On this tabulation.

Q. That $30,500, the value of that bus itself, the physical bus, was how much? A. This depreciation doesn't show.

Q. Have you a tabulation that does show it? A. No, I have not, unless Mr. Boylan has. Has one been furnished you?

Q. I think we had one at one time. A. Very glad to furnish it.

Q. Have you any idea what that bus would be worth? A. I think Mr. Boylan can tell you.

Q. Let us assume, for the sake of this particular question, it was worth $8,000; it was a used bus—Mr. Boylan says that is about right; the difference between that and $30,500 represented what? A. That is the value of the business.

Q. That is going value? A. Going value, yes.

Q. How did you arrive at the going value of a bus? A. Well, I think it is measured pretty fairly by the price we have to pay for it.

Q. Well, take two buses on the same line, let us take No. 45, let us take another one you purchased about the same time, if we can find one here. Taking a bus running on the same line in 1925; where you purchased Permit No. 66 for $16,028, which was also a Garford truck; what made the difference in the going value between those two buses? A. Well, I don't know about that particular bus. It might have been occasioned by several factors.

Q. Well, for example; let us assume now (I don't know that it would be so at all), we will assume this bus of Pollock's was worth $8,000 also; that leaves a going value of $8,000. A. What do you mean?

Q. No. 66. A. The other was 98?

Q. 90; they were both Garfords. I am assuming they were both worth $8,000 at the time of the purchase and I am asking you why the difference in what you call the going value; in one instance it would be approximately $8,000 and in the other instance it would be approximately $22,000. A. There may have been a different legal status in the original bus, between those two periods.

Q. For example, what do you mean by a difference in the legal status? A. A difference of the rights that appertain to the buses between those periods. I don't know there was, but there may have been. Mr. Blake can testify to that.

Mr. Blake: There was.

The Witness: There might have been a greater amount of business; that would be dependent, or rather, that would be tributory to the bus, in this latter period. Several unknown factors may have been determined during that period, which would have a bearing on the value of the bus.

Q. As for example? A. The cost of operation may have had some bearing on the question, and the income, the income tributary to the bus may have had some bearing. I can't say, taking those two particular cases, just which factors would obtain.

Q. When you say the difference in the cost of operation, what do you mean by that? A. I mean, it might have been shown at a latter date the business was more profitable than at the earlier date.

Q. Now, as a matter of fact, you know the bus transportation— A. To the owner, now.

Q. The bus transportation on Clinton Avenue did not increase in large bounds between 1925 and 1926, don't you? A. On the contrary, it did, very greatly.

Q. And there was what, the same number or a greater number of buses run? A. A greater amount of business done.

Q. Wait a minute. A. I can't answer that question.

Q. You don't know that? A. No. You asked me to enumerate some of the factors.

Q. Yes. A. I tried to enumerate some that came to my mind. I think there are probably others.

Q. Just what you want the Commission to understand is between 1925 and 1926 there was probably such a difference in the number of passengers riding on the Clinton Avenue bus line? A. I said that was one of the factors; might be one of the factors.

Q. That the going value of an individual bus, taking the other factors into consideration, would be sufficient to cause the difference between $8,000 and $22,000? A. That is evidently the estimation of the people who sold the bus.

Q. It takes two people to make a bargain? A. Yes.

Q. You don't buy simply on the estimation of people? A. No.

Q. Who owned the bus? A. No; theirs as well as ours; it was their estimate as well as ours.

Q. Isn't this the fact, you paid for buses, in order to get control of the Clinton Avenue line, whatever price the operator asked? A. No.

Q. Isn't it a fact; of course, you bargained with him? A. Where we bought the bus, of course we paid what he required us to pay.

Q. You bought all the buses on that line but one or two? A. I think so.

Q. And it gets right down to this, doesn't it, that you tried to get them as cheaply as you could? A. Yes.

Q. But when you got down to what the owner flatly said was his lowest figure you paid that figure? A. That is the fact.

Q. It is a fact that within a period of a month or two you did pay, we will say, $10,000 for one bus on that line and for another bus on that same line, of practically the same character, if you couldn't get it any other way you paid $20,000 for it; isn't that so? A. If we felt the business was worth it, yes.

Q. What business, the business the bus carried? A. Yes.

Q. It didn't make any difference what business the bus carried, you paid whatever price was necessary to get control of all the buses on that line, isn't that it? A. I wouldn't go so far as to say that. We always had in mind the business the bus had developed.

Q. I didn't want to interrupt you; were you through? A. That is all.

Q. You don't mean to say that one bus on the Clinton Avenue line carried more passengers per month than another bus on that line did, do you, month in and month out? A. Not over the same period, I should think, no.

Q. Isn't it a fact, as far as the independent buses were concerned, the number of passengers carried were distributed practically equally among the buses, proportioned, of course, to their size? I mean, if a bus carried twenty and another carried thirty they both of them ran to the same capacity? A. I don't know about that, but I should imagine so.

Q. So that the matter you refer to as the amount of business the bus did had practically nothing to do with it, did it? A. I think it did. You are taking two different periods. It has been demonstrated in the latter period, evidently, that the bus was doing a larger business.

Q. It wasn't because one bus on the Clinton Avenue line was doing a larger business than another bus? A. It wasn't. Take these two buses—

Q. You are suggesting such an incident might happen? A. No.

Mr. Blake: Different periods of time, Judge.

The Witness: I was pointing out—

Q. You are pointing out one thing— A. The difference in time.

Q. I am trying to get at one point and you another. I call your attention to the fact dur-

ing a given period, say within a month or two months, you did pay much more for one bus than the other. You, in return, said to me the reason for that was the amount of business that bus might carry. A. I don't believe that would be the carrying—I think where we bought two buses within a month, on the same line, we pay pretty near the same price.

Q. You think that is so? A. Yes.

Q. Was there much difference in the number of passengers carried between, we will say, June, 1926, and November, 1926? A. I don't know about that. I suppose not.

Q. Were those buses you purchased in 1926 and paid $30,500 for, were they all new buses, do you know? A. I don't think so.

Q. Were some of them new and some of them old, or were none of them new? A. I don't think any were new.

Q. You don't think any were new. Have you recently purchased, in or around Elizabeth, a brand new bus that cost about $11,000 and you paid some twenty or $25,000 for it, do you know? A. No, I don't know.

Mr. Stewart: I think that is all.

Commissioner Autenrieth: Anything further?

Mr. Blake: No, sir. I may have some re-direct at a later date.

Mr. Stewart: I understood Mr. Lindabury wanted to examine Mr. Young. I don't know.

Commissioner Autenrieth: I didn't think there would be any other questions

would be asked, that Mr. Young would be able to answer.

Mr. Lindabury: I don't know; possibly Mr. Young is the man who could answer. I think we have found enough things about which Mr. Young couldn't answer. My examination will relate to the vouchers between the affiliated companies. The railway company bills, the transportation company and the gas and electric company bills the transportation company, and vice versa. I don't know just who is the man.

Commisisoner Autenrieth: Are you the man?

The Witness: I haven't any figures. I could answer on general figures. I think Mr. Tuson would be the better man.

Mr. Lindabury: I want the figures and some general principles; in some instances figures and in some general princples. As far as real evidence is concerned, I don't know that anybody has been put on to answer all parts of the company's direct case, but we are willing that he answer that or if there is somebody qualified to answer the questions that he take the stand.

Mr. Blake: Mr. Tuson is the general auditor of both companies. Of course he is directly familiar with all the vouchers. He prepared them.

Commissioner Autenrieth: I suppose he is the logical man to answer those questions.

Mr. Blake: I think so.

Commissioner Autenrieth: He will be available?

Mr. Blake: Yes, sir.

Commissioner Autenrieth: If Mr. Lindabury wants the information he better examine another witness, Mr. Tuson.

Mr. Lindabury: All right.

Commissioner Autenrieth: When the time arises on that, send for him; I don't know whether he is the next witness.

Mr. Blake: He is here and all the witnesses are ready and at the disposal of counsel.

Mr. Lindabury: I am willing to go ahead and examine Mr. Tuson.

Commissioner Autenrieth: All right. I wanted to find out if there was anything further with Mr. Young.

Mr. Stewart: -As far as Mr. Young, I am through with him.

Mr. Blake: I may have some re-direct of Mr. Young later.

Mr. Stewart: Of course it is understood this examination of Mr. Tuson is in the nature of what otherwise would be cross-examination of Mr. Young. In other words, we are not making Mr. Tuson our witness.

Mr. Blake: No. That is understood.

Commissioner Autenrieth: All right.

EDWARD A. TUSON sworn on behalf of petitioners.

Mr. Lindabury: Perhaps, before I start questioning, I would like to say a few words to the Commission: The transportation company incurred large sums of expenditures jointly with the Public Service Railway and the Electric and Gas Company, the Production Company and the Public Service Corporation itself. Weekly or other periodic bills are presented by these companies to the transportation company and the latter pays them upon such data as are furnished by the companies. Most of these payments are to the railway company for various joint operations. In every charge the railway company has the determination, as far as we can see, of the amount and the transportation company has practically no check.

Since these sums are large in the aggregate, I want the Commission to bear with me; many of the items we will cross-examine on are picayune in themselves, but we have taken at random just the vouchers for the month of December, 1926, and then only a few of those. For no purpose whatsoever, we have just taken those vouchers, as well as any others we might use. The Commission can realize it is almost impossible for these four municipalities to go through all the vouchers since the organization of the

transportation company, but we find there is no system of check, as far as we can see, whatsoever, and before the prayer of this petition filed by the company should be granted, it seems to us there should be some way of checking these vouchers carefully.

These aggregate for one month approximately $90,000. The transportation company paid to the affiliated companies over $1,000,000 a year, just on the affiliated companies' vouchers alone, with no system of check. They are merely billed.

I wouldn't make any direct allegation, but there is a great tendency, perhaps, to overload the transportation company, to build up those operating charges. We don't know.

Mr. Blake: We would be happy to have it investigated.

Mr. Lindabury: I just wanted to bring it before the Commission, that fact. There is no direct allegation, but the matter is sufficiently important that it ought to be thoroughly investigated.

Commissioner Autenrieth: Your suspicions are not a direct allegation.

CROSS-EXAMINATION by Mr. Lindabury:

Q. Can we have the vouchers? A. I will hand you each one as you call for it, if you like.

Q. No. 654; have you a duplicate voucher? A. No.

Mr. Blake: We didn't have this case in mind when we made the bills or we would have copies of everything.

Q. I think maybe I shall not want it. A. All right.

Q. What is the total amount? A. $18,031.38.

Q. What does it represent? A. A number of bills paid to the railway company.

Q. Over what period? A. Well, I will have to look at each bill to tell you that.

Q. Doesn't the voucher show that? A. No. It shows the bill charged to the transportation company in December, 1926.

Q. Does it cover a week or half a month or what? A. It might cover any period. It might be a bill for 1924 if done prior.

Q. There might be a similar voucher or a similar amount during that month? A. With respect to what?

Q. Covering practically the same situation that voucher does, for other periods during that month? A. It might be possible, yes.

Q. What does that voucher include bills for? A. Well, the first bill is for the pension of a bus cleaner at the City Line garage. Shall I give you a few more?

Q. Yes; just a few. A. The next is for the services or part of the expense of certain investigators of the railway company, investigating transportation company cases.

Mr. Blake: Those are accident cases?

The Witness: Either accidents or employment, I don't know which. The next bill is similar.

Q. Does it say on those vouchers that they were transportation company cases? A. On the vouchers.

Q. Yes. A. No, on the time slips of the men from which these were made up it shows that.

Q. The time slips? A. Yes.

Q. They are not attached to the vouchers? A. Naturally not.

Q. Do you preserve those time slips? A. I do.

Q. Go ahead. A. Some rolls for a duplicator.

Q. Check through those, there are bigger ones I want you to bring out. A. Two hundred dollars isn't big enough?

Q. No; that is picayune? A. $3,000?

Q. That is one. A. $3,078.69.

Q. What does that cover? A. Labor furnished by men on the railway pay roll during the week ending December 9th and at various locations.

Q. One week? A. One week.

Q. Just for one week? A. That is right.

Q. How are they made up, that bill? A. From the time vouchers of the men.

Q. Who does that work? Have you charge of it? A. Yes.

Q. Is it carefully checked? A. It is, indeed.

Q. You are auditor of both companies? A. General auditor of both companies, yes.

Q. Are they checked from the standpoint of both companies? A. Surely.

Q. So that when a voucher— A. Not only by myself, but men in the field, the foreman in charge of the work, and the man himself. There would have to be a very colossal conspiracy to get this thing fixed up.

Q. That is a bill made out by the railway company? A. Made out by the railway company against the transportation company.

Q. All the checks sustaining those bills are kept as permanent records by the railway company? A. Reasonably permanent. We keep them about six years, I think.

Q. To what extent does the transportation company make an independent investigation of these charges? A. Well, the officers of one company are the officers of the other, generally speaking.

Q. Yes, that is the trouble. What independent investigation is made by the transportation company when a bill is presented to them? What do they do, just pay it? A. Just pay it.

Q. Take the word— A. Take the word of the man, his superior, that superior's superior, the word of my pay roll department clerks, the head of that department and superficially my own word.

Q. Is there any fixed charge for labor that is agreed upon between the companies, and how is it apportioned? A. With respect to what?

Q. Speaking of any one of your labor items? A. Here is a charge for hauling wet sand in Union City, $15.48.

Q. How was that charge apportioned? Does the railway company pay any part of that charge? A. Hauling wet sand to Union City?

Q. Yes. A. They pay it all, originally and then charge this; that particular charge, I would say, would be one for sand to spread on the roadway, and the transportation company would pay all of it.

Q. All of it. Suppose it is a joint charge, how is it apportioned? A. Well, up to January 1st, 1927, the transportation company paid very little in the way of anything that was a joint charge. The railway company carried the bag, in other words.

Q. Aren't all these joint charges, practically? A. Joint in the sense that a man would work for the transportation company who was paid by the railway, if you call that joint.

Q. It shows over $1,000,000 during last year, in payments, isn't that true? A. I don't know, without looking it up.

Q. 1927; $9,000 a month, just the railway company alone; $70,000? A. I don't know. I will have to look it up. That may be so.

Q. Would you retract your former statement, then? A. What?

Q. That the joint charges were all paid by the railway company, not by the transportation company? A. I said, anything that is of a joint nature. My answer speaks for itself. No, I wouldn't.

Q. Turn to that pension bill. My records show it provides a pension for the week ending December 16th, 1926, for Thomas Mooney? A. That is right.

Q. City Line Garage, bus cleaner? A. Yes.

Q. $16.59? A. That is right.

Q. How is the transportation company paying a pension if it was only organized three years? A. This undoubtedly is a man who previously worked for some of the companies. I don't know.

Q. Why is it billed the transportation company? A. Because his employment, when he was pensioned was that of a bus cleaner.

Q. What? A. Because his employment when he was pensioned was that of a bus cleaner.

Q. So, despite the fact he may have been working twenty-five years for the Public Service Railway Company or some affiliated company, the transportation company has to pay the entire pension, is that right? A. Which amounts to about $800 a year. That is the only pension they are now paying, I believe.

Mr. Blake: Of course, the municipalities wouldn't want a man discharged without a pension.

Mr. Lindabury: That isn't it, but we would like to see the bill paid by one of the other companies, the proper company.

Mr. Blake: It is. This is the company for whom he was working at the time he was pensioned.

Q. What time does a man have to work in order to be entitled to have a pension? A. I don't remember exactly. We have men on pension in the railway that worked as little as eight years for the company. The rule is considerably more than that, though; that is the exception.

Q. What has been the attitude of the officials of the interlocking directorate as to what company shall bear the burden of these pensions? A. As I said before—why, the company in whose employment the man is when he is pen-

sioned. This is the only pension the transportation company is paying.

Q. This is the only one? A. That is right.

Q. Did you pay this because just by chance he happened to be working for the transportation company at the time he was disabled? A. That is where he was working; whether by chance or not, I don't know.

Q. Isn't it logical to assume that the right to this pension would accrue during the prior years he served with some of the other affiliated companies and that this charge should be charged to them rather than to this new-born company? A. No, not necessarily. A job was made available for this man at a somewhat higher rate of pay than he would otherwise be able to earn because he was still able to work as a bus cleaner, and the transportation company was just unfortunate enough to inherit him, as far as the pension is concerned.

Q. But the right to that pension was earned during the past years before the transportation company ever came ino existence, isn't that true? A. Part of it, yes.

Q. Why don't the transportation company pay this direct then, as long as they are burdened with it? A. Because it is the only one they have. It would mean making up a separate pay roll to handle one man.

Q. Doesn't the transportation company pay all its own employees? A. Practically all, yes.

Q. He was an employee of the transportation company, wasn't he? A. Yes.

Q. Do you know, as a matter of fact, which company paid him a salary when he was work-

ing? A. As a bus cleaner, the transportation company.

Q. Why was it shown in the railway company, that they were paying the pension? A. I just answered the question.

Q. Answer it again. A. I said this was the only pension that the transportation company is paying. We make a pay roll to cover pensions and it would involve useless clerical work to make up a separate pay roll to cover one pension.

Q. I understand everybody pensioned by the company, the Public Service Companies, the Public Service Railway Company pays that? A. I didn't say that.

Mr. Blake: I object to that question.

Commissioner Autenrieth: The objection is proper.

Mr. Blake: The witness didn't say that.

Mr. Lindabury: He said there would be additional clerical work and the railway company paid it.

The Witness: To make up a pay roll for one pension, I said.

Commissioner Autenrieth: For this company?

Mr. Lindabury: I assumed that was the practice. May I ask, is that the practice?

The Witness: It isn't.

Q. Is it the practice of the street railway company to pay all pensions? A. No, I said.

Q. Turn to another bill, where you paid $2.51 to Reed, Dittrick & Lawrence. A. I have that.

Q. What is that for? A. Investigation of, I think, employment cases.

Q. Employment cases for the transportation company? A. That is right.

Q. Why does the railway company pay that and then bill the transportation company? A. Because they have one employment department. It is more simple for these investigators to make up one expense account than one for each company.

Q. So that practically you have some general accounts which are handled by one company for the benefit of all the affiliated companies, is that true? A. I wouldn't consider that a general account.

Q. You understand thoroughly, and while you call this an expense account, in this one instance— A. That is true.

Q. It is in this employment account? A. The entire department.

Q. It is just what that comes to, an employment account. How is it operated through this company? A. I suppose you would like to start with the pay roll and expenses, or just this bill.

Q. You have three men here who are investigators? A. That is right.

Q. They have certain expenses that were incurred for the transportation company? A. That is right.

Q. They put their bill into the railway company and charged to the railway company em-

ployment account? A. No; charged to the transportation company. They made up a certain paper which is called an expense account, certain items of which were chargeable to the transportation company for investigation of cases that had to do with the transportation company employees and those items were billed immediately from that expense account by the railway company against the transportation company. The other items relating, say, to the railway company were charged up directly to their account.

Mr. Blake: These are employees of the railway company, are they not?

The Witness: Yes.

Mr. Blake: Employees of the railway company who investigate and make a similar charge to the railway company and the railway company charges the transportation company.

Mr. Lindabury: Yes.

Q. Turn to the bill of the Beck Duplicator Company, $10.91; what does that bill read? A. It is billed against the transportation company for its proportion of the invoices of the Beck Duplicator Company.

Q. How much was the bill of the Beck Duplicator itself? A. These are for rolls, rolls for the duplicator, totaling $41, the original bill.

Q. For rolls? A. Yes.

Q. How do they apportion the charge in the transportation company? A. What do you mean by that?

Q. The railway company; how does it proportion the charge to the transportation company out of that $41? A. This particular bill would be charged on the information of the department head that used the duplicator rolls. I think the time-table department; I would have to investigate to make sure.

Q. That works out, as far as I am able to figure, about 26.6 per cent of the total cost, in many instances, in checking your vouchers, I found that proportion has been used, 26.6 per cent in some of the other vouchers; is there any standardized proportion? A. There may be a standardized proportion in respect to such items as this. I don't recall any, no.

Q. You don't know of any of your own knowledge? A. No. If so, it would apply only on very minor items, such as this.

Q. Turn to another bill there of $222.25. A. I have that.

Q. What does that cover? A. Secret service expenses.

Q. What is that? A. Secret investigation; what you might call private detective work.

Q. For what purpose? A. Well, for all purposes.

Q. Will you enumerate the special purpose of them? A. Checking up of fare collection methods, checking up of dishonesty at shops and other places, possibility of that sort of thing; investigation of such cases.

Q. How is the apportionment determined in that? A. I took the time expended.

Q. Who checks that? A. The man in charge of the work. The man who does the work re-

ports it, the man in charge checks it and I verify his figures.

Q. Who approves it; do you? A. Yes.

Q. There is a large bill there for $3,000? A. All right.

Q. The first charge in that large bill for the week ending December 9th. 1926, Hudson division for Account No. 2, hauling wet sand to Union City and hauling ashes to Union City, $23.66. What did the transportation company know about what was done for its benefit there? How were the ashes and sand hauled for the benefit of the transportation company? A. How could they be hauled for the benefit of the transportation company?

Q. Yes. A. I suggested the use, I think, for that wet sand. I don't know positively that use was made. I would have to look it up.

Q. Don't they usually use sand for the tracks of the trolley company? A. Yes; they use sand for the tracks of the trolley company as well.

Q. Would the transportation company be billed for any of it? A. It wouldn't be.

Q. It happened to be in this particular instance? A. Billed for some sand, yes, but not sanding tracks, though.

Q. Do you know from your own knowledge what that sand is used for? A. My own knowledge, no. I know what the men said they used it for.

Q. Do you know what he said he used it for? A. I would have to look that up.

Q. Who did that work for the transportation company, the railway company? A. The rail-

way company, yes. Probably hauled it on a work car; maybe a truck.

Q. Did the railway company use its own equipment? A. I believe it did.

Q. By a street car, didn't it? A. It might be an automobile truck, I don't know. I would have to look it up.

Q. At times does the railway company use its own trucks, automobile trucks for spreading sand on the roads, for the benefit of the transportation company? A. It might do that, yes. It would be the transportation company if it did.

Q. Wouldn't it be possible or isn't it a fact, I will put it that way, that a street car might be used in that particular instance to spread sand on the tracks and some of the cost be apportioned to the transportation company? A. No.

Q. How do you know that? A. I know something of the geography of our territory in and about Union City and the only place I know of that the operating department sanded during the past winter is the hill leading down to the West Shore ferry. There might be another slight grade or two; and the tracks of the street car company are on a private right of way there; that wouldn't do the buses any good, anybody any good.

Q. Why doesn't the transportation company use its own equipment and pay for it itself? A. It does, in a number of cases.

Q. In a number of cases it don't. In this case where it does not, why doesn't it? A.

Because it is cheaper and more economical to have one vehicle do the trick for both companies.

Q. That is what I am trying to bring out. There is a proportion there? A. Call it that, yes.

Q. So that, then, it would be track, wouldn't it? A. What?

Q. It would be sanding of track? A. No, not with an automobile truck.

Q. Well, if you want to sand tracks of the railway company you have to do it; they are concerned in other parts of the state? A. I think you are getting involved. I am not quite sure of what your question leads to.

Q. This is an apportionment of the charges, you testified to that? A. No, not an apportionment in that sense. It is the time the railway company expended for the benefit of the transportation company.

Q. In what way? A. I have told you I would have to look up that particular item to be sure just what it was. It appears in the week of December 9th, 1926, over in Hudson County. I don't know.

Mr. Blake: For labor on sand or material?

The Witness: Hauling wet sand and hauling ashes.

Q. That is labor, naturally. A. The bill says labor furnished.

Q. Why doesn't the transportation company do that itself? A. Our sand is all stored at the Passaic wharfs and delivered to the various car houses and the garages by automobile trucks

and by work cars. The Union City car house and garage has use for sand both for buses and for street railway purposes. Therefore, we send one load of sand or one car rather than send two cars or two loads of sand.

Mr. Blake: Thus getting the benefit of co-ordinated service?

The Witness: Co-ordinated service.

Q. So that the same car serves both companies simultaneously? A. It would, yes.

Q. And the time is apportioned? A. I say, if you want to use the term; I don't call it apportioned. That is the time which the railway company expended for the transportation company. It isn't a time spread on any arbitrary basis. It is the direct use of the time.

Q. Suppose this truck should sand both the street railway rails and the street at the same time, how is it apportioned? A. You can't sand the street from a sand car, with a little spout that runs over the rail.

Q. What is the occasion for the railway company using its truck in this particular instance? A. For what?

Q. Why didn't the transportation company use its own truck and pay its own bill? A. It could. We could send two vehicles, as I say, from this Passaic wharf over to the Union City carhouse and garage, side by side, each with a load of sand, or half a load of sand, perhaps, thereby doubling our costs of hauling the sand.

Q. If you did that each truck would exclusively serve the transportation company? A.

The truck handling the transportation company sand would, in the case of that sand.

Q. Does the transportation company own a truck of its own? A. Yes, a number.

Q. It does a lot of this work itself? A. What work?

Q. A lot of carting ashes and sand and so forth. A. Not so very much of that, no.

Q. There is an item here of $3.96; the sole explanation on that voucher, as I can see it, is Union City, that is all. A. No. The explanation there is J. 0-5046. That is a job order number, a job order for an account to which we charged the $3.96. That order represents an authorization by the operating official to do certain work. The 5046 means something to us. I would have to look at the piece of paper to tell you what it meant; what this particular job order is.

Q. Then, you just pay that voucher on its blank face, which is Union City and then the number? Do you personally know what it is at the time you authorize the payment of it? A. Yes, or my representative, yes, surely. All the details of my own department are under my control.

Q. Would you know from that whether it covers the transportation or the railway company; you know which is the company referred to and what work was done by looking up that number? A. Yes.

Q. You could follow that right through? A. Yes.

Q. The next one is operators, Union City, $39.41. A. I see that.

Q. There is no further explanation on that. Can you explain that? A. Yes, surely. Union City is a combined operating point, operating both buses and trolley cars. The transportation company in some cases, and the railway company, both, have men who are broken in on trolley cars and buses both. In an emergency, for tripper service, they will use operators belonging to the other company. Therefore, we frequently have counter charges between the transportation and the railway company, both ways.

Q. In some instances the transportation company will render a bill to the railway company? A. Yes, surely.

Q. Do you know from your own knowledge what the total amount for the month of December, or any month, is, that the transportation company, approximately, that the transportation company receives from the railway company? A. I couldn't tell you either way. We can get the figures for you, gladly.

Q. I would like to get the figures for that month. A. Surely.

Q. There is another bill there, $13.45, including operating sand car, Union City. That seems to be a busy station. Plowing snow, New York Avenue. A. On the same bill or another bill?

Q. Another bill; hauling ashes for sand spreader, plowing snow, Hudson division. What did the transportation company have to do with the snow car, that they should pay for it?

Mr. Blake: The snow car?

Mr. Lindabury: Yes.

A. Snow plough? I am sure we didn't do anything more than pile the snow away from the entrances to the garages.

Q. That is what I am trying to find out, what you did do? A. I don't seem to find that bill.

Q. The next one after the one you had. A. What do you mean by that?

Q. You testified to the $39.41. It is part of that $39.41 bill. The next item I have is $3.96. A. $3.90 for hauling.

Q. Then we took up $39.41. Now, there is another item of $13.45. A. $30.45?

Q. Is it $30.45? A. Yes.

Q. My mistake. What did the transportation company have to do with the employment of the snow car? A. As I say, they may have used the snow plough for opening up the entrances at the terminals and at the garage, and, as I recall it, we had a contract for plowing some snow over there, the transportation company.

Q. With the transportation company? A. No. The transportation company.

Mr. Blake: The transportation company has a contract with the County of Hudson to take care of Pershing Road and sand it and clean the snow.

Q. So the transportation company gets a revenue from that? A. Yes.

Q. Is this part of the cost? A. I would have to look it up to see. I am suggesting what they would have to do with the snow plough. That is what you asked me.

Q. This bill contains numerous items for hauling ashes; what has the transportation company to do with these amounts? A. It shares in the heating cost of the Union City garage with the railway company.

Q. It shares in the heating cost over there? A. Yes. That includes taking away the ashes. In fact, it pays—

Q. That is an ideal example of an apportionment. That would be, yes; a small item of apportionment, yes; nothing major.

Q. I suppose there are numerous items of hauling of coal that comes under that heating contract, too? A. They would, yes.

Q. Is that all over the state, that heating contract takes effect, do you know? A. What contract?

Q. The heating contract, or just for that particular place? A. It isn't a contract. It is just a joint arrangement. They share in the heating cost in the individual places where the two companies may be concerned.

Q. So that the hauling of ashes and hauling of coal they would jointly bear the expense? A. They would, yes.

Q. On the last page there there is an item, on that bill, there is an item of $2.28 for hauling ties to 14th Street? A. Yes.

Q. What has the transportation company got to do with hauling ties? A. They use that for bolstering up the terminal at 14th Street ferry, Hoboken. We run buses into 14th Street, Hoboken.

Q. And the ties are to bolster it up? A. It is right on the water front there.

Q. Who authorized that work to be done? A. What work?

Q. To bolster up 14th Street? A. Under the present organization the general manager of plant would authorize it.

Q. Who is he employed by? A. Both companies.

Q. He is a joint employee of the transportation and railway? A. Yes.

Q. So that anything he might authorize he has the power to do so, on behalf of the transportation company? A. In a minor maintenance way, yes.

Q. How is the amount of those services determined; how are they billed; what covers the charges? Why should it be $2.28? Why not $1.60? A. This $2.28 represents the amount of time, at the rate per hour, that this particular man, or men, was getting.

Q. And he just happened to be a railway company employee, is that it? A. That is correct.

Q. The last item on the bill represents fourteen individual charges for auto hiring on account of plowing snow. This relates to various divisions and the charge is at the rate of $2.50 per hour. How is this rate determined? A. The rate of $2.50?

Q. Yes. Who makes that rate? A. Of course, when you say "who makes the rate"—

Q. Yes; who says $2.50 is a reasonable charge? A. The officials of the railway and the transportation company being the same people, agree on the rate.

Q. Naturally. A. That is it. They save time.

Q. It saves time, we will grant that. A. The rate is $2.50 an hour.

Q. Suppose the transportation company did the snow plowing? Why didn't it use its own equipment? Why use the railway company's? A. It uses the railway company only when it hasn't equipment to take care of the work.

Q. Only when it has not? A. That is the idea.

Q. What is the aggregate of these fourteen items? A. It looks like about $600, offhand.

Q. $600? A. Yes.

Q. The $2.50 an hour charge is made by the interlocking directorate? A. The director has nothing to do with an item as small as that, of course.

Q. The officers, do they have anything to do with it? A. The operating officers, yes.

Q. Who are the joint employees or the joint officers of both companies? A. That is right.

Q. Let us take another item, next to the last, for the general office pay roll for the first half of December, 1926. Have you got it there? A. Yes.

Q. What is the total charge there? A. $4,159.57.

Q. What is included in "general office pay roll"? A. This general office pay roll is a pay roll that is made up as a confidential pay roll in my own office and there, again, to keep down the volume of work, we make one load of it rather than two. These items are items for men in the engineering department who have

charged their time out on the basis of the time expended on any given project and also for some men who are directly employed for the sole benefit of the transportation company.

Q. Some of them are directly employed for the sole benefit of the transportation company? A. In that particular case, yes.

Q. Why don't the transportation company have its own method of payment of this pay roll for men who are employed directly for their benefit? A. Just for the sake of simplicity, as I said, this being a confidential pay roll.

Q. That is just another one of the joint accounts, isn't that right? A. Call it that, if you like. There is no apportionment there at all, except apportioning the engineer's time.

Q. Assuming that the charge for general office pay roll is typical, the total charge amounts to over $8,000 a month or nearly $100,000 a year, controlled by the railway company, isn't that right, for the benefit of the transportation company? A. I wouldn't say it is controlled by the railway company, particularly.

Q. They handle it? A. They pay the men, that is all.

Q. They govern the time, don't they? A. Govern the time?

Q. Yes. A. No.

Q. They have the time records, haven't they? A. No. I have them. I am both the railway and the transportation company, because the railway company here—

Q. You didn't think this is sufficient to warrant an independent pay roll for the transporta-

tion company? A. I suppose it might be, yes.

Q. Undoubtedly, isn't that true; isn't that true, undoubtedly, that it is? A. This represents $4,000 out of about $36,000.

Q. It represents $100,000 a year, doesn't it? A. Yes, but the whole general office pay roll is about $36,000, and each month; it is relatively small.

Q. To what operating expenses are these charged? A. All the operating expense account numbers are specified on the bills, on all the bills. Do you want me to give some of them?

Q. Yes. A. They have charge account numbers here. Account No. 1 is superintendence of plant and equipment.

Q. What are the most important ones there; don't read them all. A. The largest is $810.56 charged to the Essex Division Account No. 35.

Q. A large proportion of this goes into superintendence, doesn't it? A. Yes.

Q. Let us take the next to the last item. A. On this bill?

Q. Yes. Services by the Claim Department for November, 1926. A. Yes.

Q. How much? A. I have it.

Q. How much is that? A. $10,000.

Q. Is there any explanation there? A. Services of the Claim Department, $10,000.

Q. There is no detailed bill at all? A. No.

Q. What is this, a regular monthly charge? A. A regular monthly charge in 1926, yes. The railway company has a claim department for all the Public Service companies and each one of the other operating units, including the Elec-

tric and Gas Department, pay the railway for the services of the Claim Department.

Q. That is another joint form of management, isn't that true? A. Yes. It isn't an enforcement, though.

Q. How was this $10,000 brought about; who agreed on it? A. The operating officers and the Claim Department officers and myself, of the railway company and the transportation company.

Q. How did you pay it? How did you determine in your own mind it was a reasonable charge? A. Taking into consideration the amount of claims paid for the account of the railway company, as against those paid for the transportation company, the Electric Department of the Gas Department, as set up against the office costs, the salaries and expenses of making those settlements.

Q. To what account is that charged? A. Injuries and damages, research.

Q. This would aggregate $120,000 a year? A. Twelve times $10,000, yes.

Q. Has the creation of the transportation company resulted in such an increase in the cost to the Claim Department that warrants this charge? A. At least that I should say.

Q. At least that? A. The transportation company has more claims per vehicle than the railway company has.

Q. Over what period of time? A. Over any period of time. Say, a year.

Q. Over any period of time? A. More claims per vehicle, I say, in operation.

Q. So, over the course of one year, you have more claims coming in as the result of accidents from buses than trolleys? A. I didn't say that. I said more claims per vehicle.

Q. Would you say, Mr. Tuson, that the expenses of operating the Claim Department has increased $120,000 a year because of the organization of the transportation company? A. Not because of the organization of the company, because of the business they do and the accidents they have, yes.

Q. I mean, because of the accidents that occur, that additional expense? A. Surely.

Q. Taking the voucher as a whole, then, it represents a payment of over $18,000 a year? A. That is right.

Q. To the railway company? A. Yes.

Q. Covering mostly joint expenses, for a week and in some cases for a half month, isn't that true? A. It all depends on what you mean by joint expenses. I don't think we mean the same thing, but that is your statement.

Q. It represents labor and materials that are divided between the two companies, don't it? A. No.

Mr. Blake: It is the difference between the joint enterprises, as I understand it, and the work done on behalf of another concern. If counsel and I are in a joint enterprise and we divide the cost of labor and materials, that is one thing. But if he does something for me and I reimburse him, that is an entirely different transaction. Apparently there is a difference between counsel and the witness.

Mr. Lindabury: No. In many instances it is general, like hauling coal and heating.

Mr. Blake: Yes; when it is used jointly. You are assuming it is all a joint enterprise.

Commissioner Autenrieth: We will adjourn until Friday at eleven o'clock.

The Witness: Shall I bring this back again?
Mr. Lindabury: Yes.

Adjourned until Friday, April 29th, at the Industrial Building, Newark, N. J., at 11 o'clock A. M.

BOARD OF PUBLIC UTILITY COMMISSIONERS,

Newark, N. J., Friday, April 29th, 1927.

PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY—Application for Adjustment of Fare Zones and other relief.

Before the following Commissioners: Jos. F. Autenrieth, Esq., president; Charles Browne, Esq.

For Public Service Railway Co. and Public Service Transportation Company appears George H. Blake, Esq.

For Town of Irvington appears Charles H. Stewart, Esq.

For Roselle Park appears M. P. O'Connor, Esq.

For Borough of Hawthorne appears W. W. Evans, Esq.

For Kenilworth appears Joseph Lindabury, Esq.

For City of Clifton appears William B. Courley, Esq.

EDWARD A. TUSON resumes the stand on behalf of petitioners.

Further cross-examination by Mr. Lindabury:

Q. What is the total amount of that voucher? A. $18,031.38.

Q. It covers joint expenses, to a great extent in some instances for one week and in other instances for each month and in no case more than that? A. Expenses that have been charged against the transportation company by the railway company.

Q. By the railway company. You testified that you O K'd practically all those bills, as general auditor of the transportation company, isn't that true? A. Generaly speaking, yes.

Q. You don't know anything of the immediate facts, in relation to the transaction? They are all based on information you received from them under you? A. Not necessarily men under me. Men in the field of the operating departments who reported their time and other information to my department.

Q. Is there anybody in the transportation company at all who absolutely knows the facts relating to those transactions? A. Why, of course.

Q. Who? A. By facts you mean with respect to this item of Thomas Mooney's pension?

Q. What labor, the length of time, what materials were actually used? Is there any system that the transportation company employs to check each item that is charged? A. I think I described it Wednesday. Shall I go over it again?

Q. Please. A. Each individual makes out a time ticket showing in detail what his work has been for the day. His immediate superior, probably a foreman, verifies that. His superior checks that and he approves it. From that point it comes into my department, where it is subject to further general check by clerks and supervising people.

Q. And in every instance, every one of those persons you mentioned are on the railway company's pay roll, isn't that right? A. On both pay rolls, probably.

Q. The original man who makes the time record, his immediate superior and his superior, they are railway company employees, isn't that true? A. You would have to give me a specific case. That is true in some cases and in other cases it is a transportation man, possibly, and in others possibly a man working for both companies.

Q. Wherever the labor and materials arise out of a carhouse which is partly being used for a garage, aren't the men in these instances

railway company employees? A. If it is purely a carhouse, yes. But if it were a combination carhouse and garage, the individual might be working for both companies.

Q. So that in many instances, bills which are paid by the transportation company are subject to no check whatsoever by an actual altogether employee of the transportation company? A. Yes. This supervisor of the foreman I spoke of, always has a transportation company interest.

Q. Is he a transportation company man or a joint man; that is what I want to know? A. I told you he was on both pay rolls.

Q. On both pay rolls? A. That is right.

Q. So that, in practically every instance, the man actually doing the work is a railway company man, or dividing the materials, subject to a check made by men employed by both companies, jointly and then subsequently checked by your employees? A. That is true. The man in charge knows what work is done and whether it is done for the transportation company or the railway company.

Q. And he is primarily a railway company man? A. No. He is the man working for both companies.

Q. How is his salary apportioned? A. It all depends on his duty.

Q. Is the man in charge of the man actually doing the work, that is, his next immediate superior, in all cases a joint employee, where labor and materials are furnished? A. You mean, if an ordinary street car mechanic did some work?

Q. That is right. A. On a bus, we will say?

Q. On a bus? A. His immediate foreman would probably be a railway man.

Q. You will admit there are a lot of such cases in these affiliated company vouchers? A. Such cases as what?

Q. Such as you have described, where the immediate superior of the man actually doing the work is a joint employee or is a railway employee? A. The immediate superior in all cases where the railway company is billing the transportation company, by and large, is a railway man, of course.

Q. What check does your office have where it gets a bill for labor and material upon it? What checks, other than the say-so of that man, who is the immediate superior of the man doing the work? A. The likelihood as to whether the thing is a proper charge or not, just on a surface inspection.

Q. What do you mean by a surface inspection? Somebody going out from your office? A. No. If a man's time slip came in with an item charged against the railway company that said repairs to a trolley car, naturally we would object and charge it up to the trolley company.

Q. If it came in with an item charged for cleaning a bus or something like that, from the railway company, you wouldn't make any further inspection? A. Cleaning a bus, no.

Q. In other words, you take the say-so that that voucher shows? A. If it was reasonably correct on the face of it, yes.

Q. Considering the facts, under those circumstances, that the railway company had an investment of $150,000,000 and the transportation company, including tangibles, has an investment of $18,000,000, isn't it feasible that possibly some of these joint employees might load some of these charges on the transportation company? A. I might say, their predilection is all in the other direction. They all favor the buses.

Q. They all favor the buses? A. They are inclined to.

Q. Why? A. Just because it is a new thing. Just the way some riders do.

Q. Is that the only reason they favor the buses? Do you know, as a matter of fact, they do favor the buses? A. I do.

Q. Will you cite me an example you have found out in your experience that leads you to this conclusion? A. At the first of this year —I might say, in preface, up to the first of this year the railway company has carried all the supervisory overhead that existed up to that time, regardless of whether any of it was expended for the benefit of the buses. Starting at the first of the year we had a study made by each divisional manager to determine the exact expenditure of time by each operating man. And we found that at a point, for example, where there were 200 units, 100 of them c[illegible] and 100 of them buses, the manager would be inclined to charge a relatively small sum of the supervision against the bus company as compared with the trolley company.

Q. The men themselves? A. What do you mean?

Q. You said the men would be? A. The manager, I said.

Q. My question didn't relate to that. My question related to the actual employees. You said there was a preference by those men in every instance toward the transportation company? A. I didn't say every instance.

Q. In many instances? A. Generally, yes. I could produce instances for you. I would have to look them up, of course.

Q. You would have to look them up? A. We have some 7,000 men in the property.

Q. I would like to have you look it up, to show any instances. A. Glad to.

Q. Where employees favor the transportation company. A. Glad to do that.

Mr. Blake: That is the railway company employees in the shops?

Q. For a large proportion of these common services wouldn't it be entirely feasible for the transportation company to provide its own direct service, paying direct for materials and labor and the service maintained? A. At a somewhat additional cost. Surely; almost everything is possible.

Q. Why would it cost more? A. You would have to have a double supervisory organization, in the first place. For example, the carpenter shop, you would have to have men set aside to purely work on bus bodies, as against men who couldn't touch a bus body but must work on trolley car bodies.

Q. Wouldn't it be advisable for the transportation company to pay directly for its truck-

ing and its snow removal or ash carrying and so forth, such as those places you enumerated? A. Advisable from what point of view?

Q. From a point of protection to the transportation company itself, to have an independent check on the bills rendered to it? A. If economy and high cost were not a consideration, it might be a good idea.

Q. Isn't the transportation company in a position, a company of its size, to truck just as low as the railway company can truck for it? A. In a position? It has the legal power to do so, if you mean that.

Q. Why doesn't it? A. For the reason I have just stated: We consider it to be the wise thing to do, to use a truck that is perhaps lying idle that belongs to the railway company, rather than to go out and make an investment in a second truck for the transportation company, that would be used only part of the time.

Q. In other words. you are protecting the railway company's interest, is that right? A. Hardly. We are saving the transportation company an investment.

Q. That is your view? A. Those are the facts, I should say.

Q. Those facts are decided by the common directorate, isn't that true, and the common officers? A. A fact is a fact.

Q. Yes, but it has to be decided by someone. A. No, a fact is a fact.

Q. Isn't it true that the aggregate sum for the month of December for all those vouchers paid by the transportation company to the rail-

way company amount to seventy thousand and some odd dollars? A. Did you check those figures furnished at the last hearing? A. Yes, I have. The charges by the railway company against the transportation company for the month of December?

Q. Yes. A. All the bills for all purposes total $5,318.31 for the month of December, 1926. Do you want the bills of the transportation company against the railway company also? You spoke of that yesterday. The transportation company charged against the railway company in that same month $11,864.44.

Q. Just a minute. Do I understand you to say that the total bills which the transportation company paid to the railway company during the month of December, 1926, amount to less than $70,000, from your figures? A. I didn't say paid. I said charged against the transportation company.

Q. What is the amount paid? A. I can't tell you that. What does that matter?

Q. That is what I asked. A. I haven't that available.

Q. Do you know whether your December vouchers paid by the transportation company to the railway company amount to $70,000 or not? Do you know or don't you know? A. Not from what I have here. The figure I gave was the amount of charges made by the railway company, in the month of December, against the transportation company for services during that month.

Mr. Blake: May I interrupt? The amount

paid in any one month doesn't indicate the charges for that month?

The Witness: Not at all. They might pay next year or never pay it.

Q. Isn't it true in such instances some of the items charged during a particular month might be paid during the next month? A. I have just said that, yes.

Q. And in consequence, isn't it true for the year the aggregate or the total amount of moneys paid or charged by the transportation company to the railway company amount to over $1,000,000 for the year 1926? A. No.

Q. How much would it amount to? A. The total amount charged? Will you read that question?

(Question read as follows):

"Q. And in consequence, isn't it true for the year the aggregate or the total amount of moneys paid or charged by the transportation company to the railway company amount to over $1,000,000 for the year 1926?" A. No.

Q. Is there a difference between charged and paid? A. I have said so, yes.

Q. For an entire year, for the year? A. A charge arises when a bill is made against you. A payment arises when you make payment for the bill.

Q. Then for the year shouldn't they equalize or about be equal? A. Generally speaking, unless there was some big discrepancy between the end and the beginning of the year, surely.

Q. Then perhaps in some months there would be an overlap, isn't that true? A. Yes.

Q. What does it amount to, do you know, for the last year, approximately? A. That is, charges by the transportation company against the railway company.

Q. No; the other way around. A. That is what you have asked. Read the question, please.

(Question read as follows):

"Q. And in consequence, isn't it true for the year the aggregate or the total amount of moneys paid or charged by the transportation company to the railway company amount to over $1,000,000 for the year 1926?"

Q. I beg pardon. I retract that question. Just reverse the question. A. The railway company charged to the transportation company during the year 1926?

Q. Yes. A. $864,796.66.

Q. How much did the transportation company charge to the railway company? Was there anything charged to it? Let us get the difference between charged and paid? A. The charges that the transportation company made against the railway company in the month of December were the figures I gave before, $11,864.44, which would be about the rate of $140,000 a year, and that is steadily increasing as the transportation company gets larger.

Q. Do you know what really was the amount for the year? You are only estimating that for one month? A. No. I haven't that figure. I could get it, though.

Q. Can you get that figure for us? A. I can get it. The reason I multiplied December by

twelve is, the transportation company has grown so much during the year 1926 that twelve times December would be a fairer figure.

Q. That would work vice versa, that is, the charges by the railway company to the transportation company would also increase if the entire system is expanded; isn't that true? A. Probably not, because if the transportation company gets larger in a given location and is able to put in an economical organization of its own, that is done. Therefore, that would tend to reduce the charges on the railway against the transportation company.

Q. Well, has there been a tendency then, during the years 1925 and 1926 to decrease the charges made by the railway company to the transportation company? A. I think the figure I just gave you for 1926 indicates that. The year shows eight hundred and sixty-four thousand odd. One-twelfth of that is over seventy thousand. The December charges were fifty-seven thousand.

Q. The December payments were not $57,000, were they? A. I have told you I haven't the payments with me. They don't affect this, though, the charges are the thing that govern.

Q. Could you give us a statement at the next hearing of the monthly charges and payments made by the transportation company to the railway company, so that we could see this decrease? A. Yes, surely. The bills against the transportation company and when they were paid?

Q. Might we ask you to include January and February and March of this year? A. Yes.

Q. So we can trace it right through. A. Surely.

Q. Let us take the next item. Will you turn now to the vouchers paid by the transportation company to the Public Service Gas and Electric Company, No. 595? A. All right, sir.

Q. There is a payment on that voucher for $157.87 for electric current at No. 18 South Broad Street, November 9th to December 8th, 1926. A. That is correct.

Q. And also service E-7921, electric, $61.62 at No. 18 South Broad Street, November 9th to December 8th, 1926, Service No. 29-396.45. A. Two items totalling $157.87.

Q. Right? A. That is correct.

Q. The first one refers to electric lighting and covers 806 kilowatt hours, is that true? A. That is right.

Q. As I estimate—that is a trifle under eight cents a kilowatt hour? Is that right? Can you figure that? A. That seems to be the arithmetic of it, between seven and a half and eight cents.

Q. The rate charged is, therefore, for the same quantity charged your private consumers, the same rate? A. The same rate.

Commissioner Autenrieth: In accordance with the rate schedule, I take it?

The Witness: Surely; the standard electric lighting rate approved by the Commission.

Q. Is it possible under your rate schedule, which Mr. Autenrieth just mentioned, to give the transportation company, as a means of co-ordination, any benefit by way of a cheaper rate?

Mr. Blake: There is no attempt to co-ordinate the transportation company with the electric company. That remains to be done.

Mr. Lindabury: It is part of this gigantic system.

Commissioner Autenrieth: It has no relation to the present application. The present application, as I understand it, is to co-ordinate the transportation systems. In addition to that it might be discrimination under the statute, even if they are governed by the same parties, if rates contrary to the schedule were transferred between the companies. It might be undue discrimination under the statute if there were a cheaper rate granted.

Q. Do I understand it is impossible to give the transportation company any cheaper rate than the average public consumer? A. Without action by the Commission, yes.

Q. In any cases do you know where any consumers are given the benefit of cheaper rates because they consume a large amount of electricity? A. I am not familiar with the electric department matters.

Mr. Blake: Counsel must know all electric current is sold in accordance with the rate filed with the Board of Public Utility Commission and the rates are so arranged, manifestly, that the larger consumers get a lower rate than the smaller consumers. That is all taken care of in steps.

Commissioner Autenrieth: That is the plan of the schedule?

Mr. Blake: Yes. Whether they are a large or a small consumer they get the same rate anyone else gets.

Commissioner Autenrieth: If the electric company did make some abnormally cheap rate to the transportation company it would effect the revenues of the electric company. If it did effect the revenues of the electric company to the point where the rate of return was not a fair return we would simply be going back in a circle and have to readjust the rates. That is where it would lead to.

Mr. Lindabury: Nevertheless, if there are in some instances privileges or extensions granted by the electric company because a consumer is a large consumer, if I understand the situation correctly, why can it not be done in this instance?

Commissioner Autenrieth: I take it the privileges are established by the steps of the rate schedule. They are not privileges; they are prices in accordance with the quantity of consumption. What Mr. Blake indicates is, the company could get whatever advantage their quantity indicates, in accordance with the schedule.

Mr. Blake: The same as any other consumer.

Commissioner Autenrieth: The same as any other consumer; a power house or a large domestic house or the class it fits

in. They get no special privilege because they are in the family. They get whatever the schedule is, and so does anybody else. It is practically a nondiscriminatory rate.

Mr. Blake: The bills are attached to that voucher and have undoubtedly been examined by the experts for the municipalities.

The Witness: One power bill that averages about four and a half cents a kilowatt hour.

Q. Do you know how this rate schedule works? A. I know what appears on the bill. And in general I know a certain rate exists.

Q. The transportation company is a large consumer, isn't it; approximately $5,000 a month in the aggregate? A. Reasonably large. There are a lot larger consumers, of course.

Q. Is it about $5,000 a month? A. I don't know.

Q. And it is billed, isn't it, on the basis of a number of small units scattered all the way through? A. A number of separate installations, that is correct.

Q. And a bill for each place is based not on the aggregate rate but on a small scale basis?

Mr. Blake: The bill is billed at the rate.

Mr. Lindabury: Mr. Tuson is answering the questions.

Commissioner Autenrieth: Mr. Blake, if you have an objection make it.

Mr. Blake: I object. Mr. Tuson is not a qualified electric light expert as

to how the electric company's rates are made up.

Commissioner Autenrieth: I don't think that is a valid objection, but if that is the situation he can say so. If he isn't qualified and has no knowledge he can say so.

Mr. Blake: The Board can take judicial notice, as your Honor knows in your rules, you have not permitted a joint account on one meter.

Commissioner Autenrieth: I don't suppose the municipality is billed for the total consumption throughout the city. If you light a dozen or two high schools it is not the consumption rate on the total but the rate for each service, which is billed according to the service of the meter. That has been the Board's rule. There is no argument about that.

Mr. Blake: Yes. You have rules on which experts differ. We are leading into a wasteful procedure.

Commissioner Autenrieth: I think there was an application at one time by the City of Newark to have the separate meters billed on one rate, throughout the city. That was denied by the Board on the ground it was not in accordance with the rate schedule.

Q. Do you know from your own knowledge whether there are any cases where large consumers, such as the transportation company, are billed on the aggregate basis rather than a small basis? A. I don't know. I haven't

those records at my disposal. They are electric company records. My impression is there are a number.

Q. That is your impression. Will you turn to Voucher No. 597? A. I have it.

Q. Among the vouchers paid to the Electric & Gas Company there are payments to the Telephone Company for services, for services rendered; this bill is $114.03. Have you got that bill? A. This bill is for an amount paid to the New York Telephone Company for local services; not legal services.

Q. It is a misprint on my sheet. Why doesn't the transportation company pay its own telephone bills? A. The Electric Department handles the entire telephone service for all the Public Service companies and all companies pay the Electric & Gas Company.

Q. Voucher No. 1085? A. All right.

Q. This is for $183.84 for labor and materials for replacement of two poles, materials issued from stationery storeroom during the month of December? A. That is correct.

Q. Turn to the first bill? A. I have it.

Q. The total charges, $45.16? A. Correct.

Q. This represents the replacement of Pole No. 59044 at Salem and Byrams Avenue, right? A. Yes.

Q. The pole had been damaged by Bus 194? A. That is right.

Q. Do you know anything about that pole? Do you know what kind of a pole it was or anything? A. Presumably an Electric Department pole, carrying electric lines.

Q. Do you know? A. I never saw the pole, if that is what you mean.

Q. On whose recommendation did you pass that bill for the transportation company? A. The Claim Department and the divisional operating man in Paterson.

Q. I notice there you have charged 18 hours for the labor of replacing, at 83.86 cents per hour, a total labor charge on placing a pole of $15.09, replacing that pole; is that right? A. That is what the bill says, yes.

Q. You charge also, separately, for the pole, $25.70; doesn't that charge of $45.15 for the replacing of one pole look pretty high to you? A. No.

Q. Doesn't 18 hours for replacing a single pole look like a pretty long length of time to you? A. No.

Q. Did you ever see them replacing a pole? A. Yes.

Q. This states that the old pole was removed and had no value. Would the transportation company of itself make any check as to that pole? A. What undoubtedly happened in this case as stated on the bill, the pole was broken by one of our buses. Naturally the pole wouldn't have much value if it were broken.

Q. You couldn't tell from that bill the age of the pole or its condition, if it was knocked down? A. It wouldn't make much difference if it was broken what its age was.

Q. Suppose it was an old pole to start with, why would the transportation company be com-

pelled to pay the entire amount for installing the pole? A. Because they broke it.

Q. Even though it might have been in use for a long period of years nevertheless because they broke it they paid the full amount for a new pole? A. I presume the pole was in 100 per cent operating condition.

Mr. Blake: A trolley pole?

The Witness: An Electric Department pole.

Q. Was it a wooden pole, do you know? A. The bill says it was a chestnut pole. That is wood, I think.

Q. As a matter of fact, don't you think, in your opinion, Mr. Tuson, the transportation company should be entitled to some credit for the length of time that that pole had been in use, had been serving the Electric Company? A. No.

Q. Suppose that pole had been in ten years then the transportation company comes along and puts in a new pole and gets no credit whatsoever? A. Well, the transportation company paid for replacing the pole.

Q. And gets no credit for the length of time it had served the old company? A. That is correct.

Q. But the old pole had served? A. That is right.

Q. Then on the basis of the December vouchers the aggregate bills for the year just paid by the transportation company to the Electric & Gas Company amount to over $65,000. I am using the same figures, taking one month for a basis? A. I haven't testified to any

figures. I don't know as to the Electric & Gas Company, I don't know what they are without looking them up.

Mr. Blake: What is the total of these vouchers?

The Witness: $183.84.

Q. You don't know the total amounts paid the Electric & Gas Company for December? A. Not offhand. I have it in my records, I haven't it with me; I can get it for you, as I say.

Q. Would your general recollection or memory serve you well enough to say that $5,000 per month was about it? A. I would rather check it.

Q. Beside the railway and the Electric & Gas Company the transportation company also paid, during the month of December, 1926, under various vouchers $5,499.66 to the Public Service Production Company and also paid approximately .9682 to the Public Service Corporation. Do you know, generally, what that is for? A. Not without looking at the bills, no.

Q. You wouldn't know generally what the services rendered were? A. No. The Production Company might be approximated. It was presumably construction expenditures.

Q. And all bills which are presented go through the entire system, just as you have explained here under cross-examination? A. I don't understand what you mean.

Q. Suppose the Production Company should send a bill through; in a usual case what check-up is made by the transportation company of a production company bill? A. A production

company bill goes to the man who is responsible for the conduct of the work that is being done for us, from the transportation company's point of view, and is checked by him, his superior, as well as by my department. And in addition to that we also check their time vouchers and individual material bills that enter into the cost of the bill they render against us.

Commissioner Autenrieth: I suppose, in general, throughout the various companies, whatever obligations are incurred, before the checks are drawn they must be certified to by the person in charge of the work or incurring the debt?

The Witness: That is always true, yes.

Commissioner Autenrieth: There must be some certification of correctness before it is passed for payment.

The Witness: That is correct.

Commissioner Autenrieth: Naturally the man who draws the checks has no idea of the work done; he depends on the certification of approval of somebody in charge of it?

The Witness: Some operating man in the field, of course.

Q. What does that certification consist of, other than the man on them, who is primarily an employee of the railway company and his immediate superior who, again, is primarily an employee of the railway company? A. I thought we were talking about the production company.

Q. We are talking about the affiliated bills in general? A. No; the production company.

Commissioner Autenrieth: I said any of the companies. If somebody is to draw a check they don't run out and see the work is done before they draw a check. The scheme is too large. There must be a certification by some responsible person that the work is correct and the charge is correct. You can't run a big job the same as you would a grocery store, and the man in charge has personal knowledge of each detail.

Mr. Lindabury: It is based on the word of men who are primarily railway company employees.

Commissioner Autenrieth: Assume that is true. Do you assume it is untrue because they are entitled railway company or gas company employees?

Mr. Lindabury: That is a matter of inference.

Commissioner Autenrieth: We can't take that. Do you say that because the superior is a railway man for that reason the bill is improper or excessive?

Mr. Lindabury: No; I didn't say that.

Commissioner Autenrieth: What inference can we take?

Mr. Lindabury: There should be some adequate system of check by individuals of the transportation company, employees.

Commissioner Autenrieth: Why must we draw any particular inference.

Mr. Lindabury: That is the situation that prevails.

Commissioner Autenrieth: Assume it would be any corporation where it is divided into many activities, into interlocking or subsidiary corporations, you always have this situation. That doesn't give rise to a conclusive idea that therefore the charge is improper or the relations are improper.

Mr. Lindabury: No. At the beginning I mentioned to your Honor there was nothing that we could prove was improper.

Commissioner Autenrieth: You just now stated we should draw an inference. I say what inference?

Mr. Lindabury: The inference the situation exists where possibly such a thing might be done if it was so desired.

Commissioner Autenrieth: Not without proof, from which a reasonable deduction could be drawn that undue advantage is being taken one from the other, why could we draw any such inference such a situation exists.

Mr. Lindabury: That is so.

Commissioner Autenrieth: I don't think there has been anything to create a credence that would justify an inference like that, that mere relationship brings about an improper charge or a credit from one to the other. I can draw the inference they are inter-related, one with the other. That is, they are all run by one management. I might equally draw the inference it was good

business to do it, rather than the inference it isn't good business, unless there was some proof pointing it out.

Mr. Lindabury: Would you say that with two corporations, one with $150,000,000 and the other $18,000,000?

Commissioner Autenrieth: Absolutely. I could equally draw one inference as the other, without proof. I say there is no inference to draw. One is just as consistent with evil as the other is consistent with good.

Mr. Lindabury: The only thing that is put before your Honor is merely this thing, the point that should be investigated.

Commissioner Autenrieth: That is different. That is not an inference. You started off by stating we should draw an inference. Now you are suggesting it is a subject to investigate. That is different.

Mr. Lindabury: And we think some thorough investigation should be made of this. That is the point of laying it before the Commission.

Q. Before leaving the vouchers, let us take a few of the vouchers paid to private individuals, for the purpose of showing its importance. Voucher No. 20; have you got that? A. What one?

Q. Voucher No. 2? A. Yes, I have it.

Q. What does that cover? A. The payment of $15,000 to Mr. Boylan.

Q. Who is Mr. Boylan? A. Vice president in charge of operation of the transportation company.

Q. What does that voucher cover? A. Payment made in connection with legal services rendered in connection with the purchase of buses.

Q. Where? A. Hudson County.

Q. Hudson County. What line? A. Hillside.

Q. Mr. Boylan is also connected with the railway company, isn't he? A. He is.

Q. He is vice president? A. Holds the same office with the railway company.

Q. Any other company beside that? A. Yes, a number.

Q. What others? A. The Riverside and Fort Lee Ferry Company; the Fort Richmond and Bergen Point Ferry Company; the Public Service Railroad Company. There may be some few others.

Q. Has he any position with the gas and electric company? A. No.

Q. Do you know what these legal services covered? A. I have stated what they cover generally.

Q. You know nothing other than that? A. Nothing other than that.

Q. Whether it generally showed all the facts? A. I have told you—

Q. Did you O K that bill? A. Yes.

Q. That is all you know of it? A. Offhand, yes.

Q. On the strength of it did you O K it, as general auditor of the company? A. Mr.

Boylan's approval and my own knowledge at the time it happened.

Q. What knowledge did you have of it at the time it happened? A. An intimate knowledge.

Q. You had no intimate knowledge? A. Yes.

Commissioner Autenrieth: What charge is this?

The Witness: $15,000 legal services and commissions in connection with the Hillside line buses.

Q. You say you had an intimate knowledge of it? A. Yes.

Q. What were the services that were rendered that would be worth $15,000 in the purchase of these buses? A. Contact with the men who own these buses, the individual owners on the line.

Q. This has nothing to do with the purchase price of the buses? A. What do you mean? It has—

Q. This is not part and parcel of the money used to purchase the buses, that was actually paid to the owners of the buses? A. No. This is not part of the money paid to the individual owners. It is included in the cost of the buses on our books, of course.

Q. It is not actually part of the purchase price of the buses? A. Well, it is part of the purchase price to us, but it didn't go to the owners of the buses. It went to an agent.

Commissioner Autenrieth: Part of the cost of acquisition?

The Witness: Surely.

Mr. Blake: Commissions, legal services and searching and all those things.

Commissioner Autenrieth: In buying a house you have a search made and pay legal fees for services and searching and things of that kind, commissions, as part of the cost.

Mr. Blake: And brokers commissions.

Commissioner Autenrieth: And broker's commissions and so on.

Q. On that list setting forth the purchase price of the buses is that included, all those figures included in that? A. Any such items there were in connection with the lines we gave you figures on are included.

Q. Did the purchase price given in that schedule include such items as this in addition to the actual money paid to the bus owners? A. Yes. I have just said so.

Q. Can you tell me why Mr. Boylan is empowered individually with these large sums? A. Why?

Q. Yes? A. To buy buses.

Q. How, No. 21? A. I have it.

Q. What does that cover? A. That is the payment of $10,000 in the same connection.

Q. Who to? A. F. J. Higgins, attorney.

Q. What does it say on it? A. For legal and service fees in connection with the purchase of the Hillside buses.

Q. How much is the voucher? A. I said $10,000.

Q. Is there a note attached to that to the General Auditor, to you? A. A note?

Q. Yes? A. The basis of the bill is a letter from the vice president in charge of operation, Mr. Boylan, to me.

Q. Will you read the letter? A. "Confirming verbal request, will you please give me a voucher for $10,000 drawn to the order of Mr. F. J. Higgins, attorney, for legal and service fees in connection with the purchase of the Hillside buses."

$10,000—

The Witness: Do you want all of it?

Mr. Lindabury: That is enough.

Q. The $10,000, I assume, was paid then? A. Yes.

Q. It is the same bus line, the Hillside line? A. The same line, yes. Not necessarily the same buses.

Q. Have you got any itemized statement from Mr. Higgins which would show what his services were in the matter? A. I believe I have, yes, in another file.

Q. It isn't attached to the voucher, is it? A. No.

Q. Do you know whether there are any other legal and service fees in connection with the purchase of this Hillside line? A. My recollection is that this related to the purchase of a group of some 15 or 20 and we had earlier purchased other buses on this line, in this connection, with which there were other commissions and fees, yes.

Q. How many buses altogether, do you know, on that particular line? A. I think there were forty-three.

Q. Forty-three buses. How many owners, do you recall that? A. Originally forty-three.

Q. Originally, but how many owners did you purchase from, do you know? A. We have thirty-four, I think, out of forty-three now.

Q. You have 34 buses and were there 34 owners you dealt with individually? A. That is my recollection. I would have to check that up to see. There were 34 buses purchased. I don't remember whether any one man owned two or more.

Q. All right. Turn to Voucher 298? A. All right.

Q. What does that cover? A. This is an advance of $2,000 to one of our agents in connection with the purchase of buses on the Hillside line also.

Q. $2,000 more? A. It has since been accounted for and returned to the treasury.

Mr. Blake: Not used.

Q. To whom was the voucher made out? A. To the treasurer.

Q. Who is he? A. T. W. Van Middlesworth, treasurer of Public Service Transportation Company.

Q. Is there any reason why this check wasn't made to Mr. Flarerty? A. The name is Faherty. The reason was we wanted to give Mr. Faherty the cash rather than a check. He had immediate use for it.

Q. Do you know what services were covered by this? A. None.

Q. None? A. None.

Q. The money was later returned to the company? A. Yes.

Q. Are you sure of that? A. Positive.

Q. All right. Turn to 299. What does that cover? A. $16,000 drawn to the order of Mr. Van Middlesworth, treasurer.

Q. Does it give any explanation on it at all? A. That is another amount advanced, to be accounted for, and was later returned to the treasury.

Q. At the time you paid it out, though, from the voucher there, you had no explanation of it, at the time you authorized the payment? A. I knew what it was for.

Q. What was it for? A. Down payment in connection with the purchase of Hillside line buses.

Commissioner Autenrieth: Those buses you didn't get?

The Witness: Right.

Q. Was it supposed to be a payment to the seller? A. Yes.

Q. Or legal expenses? A. To the seller.

Q. No more legal expenses. So that during this one particular month, covering the acquisition of Hillside line, or numerous buses on it, you paid over $25,000 for legal expenses and service fees? A. Yes. We bought a number of those buses in that month.

Q. That covers 33 buses, I understand? A. No. I don't think it covers that many. I don't recall the exact number.

Q. Turn to one more voucher and then we will be through: No. 600? A. I have it.

Q. What does that cover? A. That covers the settlement of a claim.

Q. What case? A. You mean, who got the money or what case?

Q. The case itself? A. It was in settlement of the claim of Harold J. McGrath of Rutherford.

Q. Who did you pay the money to? A. To his attorney.

Q. How much? A. $800.

Q. What were the facts concerning that particular case; do they show on the voucher? A. It was the collision of a car and a bus.

Q. The collision of a car and a bus? A. Yes.

Q. Who determined the liability there that the transportation company should pay it? A. The claim or legal department, perhaps.

Q. The legal department? A. I presume the claim was brought against the bus company in the first place. The claim would be paid by the company against whom the liability laid, of course.

Q. Do you know, as a matter of fact, whether it was brought against one company or both companies? A. Not from what happened here.

Q. Not from the bill? A. No.

Q. Not from what you have there and what occurred? A. No. We rely on the Claim Department.

Q. Who is the Claim Department employed by? A. By the railway company.

Q. By the railway company? A. Yes. They act for all Public Service companies.

Commissioner Autenrieth: The gas, electric, production and the rest of them?

The Witness: Yes.

Commissioner Autenrieth: They handle all claims?

The Witness: All departments.

Q. Are you qualified to be examined on maintenance and operating expenses and so forth? A. As to cost?

Q. Yes? A. I think so.

Q. That is, for the transportation company. Get your sheet out? A. I am not sure what you are going to ask.

Q. Turn to the operating revenue deductions from 1926, Public Service Transportation Company, giving the details of the operating expenses, the various accounts? A. I have it.

Q. As a preliminary question: Do you know whether, from your own knowledge, the maintenance of passengers equipment and combination cars and so forth on the railway company has reduced considerably during the last year or two from what it was, we will say, in 1924? A. I would have to refresh my mind. My impression is it has reduced. We certainly have tried hard to reduce it. We are running considerably fewer miles.

Q. Most of the maintenance is done in shops which are jointly used by both corporations? A. I think eight joint plants out of 25.

Q. Eight joint places out of 25? A. Yes.

Q. Do you think that these figures would be approximately correct; we have taken them from the report here; for 1924 the total amount was

$956,000 in round numbers? A. If they are taken from the report filed with the Commission they are undoubtedly correct.

Q. From 1925 it went down to $859,000 and in 1926 it still dropped further to $788,000? A. What does that figure represent?

Q. Maintenance on passenger and combination cars? A. That is just one account, isn't it?

Q. Yes? A. Just one account.

Q. Practically all your maintenance account, Mr. Tuson, had to do with equipment only as far as the transportation company is concerned; very little plant? A. The majority, that is right.

Q. That is practically exactly opposite of the situation that exists in the railway company. There is a lot of plant there? A. Yes, a considerable amount of it.

Q. Let us turn to the first item, superintendence of plant equipment; what is the total charge for 1926? A. $200,000; $200,532.87.

Q. How much per bus mile would that amount to? A. .556 cents per bus mile.

Q. Will you explain what is included under superintendence in this account? A. The men charged with the direct supervision of the maintenance of the buses and other automotive equipment and the buildings and grounds, if any.

Q. Just general superintendence? A. That is right.

Q. Is there any labor connected with it at all? A. This isn't productive labor, no.

Q. Not productive labor. Do you know what the superintendence of equipment for the rail-

road company, covering the same sort of charges amounted to last year? A. My recollection is it was somewhere around a hundred and thirty or a hundred and forty thousand dollars, but I wouldn't be sure of that figure.

Q. For superintendence of plant and equipment? A. No. That is for superintendence.

Mr. Blake: You better have the figures before you. I don't think we should guess at it.

The Witness: That is superintendence of way and structures only.

Q. All right; get the figures. Have you the figures? A. The comparable figure of the railway is $176,475.13.

Q. Can that be separated to show what the superintendence of equipment is? A. Yes.

Q. How much is that? A. Superintendence alone $56,815.33.

Mr. Blake: For what company?

The Witness: That is for the railway company.

Q. That is compared practically with $200,000 for equipment on the transportation company, is that true? A. That is correct.

Q. To what extent are the charges to superintendence made up of joint costs billed by the railway company to the transportation company, do you know? A. Prior to January 1st, 1927, which of course this would be, there were practically no joint charges.

Q. How about bills, then, items billed by the railway company? A. There might be some

small items, yes. This would constitute largely the transportation company's own pay roll.

Q. How many cars are operated by the railway company? A. During 1926?

Q. Yes? A. An average of between twelve and thirteen hundred, I think.

Q. And how many buses by the transportation company? A. Approximately one thousand. I might say, the superintendence and equipment account of the transportation company includes wages of foremen, whereas those same, those comparative sums on the railway company are included in Account 30, which is maintenance of our bodies and maintenance of electric equipment of cars, Account 33.

Mr. Blake: Have you the total of those three?

The Witness: You would have to get those three items together to make it comparable.

Q. These foremen, do they do any actual labor? A. Supervising foremen.

Q. Just supervising? A. Yes.

Q. Let us take the next account then; how many supervising foremen, do you know, are there to the men who actually work? A. I would have to look that up. I haven't it with me.

Q. Take maintenance of bus bodies and maintenance of bus chassis; that is four and five, is that right? A. That is right.

Q. What are the amounts there? A. Account 4, maintenance of bus bodies, $267,328.83, and Account 5, maintenance of bus chassis, $1,466,842.64.

Q. How much does each one equal? How much is each per bus mile? A. Account 4 is .741 cents per bus mile; Account 5 is 4.065 cents per bus mile.

Q. What is the difference between these two accounts? A. One is maintaining the body and the other for the mechanical part of the bus. I might say that is a very notable reduction from 1925 in cents per bus mile.

Q. Do these charges include both labor and material in each case? A. Direct labor and material expended for those two purposes.

Q. To what extent do these charges represent a joint cost billed by the railway company to the transportation company? A. The maintenance of bus bodies undoubtedly includes some rather heavy charges by the railway company. I haven't the exact figure, because in the case of a bad smash up that badly damages the body we send that bus down to our Newark shops to have the body rebuilt, as they have facilities for that sort of thing. But outside of that the proportion wouldn't be large.

Q. You don't know the exact figure, do you? A. No, not offhand. I could get them, of course.

Q. Do you know to what extent the transportation company checks up these charges? The same system, I suppose, time slips and materials and so forth? A. That is the Plank Road Shop charges, I assume?

Q. Yes? A. Each manager gets a daily report of the labor and material expended on each bus each day while it is in the shop.

Q. That would come right through the vouchers, the affiliated company vouchers? A. Yes,

but in addition to that each manager is advised daily as to what the charges are on each bus that is down at the shops.

Q. At what garage does the transportation company conduct the maintenance exclusively on its own account, paying directly for all labor and materials used? A. I don't know quite what you mean. As I say, a major smash up, where the body is affected, would go to the Newark shops of the railway company, in any case; but I can tell you what the individual garages are, where they are in the railway employ. Is that what you want?

Q. Yes? A. Sherman Avenue, Newark; City Line, Newark; Grove Street, East Orange; Eighteenth Street, Newark; Great Notch, Clifton; Hackensack, Plainfield, Hainesport, Turnerville, Berlin, Gibbstown and the Irvington General Repair Shop.

Q. Are there any other shops other than the Newark Plank Road where they are conducted by the railway? A. I omitted two very important ones; Lakeview and Lake Street.

Q. Are there any other repair shops that are solely conducted by the railway company, in which the transportation company repairs are made, other than the Newark Plank Road? A. No.

Q. That is the only shop? A. That is the only general repair shop.

Q. Are there any shops where any repairs are done? A. Yes, a number. Hilton is a joint operating point where repairs are made to both vehicles; Orange and Passaic Valley, Union City, Market Street, Paterson; Edge-

water, Elizabeth, New Brunswick and Camden, eight points.

Mr. Blake: Eight out of how many? Give us the total.

The Witness: Eight out of twenty-five.

Mr. Blake: The others are all purely transportation?

The Witness: Yes.

Q. On the chassis repairs, do you know from your own knowledge, is the work mostly done in the railway company's shop or in the transportation company's own shop? A. Mostly done by employees of the transportation company.

Q. In their own separately maintained garages? A. Whether in their own separately maintained garages or not; by employees of the transportation company.

Q. Where is the work done mostly? A. It is done at all these points I have mentioned. The biggest one has the biggest amount of work, naturally; probably Lake Street.

Q. Has there ever been any comparison of the charges made for the work done in a solely transportation garage and the charges made by the railway company? A. There have been comparisons made of direct labor and material, yes, but that don't amount to much because the facilities differ at each point.

Q. You have never made a wide range of comparison as per unit cost, have you? A. Yes, as between different operating points it wouldn't amount to much because of the type of bus and the shop equipment available at each point differs.

Q. It is possible, though, to get a fair idea of whether the charges made to you by the railway company are similar to those which you paid yourself, the average bus repairs? A. Yes. We know at the points where the railway company is involved the transportation company gets its work done much more cheaply, because there are certain machines at those railway points for which no charge is made by the railway against the transportation company.

Q. It gets it done much more cheaply than the transportation company can do it itself? A. Taking all the factors into consideration, yes.

Q. Have you got any data in your office covering the comparison you made on this proposition of repairs? A. I might be able to dig up something, yes. But of course it is apparent on the face of it if the transportation company had to go out and buy machine tools of its own, it would be more costly than using someone else's tools.

Q. Now, taking these two accounts together the cost per bus mile in 1926 was what? A. 4.806 cents.

Q. That is nearly 5 cents per bus mile? A. Yes.

Q. Does that strike you as pretty high? A. Pretty low, compared with past experience.

Q. Have you ever checked up any other company's buses operations, as to what it might be? A. There is no other company that has any comparable operations.

Q. Do you know the Fifth Avenue Coach Company? A. That doesn't compare with our operation.

Q. Do you know it? A. I am not familiar with their figures, no.

Q. Did you ever see any of its buses? A. Yes.

Q. Do you know the conditions under which they operate, density of traffic and so forth? A. Yes.

Q. Would it surprise you if I told you they charge 4.63 cents? A. I don't know what they have in their figures. I would have to know before I could make that comparison.

Commissioner Autenrieth: Would it surprise you? You would have to know that before you would be surprised?

The Witness: Yes. They are maintaining practically one type of bus whereas we have been working from somewhere around sixty down to an approximate four now.

Q. The body accounts by months, during the year 1926, it appears that the cost has increased considerably during the year. Can you explain that? A. We have had a number of buses during the year; we bought buses almost every month in the year, adding to the fleet. The fleet at the beginning of the year was about 600 buses; at the end of the year over one thousand.

Q. What effect would that have on the bus mile charges? A. It would depend.

Q. The fact you added buses? A. Were you talking of the cost per mile?

Q. Yes? A. Or the cost in dollars and cents?

Q. The cost per mile? A. It wouldn't have any effect on the cost per mile.

Q. Shouldn't it really be reduced with the addition of a lot of new buses, per bus mile? A. A lot of new buses, yes.

Q. So that you can't explain the increase, then? A. Is there an increase?

Q. Yes? A. I can suggest an explanation. I can't explain it without looking at it a little further. That explanation might be that this classification of accounts was new on January 1st, 1926, and all the field employees had to be instructed as to how to use it. Prior to this time the maintenance of the bodies and chassis was thrown into one account, and we had to educate them to separate them. That might account for it.

Q. Take likewise the chassis account; it appears there has been a decrease during the year. Can you explain that? A. There are a number of reasons for that, surely.

Q. What are they? A. One of them is increased inefficiency in our organization, coordination of our efforts with those of the railway company in maintenance; the addition of a large number of new buses; the approximate standardization of the fleet and there may be some other minor reasons.

Q. Account No. 6, tires and tubes; what is the total charge there? A. $569,736.03.

Q. What is the cost per bus mile? A. 1.579 cents per bus mile.

Q. Will you explain how this charge is determined? A. We get all our tires and tubes,

except a very few that we own, from the Goodyear Tire Company on a mileage basis, paying them so much per bus mile.

Q. Do I understand you to say you have a contract with the Goodyear Tire Company? A. Yes, that is correct.

Q. At so much per bus mile? A. Yes.

Q. Assuming that the Fifth Avenue Coach Company has a similar contract with a tire company and its charges are only .72 cents per bus mile, don't it appear that your figures are high? A. No, not at all. They use solid tires; we have pneumatics.

Q. Under Account 10, Shop Expenses, what is the amount there? A. $65,860.98.

Q. What labor and materials go into this account? A. Undistributed direct labor and materials that doesn't enter directly into the repair of the buses, such as cleaning supplies and cleaning labor, furniture, watchmen and that sort of thing, electric light and power.

Q. Now, taking maintenance of equipment as a whole, your total expense for 1926 amounted to how much, that is, all accounts? A. Including retirement expenses the total was $3,979,250.23, which is 11.028 cents per bus mile.

Q. This includes all repairs on all equipment and depreciation? A. That is correct.

Q. Assuming that the Fifth Avenue Coach Company equipment being much heavier and operating under more exacting conditions was ten and a half cents a mile, doesn't it look as though your figures are high? A. The two operations are not comparable, as I said before. You show a difference yourself of eight-

tenths of a cent in tires and tubes, which isn't at all comparable.

Mr. Blake: What was that figure, did you say?

Mr. Lindabury: Ten and a half cents per bus mile. This is 11.03 cents by you.

Q. Now, Account 15, that is fuel, how much is that account? A. $1,384,521.49.

Q. How much is that per bus mile? A. Which is 3.837 cents per bus mile.

Q. Now, Account No. 15, materials; consider these two together? A. Account 16 is lubricants, an amount of $131,994.69 or .366 cents per bus mile.

Q. What does that total, the accounts, per bus mile for fuel? A. That makes a total for the two accounts of 4.203 cents per bus mile.

Q. Will you explain the gasoline contract. How is it bought? A. During 1926 we bought gasoline under a contract with two different companies, both contracts stipulated a maximum price, with a differential below the tank wagon price.

Q. What basis did you buy it? Is there any particular gallon price you paid for it? A. Well, at that time, during the latter part of last year we had a maximum price of 16 cents.

Q. A maximum of 16 cents? A. Yes. As to just what price we actually paid, I would have to refresh my memory.

Q. Did you have the same contract throughout the year? A. I think it changed April 1st, 1926.

Q. Did it go higher or lower then, do you know? A. On April first we entered into a new contract, which I think reduced the maximum price by a cent, but of course the market price then prevailing was what we were paying.

Commissioner Autenrieth: A sliding scale based on the consumption?

The Witness: Based on the market price, the prevailing tank wagon price, from which we got a reduction. But we were guaranteed a maximum price, of course.

Mr. Blake: The Commissioner asked you whether it depended on the consumption?

The Witness: No.

Commissioner Autenrieth: A sliding scale.

The Witness: No; they know what our approximate consumption is.

Commissioner Autenrieth: And make a price accordingly?

The Witness: Yes.

Q. What is the differential under the tank wagon price? A. Three cents.

Q. Your contract would probably be the largest gas contract in the state, wouldn't it? A. I should think so, yes.

Q. What is the actual net cost to you per gallon, do you know; about? A. I think the average during 1926 was somewhere between fourteen and fourteen and a half cents per gallon.

Q. That is about three cents below what the independent owners had to pay? A. I don't know what they had to pay.

Q. In making those contracts did you get competitive bidding for it? A. Surely. Last year we had a change in our contractor, from the Standard to the Gulf.

Q. In comparing the monthly costs during 1926 it appears there has been a considerable increase in the cost per bus mile for fuel; how do you account for that? A. The gas-electrics are using more fuel than the smaller, older buses they displaced.

Q. They use more fuel? A. Yes.

Q. Account No. 17, garage employees and Account No. 18, garage supplies and expenses; what is the total there? A. The total for the two is $568,211.69 and the cost per bus mile is 1.575 cents.

Q. How does the labor supplied to these two accounts differ from the labor charged under the maintenance account? A. This is labor and material and takes care of the bus from an operating standpoint, keeping it clean and putting gasoline in and that sort of thing; keeping the garage clean.

Q. I suppose these charges are regulated the same as the other charges, in the case of work being done in the railway shops? A. It all depends on where the charge is incurred.

Q. Were they incurred in the railway shops? A. If any were incurred in the railway shops, naturally the railway would bill the transportation company.

Q. Account No. 20, superintendence of transportation; how much is that? A. $273,927.65, and I might add, that isn't complete; that isn't

the full charge for the services that the transportation company had.

Q. Will you explain the character of the labor that enters into this account? A. It comprises the pay given to those men who were directly concerned in the operation of the buses exclusively. Joint men who handle both railway cars and transportation company buses were not charged to the transportation company up to the end of 1926.

Q. So that, do I understand you to say, in the car barns and garages operated by the railway company it was not chargeable to the transportation company, for this superintendence? A. That is correct. The supervisors, the men in charge of the carhouse, supervised both cars and buses, the railway paid the bill. The same is true of the station master under him and the carhouse office force.

Q. To what extent did that prevail? A. At all joint points such as I have described.

Q. At those points were there any additional men employed which would not have been employed had the transportation company not been formed? A. That was true in a few cases, yes. Line supervising men put out on the streets that actually supervised the operation of the buses on the street; no additional men—

Q. Were required? A. Were hired, except perhaps in the office force where the additional number of men would be handled.

Q. So generally there was no additional expense incurred? A. I wouldn't say generally speaking. Generally speaking the expense in the carhouses or offices wasn't greatly increased,

but the fact remains that the transportation company was getting that service without being charged for it. That was another co-ordination point.

Q. Account No. 21, bus operators; what is the total charge? A. $2,674,519.67, which is 7.412 cents per bus mile.

Q. What is the wage rate there per hour? A. Sixty-one cents, sixty-three cents and sixty-five cents.

Q. How do they differ? A. A man gets sixty-one cents during his first three months employment; sixty-three cents during the next nine; sixty-five cents after he has been in the service a year.

Q. Is the same scale paid to all employees? A. No.

Q. Is it a uniform scale? A. All the employees? No.

Q. All operators? A. All operators, yes.

Mr. Blake: You mean of the buses and trolleys?

Mr. Lindabury: No, the buses.

Q. Is there a difference in the trolley scale? A. All the one-man rates on the trolley is the same. All our operation is one-man on the trolleys, so that the rates are the same.

Q. Do you know to any extent whether you have taken any independent operators over as drivers? A. In some cases we have and in other cases we let them go.

Q. Have they been paid the same rate? A. Yes, surely, the Public Service standard rate.

Q. To what extent have you taken over street railway men? A. Well, in cases where trolley lines have been taken off and buses substituted we have endeavored to break the men in on the bus operation.

Q. Do you have any men working part time on buses and trolleys? A. Yes.

Q. You do. How is that divided, do you know? A. According to the time they work on a bus.

Q. Through time slips? A. Yes.

Q. On what pay roll are they, do you know? A. Well, if the man is normally a bus man he is on the transportation company's pay roll. If he is normally a trolley man he is on the trolley company's pay roll.

Q. And they are billed vice versa? A. That is right.

Q. Do you know which predominates? A. With respect to that point, no. That would require some analysis.

Q. Aren't there a good many of such men who operate under that system? A. There are eight joint points and at those points that practice exists, generally. There might be some odd cases where men are sent from a carhouse to an independent garage.

Q. Do you know whether there were more railway company men working for the transportation company part of the day or more transportation company men working for the railway company part of the day? A. No, not offhand. It is easy to determine that.

Q. Those eight points in discussion are nor-

mally railway company, aren't they? A. They are the joint operating points.

Q. They are primarily railway points, are they not? A. What do you mean by that? They were originally railway points but they may not be primarily railway points now, the bus operation may predominate at any one of them, some of them.

Q. The pay rolls at those points are railway pay rolls? A. We have both pay rolls at a point like that, transportation and railway company.

Q. General and miscellaneous expenses, Account No. 34, what is the total amount there? A. $15,783.46 or .044 cents per bus mile.

Q. Thirty-five and thirty-six, too, what is the total of the three of them? A. The total of the three, do you mean?

Q. Yes. That is all right; $60,000 I think is about it? A. $59,937.33 and per bus mile that amounts to .167 cents.

Q. This covers all the additional office charges that were incurred to the Public Service system by the formation of the transportation company, does it? A. This represents only such charges as were made by—

Q. Answer that question? A. What was the question?

Q. (Question read.) A. No.

Q. Doesn't it cover them substantially? A. The adding of additional employees?

Q. Yes. The additional office expense that was incurred by the formation of the transportation company? A. I would prefer to do a little checking on this because it doesn't take

into consideration at all the tremendous amount of labor expended by the railway company people on transportation company matters. The thing is just a little bit confused in my mind.

Q. Would that be a big item, this additional factor you have just spoken of? A. We haven't done much else for the last two or three years than work on bus matters, speaking from a general point of view.

Q. You wouldn't say that the $60,000 doesn't represent the additional office force expense incurred? A. It doesn't represent the value of the services the transportation company has had.

Q. You wouldn't say that it doesn't represent the additional cost? A. I wouldn't say it doesn't or that it does.

Q. Account 47, injury and damages; that is your largest item? A. No.

Q. That is, in general, expenses? A. Yes.

Q. What is the total there? A. $685,893.79 or 1.9 cents per bus mile.

Q. How is this account managed? A. This account represents five and a half per cent of the passengers and special bus revenue for the year, plus an adjustment of something over $100,000, which was necessary to bring the amount of the reserve for injuries and damages at the end of the year up to a point commensurate with the outstanding claims against the transportation company.

Q. How much was that adjustment at the end of the year? A. I say something over $100,000. I haven't the exact amount here.

Q. Was that charged into December expenses? A. Yes.

Q. That reduced your net showing for December? A. To that extent. I think we spoke of that before in the examination of Mr. Young.

Q. By over a hundred thousand dollars? A. Something over a hundred thousand dollars.

Mr. Blake: Approved during the year and adjusted in December.

Q. Take all the general expenses that appear since 1926, you have substantially increased the monthly charges for salaries and expenses of general office clerks and the general office supplies and expenses? A. The item of salaries and expenses of general officers is the salary and expense of one man, who is no longer connected with the company.

Q. That doesn't answer that question? A. That answers with respect to No. 34, perhaps. Leaving that out, there has been nothing charged,

Q. Taking all the general expense that appears since 1926, you have increased substantially the monthly charges for salaries and expenses of general office clerks and the general office supplies and expenses? A. That may be. I haven't the prior year before me.

Recess from 1 to 2 o'clock.

After recess.

EDWARD A. TUSON resumes the stand on behalf of petitioners.

Cross-examination continued by Mr. Lindabury (continued):

Q. Taking all the general expenses, it appears that since 1926 you have increased substantially the monthly charges for salaries and expenses of general office clerks and general office supplies and expenses, is that true? A. I imagine there is some increase in Account 35, salaries and expenses of general office clerks, which includes all sorts of general assistance, not only clerks. The company has been growing all the time.

Q. Under Account 34, what is the amount there? A. 34?

Q. Yes? A. $15,783.46, that is salaries and expenses of general officers.

Q. Do you know what the total has been so far this year for January, February and March? A. No, I do not, but it is considerably higher.

Q. From what we have checked it looks to be about $5,000 a month. Do you know whether that is true or not? A. I have not the figures before me. That does not sound out of the way.

Q. If that were true that would exceed so far practically the entire amount for 1926? A. It would equal it, yes, in three months.

Q. Now, for 35, the charges were there in round figures $39,000 for the year? A. Yes, sir.

Q. 1926? A. Yes, sir, that is right.

Q. For January, February and March, do you know what you have charged per month? A. No, but the rate is considerably higher than $39,000 a year. I think I have referred before to the fact that starting January 1st—

Q. Just a minute. If I should say $12,400, would that be approximately right per month so far? A. I do not know, without referring to my own statements.

Q. For the next account, 36, the amount there is about $5,000. For January, February and March do you know the amounts this year? A. I know it has considerably increased.

Q. Our figures checked to about $15,000 a month, is that approximately right? A. I do not know without checking.

Q. For these three accounts for 1926 the total charge was about $60,000; for the same three accounts for 1926, could you give us the figures for the first three months of 1927? A. If Doctor Bauer hasn't already got them, yes, sure.

Q. We just wanted to check. We figured that $97,041.70 as compared with $60,000 for the entire year. Does that sound reasonable to you? A. Sound reasonable, yes.

Q. Would you say that amount sounds feasible? A. What do you mean by feasible? It sounds reasonable, you asked. I agreed to that.

Q. If that is the charge, would you say— A. I should not be surprised if that is correct.

Q. Approximately so? A. Yes.

Q. That will show quite an increase? A. Yes.

Q. Do you know anything about how the bus

advertising is handled? A. Advertising of what kind, advertising in the buses?

Q. Advertising in the buses? A. Yes.

Q. Does the same department arrange for the advertising of both companies, the railway and the transportation? A. It is contracted for. We do not place the advertising ourselves.

Q. You contract with Shindler? A. The Shindler Advertising Company handles all the advertising on the buses.

Q. Is there one contract between the two companies? A. No.

Q. Separate contracts? A. The railway company has a contract with the Jersey Railways Advertising Company and the bus transportation company has a contract with the Shindler Advertising Company at so much per bus per year.

RE-DIRECT EXAMINATION by Mr. Blake:

Q. Mr. Tuson, keep that sheet before you, will you. The bus company, the transportation company, operated how many million miles in 1926, just roughly? A. Slightly over 36,000,000.

Q. And the railway company operated how many million miles? A. About 45,000,000, a little over 45,000,000.

Q. You contemplate the bus company, the transportation company, operating about 40,000,000 in 1927? A. That is correct.

Q. So in mileage the operations of the two companies are comparable, fairly comparable? A. Yes.

Petitioners' Witness, Edward A. Tuson, Re-direct

Q. The general office staff of the railway company, as far as personnel is concerned, is practically identical with the general office staff of the transportation company? A. That is right.

Q. If the railway company were to cease operation, would the transportation company be able to and require the use of the executives in the general office to conduct its business? A. My own opinion is that it would require the services of all of them with the possible exception of trackmen and linemen.

Q. In the general office there is a vice president in charge of operation? A. Yes.

Q. There is a general manager in charge of plant? A. Yes, sir.

Q. A general manager in charge of traffic? A. Yes, sir.

Q. Assistant to the vice president? A. Yes, sir.

Q. There is the general auditor? A. Yes.

Q. General claim agent and all general officers? A. Yes, sir.

Q. Where is the law department that does some little work for the transportation company? A. Yes, sir.

Q. For the year 1926, all of those executives were paid according to Exhibit P-20, the sum of $15,700, is that correct? A. That is correct.

Q. An average of around $1,000 for 15 executives? A. If there were fifteen. I think there were more than that.

Petitioners' Witness, Edward A. Tuson, Re-direct

Q. Would you say, therefore, in your opinion, that the transportation company had been overcharged in respect to that amount or had been extravagant in the amount paid the general officers of that company for that supervision in conducting the business that involved the operation of 3,600,000 bus miles and the operation of 1,000 buses? A. No. As a matter of fact it has not been charged at all in 1926 for the services of those people.

Q. Would the same hold as to the salaries and expenses of the general office clerks? A. Very largely, not entirely.

Q. You spoke earlier in your examination of the fact that some of the maintenance of the buses could be done more economically in the shops of the railway because of the fact that there was after disposal of transportation, in the shops of the railway, equipment which transportation did not own? A. That is right.

Q. If transportation were required to duplicate that equipment their carrying charges would be increased and therefore the cost of the work would be increased? A. That is so.

Q. What have you to say in respect to the personnel of the departments of the transportation company. For instance, let us take the body work; to organize its own department for designing bodies and building bodies, what would have been the expenses there, rather than using the existing railway organization? A. That personnel would have to be practically duplicated and naturally the cost would be increased, the overhead cost.

Petitioners' Witness, Edward A. Tuson,
Re-direct

Q. Is there any superabundance of body designers and body builders that you know of in the trade? A. No.

Q. One other item that has been dwelt upon by several of the counsel has been the item of storage of buses and the charges therefor. The transportation company you have testified operates about twenty-five garages? A. That is right.

Q. Eight of which are operated jointly at points where the operation of railways and buses occur from the same carhouse or garage? A. That is correct.

Q. An arbitrary figure of $15 per bus per month has been adopted as the reasonable cost of the storage of the buses? A. At these joint places, yes.

Q. Are you familiar with the general construction of garages for buses? A. More or less, yes, sir.

Q. As it applies to our company, the transportation company? A. Yes.

Commissioner Autenrieth: Does the bus storage exceed private car storage?

Mr. Blake: That is what I want to develop, sir. Pardon me. Ask your question.

Commissioner Autenrieth: Go ahead.

Q. Are these garages heated garages? A. Yes.

Q. From the construction of them and the operation of buses do you know whether a larger amount of space per bus is required not only

for the storage of buses in the garage but for maneuvering and handling of buses in the dead space, aisleways and so forth? A. A larger amount of space is certainly required for a bus than for a private automobile, or for storage and for maneuvering it in and out of a garage.

Q. Do you know what the average wheelbase of a bus is; the average over all length of a bus? A. I should say from twelve to fifteen feet.

Q. The average over all length? A. No, it is more than that.

Q. I just saw one coming down that looked like an ark. The wheelbase is 200 inches? A. I guess we have some longer than 200 inches.

Q. You don't know the allowance per bus that is made for storage area, that is set aside for storage? A. In square feet?

Q. Yes? A. I did know it.

Q. Twenty-five by ten, Mr. Warner tells me? A. That would be about 250 square feet.

Q. Do you know what is required for storage of an ordinary touring car? A. I should say not more than 15 by 10, surely.

Q. Do you know what the average cost of storage in a heated garage is of a touring car? A. I do not know what the average is, but I have not heard of any for less than $10 to $15 in a long while.

Q. That is for private cars? A. For private automobiles, yes.

Q. Mr. Tuson, the supervisory force at places where there is joint operation, in 1926 none of

the salaries of the supervising officers was charged to bus operation, is that correct? A. None at all, unless an additional man had been put on for purely bus purposes. Of course, it is a fact that these supervisors do spend a lot of their time in supervising bus operations.

Q. Where bus and trolley operation is had from the same common terminal, one man is able to supervise the operation of each, is he not, both the bus and the trolley? A. Yes.

Q. And in salary or wages, is he paid more or less for the fact he supervises buses and trolleys or trolleys alone? A. Up to now we have made no change in standard rates at such points.

Q. It has been a standard rate? A. That is right.

Q. So, therefore, as between the two, each company has an advantage to that extent? A. That is correct.

Q. And where none of the wage has been paid by the transportation company they have enjoyed the service of this individual without any cost, whatsoever? A. Yes, sir.

Q. Thus reflecting a saving to the transportation company? A. Yes, sir.

Q. Mr. Tuson, the railway company valuation as fixed by the Special Master which was later confirmed by the District Court of the United States, was fixed at a sum not less than $110,000,000, upon which a return of seven per cent was to be allowed. What in the aggregate would that return be? A. Seven per cent on $110,000,000 would be $7,700,000.

Petitioners' Witness, Edward A. Tuson, Cross

Q. For 1926, what did railway earn toward that $7,700,000 which the Court held to be a fair return on the value of its property used and useful and devoted to public use? A. Not quite $5,000,000.

Q. During the year 1926, the buses increased in number, operated by the company, from 600 to 1,000, you testified? A. Roughly, yes.

Q. And that brought many entire lines that were purchased throughout the territory? A. That is true; some very good lines.

Q. Some very good paying lines? A. Including the Arrow line.

Q. That accounted for the increase in gross that showed from the early months of the year to the latter months of the year? A. Accounted for a very large part of it.

CROSS-EXAMINATION by Mr. Stewart:

Q. Taking up right at this point the examination of Mr. Blake with reference to the number of officers and employees. I understood you to state that if the trolley company went out of operation the bus company would require the same number of official heads? A. We think so, yes, excepting track and linemen, of course.

Q. To operate the buses, would you require as high calibre a group of gentlemen as you have to operate the trolley cars? A. Even higher in some respects.

Q. Isn't it much more simple to operate the buses than it is the trolley cars? A. I should not say so, no.

Q. The trolley cars, don't they require much more technical knowledge of operation, use, equipment and so forth than the buses do? A. In that they have to maintain track, line and equipment they may require more individuals for maintenance, but no higher grade men.

Q. In other words, you think it takes just as technically skilled group of officials to operate the bus system as it does the trolley system? A. Yes. And one great difficulty is that there are very few highly skilled bus operators available.

Q. Would you require as many subordinates in your offices and garages and so forth to operate buses as you would the trolleys—as you do the trolleys? A. Pretty nearly at the operating points. The biggest saving would be in clerical help in my own department. That varies, some of it, directly with the number of units operated. It does not amount to much in dollars per year.

Q. If you discontinue the trolleys, of course, you would have to increase the number of buses? A. That is right.

Q. Per capita, I will put it that way. Using the bus as a capita, per capita couldn't one man in a given position take care of more buses than he can of the trolley cars? A. If you mean by that a man on the street watching them operate, I should say that a bus would require more attention than a trolley car, because you know where to find the trolley car; they are always upon the track or not very far from it.

Q. Leaving out the matter of the man watching on the street, who will be I suppose a supervisor or something of that kind (I do not know what technical term you call him) in the office and wouldn't it require less? A. I think not, especially from the traffic point of view, because bus lines are spreading out so rapidly in all directions that it requires a lot of attention.

Q. You spoke of the saving by employing your own officials who are employed by the traction company, designing bus bodies. I understood you to say you figured a saving there? A. I did not say just that, but that is a fact.

Q. That was the gist of it, wasn't it? A. Yes, that is a fact.

Q. You do buy some of your bodies for your buses designed by independent bus body builders, don't you? A. Yes. That depends largely on the capacity of our shops to turn out bus bodies.

Q. Do you figure that by designing and building the buses in your own shops you save money? A. There is an out of pocket saving.

Q. I beg your pardon? A. There is a saving in cash paid out of pocket, yes.

Q. You evidently distinguish that from some other kind of saving? A. What I mean by that is, that it cost the transportation company so far only the direct labor and material that have gone into the fabrication of the bodies; there is no overhead, there is no factory overhead cost, nor any profit when the railway company builds bodies for the transportation company.

Q. In other words, if I get you right, when the trolley company builds them for the transporation company, they are turned over to the transportation company at actual production cost without adding anything for profit or overhead or carrying expense or any of those other items? A. That has been so, so far, yes.

Q. If you charged a reasonable and legitimate overhead in the trolley company for building these buses for the transportation company, would you still accomplish any saving over buying from independent operators? A. Yes. A smaller saving, of course, but there would still be a saving.

Q. I understand the reason you do not build all your bodies in your shops is because of the lack of capacity, is that it? A. Lack of shop capacity, yes.

Q. Would the transportation company accomplish any saving if they went into the bus body building themselves? A. Hardly, because they would have to first equip their own shop and then build up their own personnel to do that work, which would in large part duplicate what the railway company already has.

Q. But the railway company is not able to build all the bus bodies that you require? A. No.

Q. So that if you had a shop of your own you could build at least these excess number of bodies that you now get on the outside from independent builders. If you built them yourself, would you accomplish any saving over what you have to pay buying them from outside builders? A. You would accomplish a saving,

certainly. It would not be commensurate with the investment you would have to make and the trouble you would have to go to in organizing the entire force.

Q. You spoke of the cost of the garaging of these buses in the railway company's car barns and other buildings. Can you tell me the cost of these garages to put up, per square foot of space? A. I do not believe I can give it per square foot of space. If you ask me the cost of some individual new garage, I think I can approximate it.

Q. When you spoke of the price of the cars which are stored at $15 per bus and compared that with the price of storing private automobiles at from $10 to $15 per bus, did you take into consideration the fact that ordinarily where fleets of buses are stored in a private garage, that they get a better rate than when you are just storing one individual car? A. I have never heard of any bus outfit in the territory such as ours, that got as low a rate as $15, where they are renting from others.

Q. Leaving out the buses and taking ordinary commercial vehicles such as trucks and that sort of thing, you know that the owner of a fleet of eight, ten, or fifteen trucks gets a better price in storing in a private garage than where they only have one truck, don't you? A. I presume he might. I do not know.

Q. So where you store a large number of buses in one of your railway company carbarns you store probably 50 or 60 in a barn, I presume, don't you? A. It varies at different points, of course.

Q. It would be at least that much, 50 to 60 in a barn? A. At Hilton it is more than that. Some other points it might be less. I would have to get those figures.

Q. Roughly it would be as much— A. You might assume sixty.

Q. Don't you think a better price than $15 should be arrived at for that storage? A. No, because in all the bus operations that we have dealt with and taken over, the rentals that they paid per month per bus varied I should say between $18 and perhaps $30 per bus.

Q. How many bus lines have you taken over that ran more than six or eight buses? A. I can name you a few. I cannot tell you exactly how many offhand.

Q. Just name them? A. The Arrow line ran about 50.

Q. Did they store those buses all in one central storage place? A. I believe they had two storage places, one at Great Notch that we are now operating, and another in Paterson. They had two points.

Q. They were private garages that they stored them in, not owned by them? A. One they owned, one the owner of the buses owned at least, and the other was rented from an outside party.

Q. Did this one which was rented from an outside party store other vehicles besides the Arrow bus line vehicles? A. I think not.

Q. In other words, the Arrow bus line rented the entire building, whatever it was, and had control of it? A. That is correct.

Q. It was not the case of a public garage-keeper renting storage space? A. No.

Q. So you could not arrive at $15 per bus from that. Go ahead and name some of the other lines? A. The Peters line, running out of Elizabeth.

Q. How many did they run? A. I do not recall exactly; 12 or 15, somewhere in there.

Q. Did the Peters line store— A. Mr. Peters owned his own garage. The Springfield Avenue buses owned their own garage and I would not be positive of the rate but it was either $20 or $25. That was a joint association.

Q. That was a joint association from which the persons who belonged to the association received a return from the operation of the garage, wasn't it? A. But it approximated a group operation.

Q. That group operation at $25 per bus gave them a return in dividends, didn't it? A. I don't know whether they ever had any dividends; I could not say.

Q. Whether they got dividends or not, it permitted the accumulation of a surplus? A. I am not sure, I don't know.

Q. You don't know that? A. No.

Q. So you don't know whether the $25 rate was one which barely covered the cost of the taxes, insurance and so forth on the building, plus an interest on the money invested? A. I know only that it was a co-operative enterprise for the joint benefit of all of them.

Q. Go ahead and give us another one. A. The Berlin line in South Jersey, 12 buses. I do not remember the garage conditions of that. I know

they did read the garage. I do not recall what the rate was.

Q. They rented the whole garage there, didn't they? A. I think they did.

Q. Give us another one. A. The Blackwood-Williamstown line.

Q. Where was that line? A. That is in South Jersey, running out of Camden. They had about 9 buses.

Q. Where did they store? A. I do not recall that.

Q. You do not know whether they had those in a garage which they rented and used exclusively, or whether they garaged in some public garage. A. They did not own the garage.

Q. You do not know whether they rented one or not where— A. My point was, they must have rented one if they did not own one.

Q. Still we are not altogether at one. They might have rented one which they used exclusively or they might merely rented space in one which was public, where their cars were stored? A. That is true. I might say that the figures I quoted are based on the general experience and familiarity with all of these things that I am talking of now.

Q. You are not familiar with the fact that where a business man or a company operates a fleet of trucks, that he gets a better rate where he stores a large number of buses in a public garage than where only one is stored? A. I do not know of any first-hand, no.

Q. I understood you to say you had 1,000 buses in actual operation in 1926, approximately that. A. At the end of 1926, yes.

Q. Was there any marked increase in the number of buses that you had at the end of 1926 as compared with what you had in actual operation in the middle of 1926, say the 1st of July? A. I do not carry the figure in mind. There was some increase.

Q. You would know whether it was particularly marked, wouldn't you? If there had been a couple hundred more buses in operation at the end of 1926, above that which was in operation, July 1, 1926, you would bear that in mind, don't you think? A. I am trying to recall it now. I do not remember. The fact is, we acquired nearly 400 independent operated buses during the year, but just what part of the year they were acquired, I do not recall.

Q. When you say in actual operation, do you mean that those buses are buses that are operating practically daily on the streets? A. Yes.

Q. In addition to that, did you have any reserved buses which were in the barns to put out on the street in case a bus broke down? A. We do have such buses. The figure of 1,000 that I used would be a mean between the two. We did not have scheduled for operation, as I recall it, 1,000 buses, but we owned ready for operation more than 1,000 uses. Mr. Warner I think could give you those exact figures as to the schedule of the buses.

Q. Do you know what the rentals for garages amounted to in 1926, that the transportation company paid? A. Well, the account, maintenance department rents—

Q. Just let me interrupt you there so I will know what you are talking about. A. I was go-

ing to explain it. The account, maintenance department rents, plus the account transportation company rents, totalled for the year 1926, a little over $278,000. Excluding some $40,000 for rent at the Irvington General Repair Shops, most of that is for garages, say approximately $200,000.

Q. Let me understand. When you say excluding $40,000, do you mean deducting $40,000 from $278,000, or did you mean the $278,000 was what I might call the net and if you included the $40,000 it would be $318,000? A. The $278,000 includes the $40,000.

Q. You used two departments there and said the rentals of those two departments amounted to $278,000. I cannot remember the terms you used. What were they? A. The maintenance department and the transportation department.

Q. Will you tell me what the maintenance department is, what that means. A. The maintenance department is charged practically all the rent of operating garages as well as the general repair shops. Some small part of it covered the offices. The rents of the terminal points are charged against the transportation department.

Q. This $200,000, which I think you said was a fair estimate, that you paid in rentals, how much of that was paid to the railway company? A. The rents charged in December by the railway against the transportation company—

Q. When you say in December, do you mean for the year ending December or only for the month? A. No, I mean for the month. For the month of December were $13,221.27. Multiply-

ing that by twelve, that being the approximate present condition, would account for $150,000 per year.

Q. Paid to the railway company? A. Paid to the railway company.

Q. How much rental was paid to other companies, that is affiliated with the Public Service Railway or Public Service Corporation or the group of affiliation that go in to make up the Public Service? A. The production company was paid this item of $40,000 for the general repair shops at Irvington.

Q. That is at Coit Street? A. That would cover everything under the heading of garages and repair shops.

Mr. Stewart: There was one we spoke to Mr. Young about the other day, which was down at Riverside; that seemed to be an electric light company, I think.

Mr. Blake: The electric store room.

The Witness: That might amount to about $1,200, $1,800 a year. That is not in these figures.

Q. That is not in those figures? A. No. That is a change since the first of the year. Those buses have been up at the Hainesport garage which is owned by the transportation company.

Q. Have there been any other changes then since the 1st of the year that would change those figures you have given? A. Nothing of any moment, no. There may have been some minor change, such as this one you speak of. Of course, it changes from time when you are op-

erating as many buses as we are. But I do not recall any big item.

Q. The difference between the $200,000 and these figures that you have given, $158,000, $42,000 in round figures, is what was paid to the private garages or is that what was paid to the production company? A. The $200,000 was approximated, of course. It would be very simple to give you the whole detail if you care to have it, rather than have me guess at it.

Q. I think I would like to have it. A. The facts are these: That we had at the end of the year twenty-five operating points; ten of them were rented for the railway, eight of them being joint operating points; five of them were owned by the transportation company, including the Sherman Avenue garage, which is quite a large outfit, and the Hackensack garage, which is new; nine of them were rented from outsiders and one from the production company.

Q. Taking your figures for December of $13,221, which I think you said you paid to the railway company— A. Charged by the railway company.

Q. I note the difference—charged by the railway company, multiplying that by twelve it gives you $158,000. A. That is the figure I quoted, I think.

Q. If you divide that by $15 a month or $180 a year, that would permit you to store in the railway company's property 880 buses? A. Not all of that $158,000 is on the basis of $15 per month. That is only at joint operating points, a carhouse garage in other words.

Q. If that is so, then some of the other garage space that you rent must come at a rate higher than $15 a month? A. It does, for the reason that the railway company has turned over to the transportation company land that it owns with a garage erected to its order, the transportation company's order, and that garage is larger than its requisite for the capacity of today. In other words, it has some future capacity. Take for example Lake Street, which has a capacity I think of about 140 buses. I think there are only 100 stored there.

Q. In other words, you are building with an eye to the future development? A. That is right.

Q. I note in a schedule I have here, which I will let you look at—you can look at it and see whether you recognize that as a proper description of your various shops and the cost and so forth—this Lake Street garage is Number 10. I note the basis of the rental there is, rent $30,000, taxes $5,467; that makes a total of $35,467, and if you divide that by 100, which is the present number of buses that you have in there, if my mental arithmetic is good it would come to about $30 per bus, is that right? A. Just about that, yes.

Q. That makes a rather excessive rent, doesn't it, when you can store in other places at $15 a month? A. Unfortunately, we cannot build a garage to fit just the number of buses you want to put in it today.

Q. I appreciate that. Isn't that a rather large expense when you are looking to the future?

A. I should not say so. Just because you are looking to the future it is not a large expense.

Q. If I understood Mr. Young rightly, in this co-ordination scheme you rather anticipated that it would not be necessary to greatly increase your number of buses? A. I don't think he said just that, Judge.

Q. Approximately that. A. He may have said in the process of immediate co-ordination it would not be necessary to run additional buses. But it is a very sure thing that in the long run we are going to add a number of buses to our operation, in the not so very far distant future.

Q. This Lake Street garage takes care of what line of buses? A. That is more of an operating question. I know the Bloomfield buses come in there, a few of the Arrow line buses, the North Newark line perhaps. Mr. Warner could tell you that in detail. I am not sure.

Q. In this Lake Street garage how was the figure of $30,000 rent and $5,000 odd taxes arrived at? Of course, the taxes you arrived at from what you got from the municipality undoubtedly, but how was the $30,000 rent arrived at? A. It is based on an eight per cent return on the investment, to the railway company, plus depreciation based on a 30-year life, on the building, of course.

Q. Is there a lease on that building from the railway company to the transportation company? A. Not a formal lease, no. All our inter-company arrangements are made on this basis in similar circumstances.

Adjourned to Monday, May 9th, at Newark, New Jersey.

Petitioners' Witness, Edward A. Tuson, Cross

EDWARD A. TUSON resumes the stand on behalf of petitioners.

Further Cross-examination by Mr. Stewart:

Q. Mr. Tuson, when Mr. Young was on the stand, I asked him if he could furnish a schedule showing the details of the rental payments by Public Service Transportation Company, the location of the properties, the amount of rentals and the value of the properties and so forth used by the transportation company. Last week I asked the question as to the $200,000 which was allocated for rentals, which was approximately that cost, how that was arrived at and you answered that $200,000 was approximate, that it would be very simple to give us this whole detail if I wanted to get it. I said I would like to have it. Have you that schedule? A. No, I haven't. I have some of the details here but I haven't it in shape so I can hand it to you.

Q. Will you get that schedule made up? A. Yes.

Q. Mr. Tuson, do you know whether in the trolley rate case, which went to the United States District Court, the Master fixed the rate of return? A. I don't recall whether he did or not. Mr. Blake would know.

Mr. Stewart: It is admitted, I understand, by counsel, that seven per cent is the net rate of return that was fixed by this Board and accepted by the Master as the rate which was proper.

Mr. Blake: For railway operation.
Mr. Stewart: For railway operation.

Q. If that is a fact, on page 679 of your testimony, in relation to the Lake Street garage, you said in answer to this question: "In this Lake Street garage, how was the figure of $30,000 rent and $5,000 odd taxes arrived at? Of course, the taxes you arrived at from what you got from the municipality, undoubtedly, but how was the $30,000 rent arrived at?" You answered: "It is based on an eight per cent return on the investment." If that is so— A. Plus depreciation.

Q. Plus depreciation you may have said. You should say plus depreciation, based on thirty years' life of the building. If the Master fixed or this Board fixed, and it was accepted by the Master in the United States District Court, a seven per cent return, how do you justify asking an eight per cent return on this investment? A. A return of eight per cent has always been our contention as a fair basis of return for the street railway property and in all our inter-company transactions of this nature, whether the electric, the gas, the railway or the bus department entered into it we used eight per cent on the investment.

Q. You used eight per cent regardless of the fact that this Board determined seven per cent was proper? A. This Board hasn't determined that.

Mr. Blake: This Board allowed a return in excess of seven per cent. The

Board permitted a return which would be in excess of seven per cent.

Mr. Stewart: But not eight per cent.

Mr. Blake: Between seven and eight per cent.

Mr. Stewart: Between seven and eight per cent.

Q. Well, in view of the fact the Board did not allow eight per cent, how do you justify charging eight per cent on the investment? A. I think I have just explained that. It is a fact, too, this Board did allow the gas department an eight per cent return, and our practise in respect to this sort of thing dates back to that allowance.

Q. When was that allowance fixed by the Board for the gas company? A. Mr. Blake might remember, 1912.

Mr. Blake: 1913, was one of the first cases tried.

Q. This was not a gas property. A. This wasn't, no.

Q. That was in 1912, you say, approximately? A. That gas decision was rendered, yes.

Q. Since then the rate of return on money has dropped or decreased, has it not? A. Not with respect to the fair returns that a utility might expect to earn on its investment.

Q. The return on money in the open market has dropped considerably since then, hasn't it? A. I don't know.

Q. Is this Lake Street garage a new building? A. Yes.

Q. And built by whom? A. Built by the Public Service Production Company to the Transportation Company's order.

Q. Let us get this straight. It is owned by the Public Service Railway Company, is that right? A. The land was owned by the Public Service Railway Company and in pursuance of an order placed with the Railway Company by the Transportation Company, the Railway Company contracted with Public Service Production Company to put up a garage to this order of the Transportation Company, which it is now renting, of course, to the Transportation Company.

Q. The Public Service Railway owns the building? A. That is correct.

Q. Was the building built by the Production Company on a cost plus basis or how? A. A cost plus basis.

Q. A cost plus basis, so that included a profit to the Production Company? A. Yes.

Q. Do you know what that plus was? A. Ten per cent.

Q. And if I remember correctly, the stock of the Production Company is owned by the Public Service Corporation, is that right? A. That is correct.

Q. So that this same company that owns the stock of the production company owns the stock of the railway company and holds the stock of the transportation company? A. Yes.

Q. Was the rented railway company's property ever rented to anyone else before bus operation was started? A. This particular Lake Street layout?

Q. We will take that. A. No, not to my recollection, no.

Q. Were any of the other properties that are now rented by the Railway Company to the Transportation Company ever rented to anyone else? A. I will just run over them. I think not. That is the only one of this exact nature. This Lake Street layout is one that had an open car storage yard, with a car house repair shop. That was built at the time of the war; asked for by the Government, I think. It was determined this was a much more logical point of operation for buses than it was for a single trolley line we had running up that way. In other words, it would give a minimum amount of run-off and that sort of thing.

Q. Then I take it that if Public Service Transportation Company were not in the bus business the railway company would be receiving no rental from any of this property; I mean, any of the properties they are now renting to the Transportation Company? A. I wouldn't undertake to answer that.

Q. It never has been the practice, has it, of Public Service Railway Company to rent out its properties? A. It is perfectly true that the Railway Company is getting a rental from the Transportation Company for such places as the Railway Company owned or controlled and were usable by the Transportation Company and are being used by the Transportation Company.

Mr. Blake: May I interrupt? They rent property all over this state, the Railway Company.

The Witness: The railway company rents a number of pieces of property to others than the transportation company.

Mr. Blake: That is what Mr. Stewart wanted to know.

Q. Do you rent space in the car barns and repair shops to others than the Public Service Transportation Company? A. I don't know, offhand, of any other than Public Service Transportation. You mean in operating car houses, of course.

Q. Operating car houses, yes. A. No.

Q. What is the character of—

Mr. Blake: I don't want to mislead counsel. You mean operating car houses? We have non-operating car houses, but they are not in the same category, of course.

Mr. Stewart: That is just what I mean.

Q. What is the character of the property the Public Service Railway Company rent now to others than the Transportation Company? A. An old car house, it has vacant land and dwellings. It would be a pretty inclusive list.

Q. How many vacant car houses has it that it rents to others? A. There is one at East Rutherford. There is another one, I think, at Grand Street. I think that includes a car house layout. There may be two or three others. I would have to check it.

Q. None of the properties you are now renting to the transportation company were ever rented to anybody else, as far as you know?

A. No. It wouldn't be the policy of the railway company to invite into an operating point some operation or some tenant that wasn't under our own control; let us put it that way.

Q. Do you have car barns at certain points that are now empty that you are unable to rent for any purpose? A. I know of one, yes; Seacausus. There are several cases over in Hudson County. I can't think of them.

Q. What? A. There are several over in Hudson County; there may be others.

Q. Is there one of the Orange and Passaic Valley Company? A. That is now occupied by both buses and trolley cars.

Q. Where is that? A. It is on Washington Street, Orange.

Q. On an abandoned trolley line, on which you have installed buses? A. We have in several cases, yes. At least, we have temporarily discontinued trolley operation and are operating buses in those places.

Q. On those lines, do you rent the barns or car houses that were formerly operated by the trolley company to the bus operating end? A. It all depends on how the operating features work out. We might or might not.

Q. Where it worked out to the best advantage of the Transportation Company you do? A. That is so.

Q. Where it worked out to the best advantage of the trolley company, do you also do? A. We would collect, we would consider all the factors, of course, and then place the buses where we could operate them at the minimum of expense, the least addition to our overheads.

Q. Have you any trolley car barns that you are not using now for trolleys or for the Transportation Company, either one? A. Yes.

Q. Do you expect to dispose of that property or will you hold them for some purpose? A. We might do both. I can think of some we are holding for the possibility of future development and others where the possibility isn't quite so strong.

Q. Future development of the bus line or future development of the trolley line? In the whole general plan, both buses and trolleys.

Q. That is what I mean. A. That is right.

Q. I understood from Mr. Young, that taking it as a whole, you don't expect to abandon the operation of the trolleys? A. No. That is true, at least. "No" might be misleading as an answer.

Q. As long as the trolley line comes anywhere near paying, you expect to maintain it? A. Surely.

Q. And where it shows that it is not going to pay you expect to ask for leave of this Board to abandon it? I believe that is the expression you used. A. Each individual case will be met as it arises.

Q. How do you expect to salvage the investment in the lines you abandon or abandoned? A. Just what do you mean by that, Judge?

Q. "Salvage," you mean? A. Yes.

Q. Take the ordinary word, just what it ordinarily means. How do you expect to get your money out of the investment? Is that going to be a dead loss to you? A. The operat-

ing company will have to meet the loss, if there is one.

Q. Take the property of the Coit Street and Clinton Avenue, at 21st Street, Irvington. The rental on that I think is $40,000 a year plus taxes— A. Not plus, I think.

Q. Not plus? A. That is all.

Q. How is that $40,000 a year arrived at? A. On the same general basis that the Lake Street rental was. It nets the production company eight per cent on its investment, plus taxes, insurance and whatever other carrying charges there might be.

Q. I show you a sketch here (handing witness sketch) and ask you whether that represents fairly accurately the property that is rented by the Transportation Company from the Construction Company, I guess it is? A. Yes.

Q. The Production Company. A. The Production Company. Yes, I think it does represent it.

Q. That red indication on the map there is the building. How much of that building does the Transportation Company rent? Does it rent all of it? A. As of what day.

Q. Well, as of the time that this petition was filed December 26th? A. As of the time the petition was filed the Transportation Company occupied the entire building, but as of today it occupies only part of it, and as of July 1st, it will have given up the entire building.

Q. But that rental of $40,000 is based on the conditions as they existed when you filed your petition? A. Naturally.

Q. If I understand you right, the Transportation Company occupied the red building from 21st Street all the way through to Coit Street, including the little L? A. Yes.

Q. There is on the corner of Clinton Avenue and 21st Street a concrete building, is there not, which is not indicated on this map? A. That is right.

Q. That the Production Company built? A. No, it was built by the Day-Elder.

Q. So it was, built by Day-Elder. A. And we bought it from them.

Q. That building is not indicated on this map? A. That is true.

Q. The building on 21st Street and Clinton Avenue the Transportation Company did not occupy it all? A. Never has occupied it all.

Q. The building indicated on this sketch in red was erected not by the Production Company but that also was a building erected by the Day-Elder Company? A. I don't know who erected it.

Q. It was built when you bought it? A. That is right. The Public Service didn't construct that building.

Q. Next to the building that is on the corner which, as I say, is not indicated here, is the old frame building of Mayor Glorio? A. There is an old building there. I don't know whether the Mayor owned it.

Q. Yes; he lived there for many, many years. Then westerly from that building which faces on Clinton Avenue is a large open space to the corner of Coit Street? A. Yes.

Q. That open space is not included in the rental to the Transportation Company? A. The Transportation Company doesn't pay rental for that.

Q. On the rear of the building on this sketch indictaed in red wasn't included the rental for shop equipment? A. No. The Transportation Company own all the shop equipment.

Q. It wasn't included in that fixed rental? A. I said not.

Q. You said "no" and then added on that day they owned it, that past a doubt. A. If they owned it, they wouldn't pay rental for it.

Q. Who owned the shop equipment? A. Public Service Transportation.

Q. Public Service Transportation Company? A. Yes.

Q. All right. How was the value of the land and buildings indicated on that sketch and which the transportation company rents from the production company, arrived at? A. The formula on which this return is based is the cost to the Production Company of purchasing this building.

Q. When you purchased that building, together with the one on the corner of Twenty-first Street and Clinton Avenue— A. Just a moment. They were two separate deals. We bought first the concrete building and the other building later.

Q. So when you bought the building indicated on that map that was an entirely separate deal and included no other land or houses than

just that which is within the lines immediately surrounding the red brick building, is that right? A. That is right. The buildings weren't even connected at the time they were purchased.

Q. Do you know what that purchase price was? A. I have it in my records. I don't carry it in my mind.

Q. Will you get it for us? A. Surely.

Mr. Stewart: Just let that be marked.

Mr. Blake: I might say, for counsel's benefit, this property was purchased from these people whom, as we understood, were in financial difficulties and had to get rid of their property.

Sketch marked Exhibit O-2.

Mr. Stewart: I wonder if it would be possible for Mr. Warner, or somebody else to telephone up to the company and get that price now.

The Witness: I think so, yes.

Q. You better refer to this (handing witness paper). Turn to Item 5 on that list you have there.

Mr. Blake: What exhibit?

Mr. Stewart: It isn't an exhibit. It is a schedule.

Q. 31 Main Street, East Orange; how many buses do you store there? A. Offhand I don't know, Judge. I would have to check that up.

Q. Was that property that was owned by Public Service Railway Company? A. No. It was owned by an outside person.

Q. You purchased it when you purchased it from the trolley line, or is that a rented garage? A. That is a rented garage.

Q. A strictly rented garage? A. Rented at this location because it was so close to the Roseville car house it might be possible to cut down the supervisory overhead.

Q. It isn't used for trolley purposes at all? A. Not at all.

Q. As I understand you, you rented that at the same time you purchased some bus lines? A. No; that is not so.

Q. That is not so? A. No.

Q. Did you rent this garage after you had been running some lines or some cars that passed it, some line of buses that passed it? A. The renting of this particular garage, I think, was originally designed to take care of the operation of the Roseville and Market bus lines. That was some years back.

Q. Were those two lines which had originally independent operators on? A. Yes.

Q. You bought out from time to time the original operators until you had a sufficient number so you had to have some place to store them, is that the idea? A. In any event we had to have some place to store those buses because the Roseville car house isn't a covered car house; it is an open yard storage proposition.

Q. Was that a place, by the way, which had been rented by the independent operators? A. I am not sure, but I think not.

Q. The renting of it had nothing to do then,

with arriving at the figure that you paid for the purchase of the independent buses? A. No.

Q. It wasn't part of the same transaction? A. That is right.

Q. No other company or person uses any part of that property? A. That is correct.

Q. Can you tell me how this rental was arrived at? A. The rental represents the meeting point of the minds of the owner with our own mind as to what we would pay for it.

Q. How many cars do you store there? A. I said, I wasn't sure.

Q. You don't know approximately, do you? A. I would have to guess at it.

Q. That we will get on that schedule which you said last week you will furnish me. I don't mean the schedule now going to be brought down about Lake Street. A. Would you like to have on that the particular capacity of the place and the actual number of buses being stored at the moment?

Q. Yes, I would like to have that. A. All right; I will get that.

Commissioner Autenrieth: Will you make a memoranda of these things that you are going to get.

The Witness: I can remember that.

Q. Here is No. 6, 45 Grove Street, East Orange, rented from the Southern Lumber Company, $7,800. Why was that rented? A. To take care of the overflow buses at the city line.

Q. Was that used in conjunction with 31 Main Street, East Orange? A. When you say "in conjunction"; it is used in conjunction in that the operators whose buses are actually stored at Grove Street go to the Roseville car house to turn in their money and their time record is also kept there, at the Roseville car house.

Q. What buses are stored at 45 Grove Street? A. Mostly the West Orange line, I think, and the Orange Valley.

Q. I suppose that rental was arrived at in the same way, the general meeting of the minds? A. Surely.

Q. You don't know the number of cars that are stored there? A. No. I might approximate them, but I wouldn't be sure.

Q. There is no use going into that until you get that schedule. A. All right, sir.

Q. Take the Hilton car house, No. 11 on that; the rental is $15,450. How was that arrived at? A. That is arrived at on the basis of $15 a month per bus. That is one of eight joint locations I referred to at the last hearing.

Q. How did you arrive at the $15 per month as the fair value? A. We went into that in some detail. We felt that the transportation company was entitled to such a low rate as $15 per month because they were an affiliated company and because of the joint benefit that the two companies arrived at from the use of a joint point of operation.

Q. Is there anything included in that $15 per month except the simple right to leave the cars there? In other words, I mean, it doesn't in-

clude any washing or the cost of repairs or anything of that kind? A. Just storage.

Q. How many cars are stored? A. It is in the neighborhood of one hundred. I don't know exactly.

Q. What was this space used for before the buses were stored there? A. Trolley car storage, mostly.

Q. The same space? A. Yes.

Q. What have you done with the trolley cars that were formerly stored there? A. Built a storage tract in the open yard and put the trolley cars on the storage tract in the open yard.

Q. In other words, you used for the trolley company property which heretofore had not been used? A. Yes, at that particular point we have quite a large tract of land, Judge.

Q. Yes; I know you have. And you took that space and used that to produce a revenue for the trolley company? A. That was not the major, that was not the moving thought, by any means.

Q. The actual fact is, that is what happened? A. Yes.

Q. It produced a revenue. A. The Transportation Company would have to store these at their expense somewheres. They can get much more at the Hilton car house under these conditions than elsewhere.

Q. Does any other company use any part of this Hilton car barns? A. No.

Q. In arriving at this $15 per month per car, or per bus, you didn't estimate the total value

of the buildings and the land and divide that up in any way to see whether $15 was too much or too little? A. Yes, we did. We originally started to charge, when the Transportation Company was in its infancy as a large bus operator, $10 per bus per month, and then we made the sort of estimate and investment checks that you suggested and we discovered that the actual values involved would call for a rental per bus per month of somewhere between $18 and $22, I forget just what the figure was. On the strength of that investigation we raised the rent to $15 per bus per month.

Q. What rate of return do you figure that this $15 per month would make on the investment? A. In any estimtae we made we would use eight per cent on the investment.

Q. Eight per cent on the investment? A. $15 per month per bus wouldn't make eight per cent on that investment. I say, the figure we arrived at was between $18 and $22, that would be based on eight per cent return on the investment.

Q. This Hilton car barn couldn't very conveniently be used for any other purpose but the railway or bus service, could it? A. The building.

Q. Yes, the building, while the trolley company was storing cars there and maintaining shops there. A. It was designed as a transportation unit, if that is what you mean.

Q. If you keep on using a portion of it for transportation unit of the trolley system you couldn't use the rest of it very well for any-

thing else, could you? You couldn't rent it to anybody else? A. When the bus came into the picture the entire building was being used for the trolley company for its own purposes, and because we thought that the trolley cars were better able to stand the weather we put them in open storage, as against, let us say, the more fragile units, the buses, which we think should be kept under cover.

Q. If you stopped bus operation you couldn't use this space that is now being occupied by the buses for anything for the trolley service, would you? A. That is right. As far as I know, of course.

Q. The $15,450 is all the money which the Transportation Company paid for the use of this property? A. They paid $15 per bus per month for the number of buses that are stored, according to a monthly report which is made up on the 15th of each month.

Q. Above that point they pay nothing, they pay no maintenance charges, no repairs and no portion of the insurance or overheads or anything of that sort? A. The complete storage charge; there is nothing additional to that.

Q. At the Hilton car barns you also repair buses, don't you? A. Yes, sir.

Q. That goes into the cost, concerning which Mr. Lindabury examined you? A. Yes, surely. I might add, Judge, that the $15 per bus per month practically, for practical purposes at least, now includes the use of the railway shop and other mechanical facilities at any given joint point. That is one feature they do get

for the $15 per month per bus in addition to general storage.

Q. In other words, I gather by that that the Public Service Trolley Company charges the Transportation Company nothing for the use of its tools and equipment? A. That is right.

Q. This rental which the Railway Company receives from the Transportation Company then, is a source of revenue which would not have existed if the Public Service Corporation hadn't gone into the bus business? A. Yes, but it is a source of revenue, but at the expense of giving up something.

Q. Yes. A. Whether it is or not, the Transportation Company has the service.

Q. What you did, you gave up the space in the car barns for bus service and put your cars out on the open ground, from which you had no income at all, isn't that true, isn't that it? A. That is true, surely.

Mr. Blake: We had to put the buses somewhere.

The Witness: I said that before.

Q. This company, I presume, carries its own fire insurance? A. No.

Q. You do not. Isn't the insurance on the trolley cars when stored in the open considerably less than when stored within a building? A. Not to my knowledge. I think not.

Q. Will you check that up? A. Surely. The cars are stored just as closely together; I don't see that there would be any lessening of the fire hazard.

Q. Take No. 8, maintenance of way buildings; I notice there the rent is $3,600 and the taxes $3,170; it seems to be property owned by the railway company. What does that property consist of? A. That is a long property with a brick building, with a truss-roof construction, absolutely clear space, as I remember it; nothing to it but four walls and a roof.

Q. Do you know how the rent of $3,600 was arrived at? A. Yes. On the same basis as Lake Street; eight per cent on the investment and depreciation on the building on a thirty-year life basis.

Q. On the Lake Street garage, I think you pay no taxes, do you? Yes; there is. Why are the taxes so high on this West Hoboken piece? A. That is the assessment of the city. I don't know why they are so high.

Mr. Blake: What city?

The Witness: The City of Union City. West Hoboken is now Union City.

Q. You say you don't know how many cars you store there? A. Where is that?

Q. At the maintenance of way building? A. Well, at Union City, the Union City layout is composed of three buildings; there is a car house garage proper; there is this building which the transportation company uses in total and the Exchange Garage building which the transportation company own. All three face each other and in all three together there must be a total of approximately a hundred buses again.

Q. I only see on the list I have here, two West Hoboken properties. Where is this third property located? A. I am not an expert on Union City geography, but it is across the street, across a different street from the car house. Of course, that isn't rented. It is owned by the transportation company so it wouldn't be on the list of rentals.

Q. The third one you speak of is owned by the Transportation Company? A. Owned by the Transportation Company.

Q. These three are right across, adjacent to each other? A. That is the fact, yes.

Q. In the maintenance of way building what do you do there; do you store cars there or repair them or what? A. Straight storage.

Q. Straight storage in that and also straight storage in the car house, which is No. 9? A. That wouldn't be so at the car house, no, sir. The shops are located in the car house.

Q. In the car house the rental is $8,300, and that seems to be based on a $15 per bus basis, is that correct? A That is right.

Q. Why is that based on a $15 per bus basis and the maintenance of way figure based on a more or less, what you might call, flat basis. A. Because the maintenance of way building is occupied in its entirety by the bus company. The rental that is paid on the $15 basis at that point is arrived at by taking the total number of buses less the capacity of the two buildings; the Exchange Garage, which the Transportation Company own and less the maintenance of way building capacity.

Q. Have you any idea what the value of that property is, the maintenance of way property? A. Yes, sir. The valuation of the land and buildings by Dean Cooley in 1915, the value made by the Railway Company as of December 31st, 1915, was $39,651.

Q. I don't suppose you recall what the value was by the experts who were opposed to your company at that time. I presume that valuation was made from one of the rate cases, was it not? A. Yes. But, of course—

Mr. Blake: For counsel's information, I would say, there was very little discrepancy between the real estate value. I know, because I had charge of that part of the case. There was very little discrepancy between the amount finally determined by the Board and our estimate.

Q. The valuation was $39,000? A. $39,651.

Commissioner Autenrieth: That is as of 1915.

The Witness: As of December 31st, 1915. Naturally the land is worth considerably more now.

Q. Refer to Item 21; that is the New Brunswick car house owned by Public Service Railway. The basis of the rental is $25,000. Does the bus company occupy the entire structure? A. No, sir, that is a joint structure.

Q. That is a joint structure. How is that figure of $25,000 arrived at? A. The New Brunswick car house and garage is a joint building

erected year before last, I think, to take care of the joint needs of the two companies.

Q. Erected by the railway company? A. Part is by the railway company.

Q. That is what I mean, part is. Erected, I presume, by the production company? A. That is it.

Q. On a cost plus basis? A. Yes.

Q. Plus ten per cent? A. I think it was 10 per cent.

Q. You think it was? A. Yes.

Q. How much of that garage does the Transportation Company occupy? A. They occupy the entire garage part of it and the major part of the building because here too the layout was designed to have open air storage of trolley cars and cover for the buses.

Q. What kind of a building is it? A. It is a brick building, I believe. I have never seen it myself.

Q. You don't know how many stories high, do you? A. Certainly isn't over two. I don't know, I am not familiar. I haven't seen the building.

Q. Is part of that used for the storage of trolley cars too? A. No part of the building is, no, except when cars are in the shop for repairs; trolley cars are run under cover for repairs at times, of course.

Q. How much of the building is used for repair operations? A. I couldn't give you that proportion offhand. I would have to get that for you.

Q. How is the rental value per year of that

building arrived at and how is it apportioned between the Railway Company and the Transportation Company? A. On a basis of the space occupied in the building.

Q. Well, bus— A. In other words, at that point the transportation company would pay the major part of carrying the cost of that building because they occupy the major part of it.

Q. And in that building how is the rent for the portion of the building occupied for repairs apportioned between the two companies? A. I would have to guess. My recollection is that it was apportioned on a fifty-fifty basis, but I wouldn't be sure of that.

Q. Can you find that out? A. Yes.

Q. Will you find it out? A. That is just the shop?

Q. The shop end of it. To whom is the maintenance of that shop charged, which company? A. The Railway Company.

Q. And the bus company when it has cars repaired is charged for the labor and materials that go into the repairs? A. Only when the repair is a body repair; that is, speaking of the maintenance of the shop, not the maintenance of the equipment itself. The Transportation Company has its own mechanical organization.

Q. There. A. At this point, as well as the Railway Company maintaining its own mechanical organization, both under a common head.

Q. When you say a mechanical organization, do you refer to the men employed or to the men employed plus tools, machines and so forth? A. I refer to the men employed.

Q. To the men employed. So that all the work that the men who repair the buses do on the buses is charged to the Transportation Company because it is their men who are doing the repairs, is that it? A. That is true. As I say, there may be body work done there which the Railway men will take care of because they usually maintain the carpenter organization.

Q. And the Transportation Company there has its own machinery and its own tools, which its own hired men use? A. I said the contrary.

Q. All right. A. It is a fact, of course, that the Transportation Company has small definitely applied bus tools that the Railway naturally wouldn't have for their general use. But the larger tools, the larger shop tools are supplied by the Railway Company.

Q. For the use of those tools the Trolley Company makes a charge to the Transportation Company? A. Nothing for the use of the tools.

Q. What do they charge it in, in depreciation or how? A. In the rent is included an item for the maintenance of those tools, but not the use of them.

Q. That building, I think, has a second story to it, hasn't it? A. As I say, I am not familiar with the building. I don't remember. I don't know. I have never seen it.

Q. Do you know whether there is an office located there? A. There is an office there but where in the building I can't say.

Q. The expense of the office you can't say? A. That is right.

Q. Or to whom the use of that office is charged, whether it is charged to the Transporta-

tion or the Trolley Company or both? A. By and large it would be charged on the same basis as the shop, when we determine what that is.

Q. No outside company uses any part of that building? A. No.

Q. Do you know what the actual investment in that property amounts to? A. The actual investment was approximately $265,000. I have not the exact figure here.

Q. Arrived at by what method? A. The valuation of the land by Dean Cooley in his appraisal on December 31, 1915, plus the actual cost of erection of the building.

Q. That was arrived at in 1915, and when you arrived at this rent of $25,000, you did not increase the valuation of the land or the buildings in fixing this rent, did you? A. The building is a new building.

Q. You did not increase the valuation of the land above that which Dean Cooley had put on? A. That is it.

Q. You were going to tell me, I think when we finished on this Coit Street property, what the price was that was paid for the Day-Elder property that is represented on this Exhibit O-2? A. The purchase price paid by the production company was $296,000. To that was added some $12,000 improvements, before we took possession.

Q. Was the little L on the building, shown on Exhibit O-2, on it when you bought it? A. No, that was built later, after the original $40,000 deal was made.

Q. That is, when you say the $40,000 deal you mean the rental arrived at between the trans-

portation company and the production company? A. Yes. The $40,000 covers just the main through building that you have there.

Q. What is the rental for this little L? A. That is $90 a month, $1,080 a year.

Q. This excess land to the south of the L, what is that used for? A. I have not been up there recently. I think they use it for the storage of scrap and junk. There is a coal pile there too, I believe.

Q. You were going to tell us how the heating figure was arrived at. You are charged in that for heating, $1,500 a month. A. It is built up on the same basis as the rent of the building itself; the investment in heating space and heating apparatus, with interest on that investment at eight per cent, plus the taxes, plus depreciation, plus operating costs. That is split between the production company and the transportation company on the basis of the square feet of radiation.

Q. In other words, if I get you right, there is a central heating plant for not only this building but for the one that is on the corner of Clinton Avenue and 21st Street, is that right? A. That is right.

Q. And the cost of maintaining that heating plant is divided between the two companies in proportion to the actual number of feet of radiation. A. Square feet of radiation.

Q. In the two buildings? A. Yes.

Q. This property you did not own at the time that Dean Cooley made his valuation in 1916, I guess? A. No.

Q. Take your item #23, land at Miller and Broad Streets, Newark; that is owned by Public Service Railway Company? A. Yes.

Q. How was the rent there arrived at? A. On the basis of the Dean Cooley valuation as of December 31, 1915, which was $12,000, and the rental charge is eight per cent of that valuation, plus taxes.

Q. That is a piece of vacant ground about how big? A. I think it has 100 feet frontage on Broad Street. I do not know what the depth is. That is approximate.

Q. What do you use it for? A. A bus terminal and gas station.

Q. You do not store cars there, do you? A. No.

Q. You simply run the cars in off either Miller Street or Broad Street? A. That is right.

Q. On to this piece of land, in order to make the turn to make the return trip. A. There is a gas station there too.

Q. That merely requires a car to stand still long enough to fill its tank, doesn't it? A. Yes, but you must have a place to do it. You cannot do it on any one else's property but your own.

Q. You can do it right on the street, the curb line, can't you? A. No.

Q. You cannot build your tank at the curb line? A. You are not permitted to establish curb tanks in the City of Newark any more.

Q. You do not have to have a piece of property 100 by 100 feet square, for that purpose, do you? A. Pretty close to it, yes.

Q. As a matter of fact isn't that piece there much larger than 100 by 100 feet square? A. I do not know. I say it has approximately 100 feet front on Broad Street. I do not know what the depth is. Of course, the valuation of $12,000 for a piece of land such as that is ridiculously low.

Q. Is all out of proportion for the value of it today, isn't it? A. Ridiculously low. It makes a convenient point too, for short servicing two or three lines of buses. In other words it fits in very well with the bus operation, to have this piece of land available at this point.

Q. You have within approximately three blocks of this particular piece of land, the car barns on the corner of Frelinghuysen Avenue and Miller Street, haven't you? A. Approximately that distance, yes.

Q. You could short trip, or short service, whatever the term was you used, your line there? A. No. As I recall it, there was some operating reason for not doing that. I think the City of Newark had some objection to our running buses into that location. Mr. Boylan would remember the facts as to that.

Q. Do you ordinarily buy land and use it for the purpose of affording a place where you may short service your routes? A. I do not know of any case, no. But, of course, where you have to have a terminal in a busy part of the city you would have to have such a piece of land available.

Q. As a matter of fact this is a piece of land which the Public Service Railway Company have

owned for a considerable period of years, isn't it? A. Yes.

Q. Long before you ever went into the bus business? A. That is true.

Q. And it lay there idle and unused until you did go into transportation by buses? A. Yes. But it could be sold for a considerably higher price than the railway company is now getting a return on.

Q. I appreciate that. Have you any idea what the present value of that is? A. I could make a guess that it is somewhere between 25 and 35 thousand dollars.

Q. It is worth more than that, isn't it, down there? A. I say, I am guessing. I am not a real estate expert.

Q. All you do with the land then, is, you maintain a gas station there to supply gas and oil to your buses, and run your cars in there to make the turn for return trips, and occasionally short service some one or more buses, according to the operating conditions, is that it? A. I think that is all, yes.

Q. For that the transportation company pays $2,700 a year? A. Yes, sir.

Q. I suppose that basis of rental is $960 a year plus taxes, whatever they may be from year to year? A. That is right.

Q. Here is property #24, carhouse, Newton Avenue, owned by Public Service Railway Company, where is that located? A. In Camden.

Q. Camden? A. Yes, sir.

Q. The rent is $24,000? A. That is right.

Q. And is that a car barn? A. That is a car house garage, yes.

Q. Used jointly by the two companies, the Public Service Railway Company and the Public Service Transportation Company? A. That is right.

Q. And used for the storage of the Public Service Transportation Company buses? A. Yes.

Q. Do you know how many buses you have down there? A. Approximately 125.

Q. What was the space which they now occupy previously used for by the Railway Company? A. The Newton Avenue car house is divided into what we call bays, and there is one bay which to my recollection was previously used by the railway company for the storage of trolley cars, which is now being used for the storage of buses. There are two other bays which have been constructed by the Railway Company for bus use, specifically for bus use.

Q. And these bays were constructed by the Public Service Production Company? A. Not in that case, no. The railway company built them themselves.

Q. But the cars that were formerly stored in this one bay which now have the buses in, are now being stored where? A. I do not recall, at that particular point. I think some of them are in open air, but I would not be sure about it, Judge.

Q. Who would know? A. Either Mr. Boylan or Mr. Warner.

Mr. Stewart: Mr. Warner says they are in the open air and I will take that statement.

Q. Are they in open air storage on ground which was not previously used productively by the trolley company? A. I do not recall that.

Q. That you don't know. Mr. Warner maybe would know that? A. A large part of the land was used for the storage of track materials around about that car house. I don't know just how that would separate.

Q. What garages or car houses that are now used as garages were built by the production company, other than those you have already mentioned? A. Lake Street was one we have already mentioned, New Brunswick, Elizabeth and Hackensack.

Q. The one at Elizabeth and the one at Hackensack, are they being used by both the trolley company and the transportation company? A. The Elizabeth building is attached to the old Elizabeth car house building. The Hackensack garage is an independent garage.

Q. I understand then that the building in Elizabeth which is attached to the old car house is now being used by the transportation company for the storage of its cars? A. That is my impression. I have not seen that one either.

Q. Were these buildings at Elizabeth and Hackensack built on a cost plus basis? A. Yes.

Q. And what was the per cent? A. Six per cent. Inasmuch as they were subcontracted to a large degree, the fee was changed from ten to six per cent. The production company's connection was to design and draw plans and supervise the construction.

Q. These were among the early buildings the

production company built? A. Hackensack and Elizabeth?

Q. Yes? A. They have just been completed.

Q. They have just been completed? A. Yes.

Q. Is it the custom of the trolley company when they contemplate erecting new structures to be erected by the production company, to get independent bids? A. Yes.

Q. Having gotten independent bids or at the same time that they get independent bids, do they get bids from the construction company? A. In a major job, yes.

Q. So the production company is a real competitor in the sense that it has no knowledge of what the independent bid is going to be before it makes up its own? A. That is our view of it, yes. The purchasing department handles the whole deal from beginning to end, once the plans are made.

Q. If the bid of the independent is less than the bid of the production company, does the independent get the bid or does the production company scale its price? A. You would have to give me some individual case on that. I don't know of any case where the production company has scaled its price, offhand.

Q. Do you know of any case where the independent bidder has gotten the job? A. The Newton carhouse extensions in Camden.

Q. Any other? A. Offhand I do not know of any. There have been others.

Mr. Blake: Turnerville.

The Witness: Turnerville. I know there have been others. Turnerville is one.

Q. Down in this one at Newton Avenue—I think was the name of it, where you said they got it, Newton Avenue, where an independent got it— A. Yes.

Q. —was there much difference between the price of the two? A. I could not tell you. That was some time ago.

Q. You don't know why the independents got it at all then, do you? A. I could not say, no.

Q. In other words, you do not know whether there is any real competition between the independent and the production company or not? A. I have said that there is. Naturally we prefer to work with the production company, if there is only a small margin of difference, because we can get our ideas to them quickly, they know what we want, work with us from day to day.

Q. Do the independents bid on a cost plus basis? A. In some cases.

Q. Do you know how much was paid in 1926, on the basis of $15 a month for the storage of buses? A. You mean at the points where that basis was in effect?

Q. Yes? A. The rent charged by the railway for the month of December on that basis was $4,755.

Q. That would amount to about $53,000 a year, wouldn't it? A. Yes, about that.

Q. Were any of these rentals at the $15 per month basis entered into in carrying out agreements made with purchases of buses from independent operators? A. Did you say were any of these $15 ones entered into?

Q. Yes. A. No. No independents had any arrangements with us for the storage of buses.

Q. And all places you rent at $15 a month are places that are owned by the trolley company and were owned by the trolley company before you began to buy independent buses? A. Yes, places where the service had been coordinated.

Q. Has the transportation company got a program for providing itself with garages independently of the trolley company's garages or car barns? A. No. Needs of both companies are considered when we are studying service requirements of any locality.

Q. Does the transportation company expect to furnish in the future its own shop facilities, as distinguished from the shop facilities that are in the car barns that they now use? A. Only as it becomes necessary.

Q. What would create the necessity that does not now exist? A. The growth of the property in a given location beyond the ability of the railway company shops to take care of the bus company.

Q. Or where there were no railway shops— A. Available.

Q. —Available? A. Yes, surely.

Q. Wouldn't the transportation company be able to maintain and operate its own shops more economically than using the shops of the railway company? A. Quite the contrary, I should say.

Q. The total present rental payments are how much? A. For what purpose and to whom?

Q. Garaging purposes? A. To everybody?

Q. Yes, to everybody? A. The total rents charged to the two accounts, maintenance department rents and transportation department rents total $278,821.16 for the year 1926.

Q. Is it contemplated, do you know, to increase these rentals for the year 1927? A. The rentals will increase if the storage of buses at railway points or at other points not owned by the transportation company increases.

Q. That is, where you have them on a $15 per bus basis? A. Or any other rental basis.

Q. I do not exactly understand. A. You say, is it contemplated to increase the rents?

Q. Yes. A. There will be no increase in the rental rates for the year.

Q. Take your maintenance of way building at West Hoboken, where the rent is fixed at $3,600 plus the taxes of $31,070; of course, if the taxes go up your total rents there will go up. Is it contemplated to increase what is termed on this schedule here rent, $3,600 to increase that to $3,800 or $4,000 or some other sum? A. There is no such thing in contemplation.

Q. Does that apply to other properties owned by the railway company where the basis is not on the $15 per bus rental basis? A. Yes. That does apply. There will be no change in the rental rates by the railway company this year, that I know of.

Q. Is it at all likely that these rentals will be decreased where they are not on the $15 per month basis? A. The rents will not be decreased.

Q. Will the rates be decreased on the $15 per month basis? A. No.

Q. On what amount of capital would this $278,000 bring a return of eight percent?

Mr. Blake: May I interrupt there to ask if this $278,000 covers property on which it is figured that way or does it cover straight fixed rentals, taxes and so forth?

The Witness: This $278,000 is the total rentals paid.

Mr. Blake: Does that include taxes?

The Witness: It includes insurance, taxes, includes a number of items other than return on investment. But of course, $278,000 would be eight per cent on about three and one half million dollars, slightly over that.

Q. You say that this $278,000 includes something other than return on the investment, if I understood you just now? A. Yes, surely.

Q. It includes insurance? A. And taxes.

Q. And taxes, so that when you said that those rentals were based on eight percent return on the cost of the building as fixed by Dean Cooley, were you exactly accurate then? A. Entirely. I said that the rental rate was based on an eight per cent return on the investment, plus depreciation, plus whatever other carrying charges there might be.

Q. Could not the company provide itself with ample garage and shop facilities for less than it is now costing on a rental basis? A. No.

Q. Owning its own buildings? A. It could not provide itself with equal facilities to what it now has for this rent, at a carrying charge as low as that.

Q. In some places the transportation company has built its own shops and its own garages? A. Yes.

Q. Why? A. For the housing of buses.

Q. I know, but I understood you to say you could supply those cheaper by renting them than you could by building? A. No, I did not say that.

Q. What did you say? A. I said that the transportation company could not provide equivalent housing facilities for buses, equivalent to what they now have, at a carrying charge as low as the rents they are now paying.

Q. But the transportation company did build— A. Well, it is a matter of indifference between the railway company and the transportation company, which company makes the investment. The consideration is an economic one. If the railway company has a location which is most certainly the most available one, and the one that should be selected from the service point of view, that location is selected. If it developed that the transportation company can buy direct, make its own investment, that is done, as was done in the case of the Sherman Avenue garage and the Hackensack garage.

Q. That Sherman Avenue garage is one in which cars are garaged, or only sent there for repair and maintenance? A. They take care of minor maintenance there, as well as housing.

Q. They house buses there also? A. Oh, yes.

Q. I understood the other day Mr. Young to say, and I think you said it today here, that the rental of the Irvington garage on Coit Street and 21st Street, this $40,000 that that was

going to expire on July 1st of this year, I think you said. A. Yes, that is right.

Q. That I presume is being given up as a feature of economy? A. We are combining the shops of the railway and the transportation companies at the Newark shops site of the railway company. The production company needs its shop back again at Irvington. We hope to achieve a further economy by combining the two shops at the Plank Road site.

Q. If the production company was not in need of its shop, you would not be moving the transportation company from there down to the Plank Road, is that it? A. That is just one of the reasons why it is being done.

Q. Mr. Tuson, when a bus is acquired, an adjustment is made between the tangible and intangible accounts, isn't it? A. Not necessarily, no.

Q. Well, generally, isn't that true? A. No. It was true in connection with the purchase of 333 yellow gas electric buses last year. It was considered by us that the standardization of the fleet to approximately four makes was such a desirable thing to do that the unexpired physical life of buses that we retired in connection with that purchase should be thrown away as physical value.

Q. Those were all buses that you had bought from independents, weren't they, that were retired at that time? A. Almost all, not quite all.

Q. What adjustment was made between the tangible and intangible accounts? I think you were going to furnish me with a list of those

things. A. I will go through the whole story if you like.

Q. You were going to furnish me with a schedule? A. I think I have it here somewhere.

Q. Showing the basis on which you figured the value of the buses and that sort of thing? A. There are two copies of the complete list, Judge.

Q. You were just saying you were going to give me a little history of this, I think? A. At the time an independent bus is purchased, the physical value is separated from the total cost of the bus to us, and set up in a physical account. While that bus operates it earns depreciation of three cents a mile. In connection with this standardization of the fleet that I speak of, if a bus had not earned its entire physical value for us at the time that we traded it in for the gas electric, to the extent of say $1,000, we charge that $1,000, leaving out of consideration the salvage we got, of course, $850 salvage, we charged that $1,000 to the intangible account. That was just an alternative to another scheme, another plan we had in mind, of trading in every bus as we bought it, to some standard manufacturer, in which case the entire purchase price, less whatever small allowance they might make us for the bus, would have been charged to intangible value, and the cost of a brand new bus charged to physical value. In other words we tried to work out the physical life of these buses and so keep down the capital investment necessary.

Q. I understand now that by reason of the fact that you are standardizing your fleet, there will no longer be charged into the intangible

accounts any portion of the purchase price of a bus? A. I did not say that.

Q. You can answer that anyway? A. We still intend, as we buy independent buses, to separate the physical value from the intangible value and classify it where it belongs. It was only in connection with this one single purchase of 333 yellow gas electrics, and the approximate standardization of the fleet in connection with that purchase, that some of the physical value which had not been earned back in actual operation through depreciation, was charged to intangible.

Q. Now, by the purchase of these three hundred odd gas electric buses, it was made possible, as I understand you, to retire certain buses that you had purchased from the independents, is that right? A. Certain other buses. They were not all purchased from independents.

Q. Now, the buses which you had purchased, other than from independents, when they were purchased, were they purchased new or were they second hand buses? A. Both.

Q. In other words, you did buy second-hand buses where you were not buying them from independents? A. Some few, yes.

Q. Not very many? A. Fifteen or twenty, perhaps.

Q. Why was that, why did you buy second-hand buses? A. When we were met with an immediate service demand and some second-hand buses were available, we bought several small lots of them.

Q. Do you know what buses, by permit number or accounting number—I do not care which—were retired when the 300 odd gas electric

buses were bought? A. I could give you a complete list of them, yes.

Q. Could you have that for this afternoon? A. I am afraid not.

Q. Could somebody up in the office work on that so we could have it for sometime this afternoon? In other words I would not want to keep bringing you back here day after day. A. We will try to get it.

Mr. Blake: Just what is it you want?

The Witness: Just the accounting numbers of the buses that were retired in connection with the 333 gas electric. That is what you want?

Mr. Stewart: Yes.

Mr. Blake: If you will pardon me a minute, I can give you a short cut to it. Wherever you see $850 that would be one.

The Witness: That would not be complete.

Mr. Blake: I know it would not. You only want certain instances where you can pick them out?

Mr. Stewart: I will not know what I want until I see them. I wonder if we took an adjournment at this time, whether that would not facilitate matters a little. I have just gotten into the intangible business and I thought Mr. Tuson would have that schedule here that he told me he would have last week, which he has forgotten about, on which the values were fixed. I think we would make more speed if we stopped here.

Recess from one to two P. M.

After recess.

EDWARD A. TUSON resumes the stand:

Cross-examination by Mr. Stewart (continued):

Q. Now, Mr. Tuson, referring to the paper which you handed me, entitled "Statement Showing the Total Cost of the Following Buses and the Classification of such Cost to Revenue Passenger Motor Equipment Account And Other Intangible Account," and referring to Bus 73 on the Clinton Avenue line, permit number, account number 1576. A. (Complies.)

Q. I note that that bus cost $15,627.50 and that you charged to the revenue passenger motor equipment account $6,500.00. A. That is right.

Q. That $6,500.00 represents the physical value of the bus at the time of purchase; is that it? A. The estimated physical value of the bus at the time of purchase.

Q. And the $9,127.50 represents what? A. Intangible value.

Q. What did that intangible value consist of, what is it built up of? A. The value of the business, the going value of the business.

Q. Is that all it consisted of, the going value of the business? A. I think so, yes.

Q. How do you arrive at that going value? A. By deducting the physical value from the amount we paid for the bus.

Q. In other words, it is just an arbitrary arrangement of your own; is that it? A. Arbitrary to that extent, yes.

Q. What do you understand going value to

mean? Will you define that, please? A. Going value in this case would include the factors of profits, if any, to be derived from the business; the early losses, if it had any; its necessity to the public; its franchise value, if there was one; and other similar factors.

Q. Well, now, going value is a term which, as I understand it, is used quite commonly in rate cases and, as I understand it, it has a well defined meaning; do you understand that to be so also? A. Well, its meaning is not so well defined. I have heard it used in a number of connections.

Q. Do you know or are you familiar with any definition of it as given by Utility Boards or by the Courts? A. I cannot quote any, no.

Q. Can you tell us what you understand the gist of the meaning to be, as defined by the Courts or Utility Boards? A. I have just enumerated the factors that I feel are included in it.

Q. You enumerated the factors which you said applied to this particular case. Do you mean that those same factors would apply to every case? A. They would all be worthy of consideration in any case, would require consideration in any case, but they might or might not all be proper.

Q. Is there anything which distinguishes this particular bus and purchase from other buses and purchases which you have made? A. No, sir; only as to the time when we bought this particular bus, if that is what you mean.

Q. No, I don't mean that. I mean, was there anything peculiar about either the bus or the route? A. If you are trying to bring out the

fact that back in September, 1925, when we purchased that particular bus we paid less for it then than we paid for other buses similar in character at later dates, it is a fact that we did pay higher prices later on.

Q. No, I was not trying to bring that out. I was trying to ascertain what, in your mind, differentiated this case from other cases; I mean, so far as going value is concerned, because we are talking about going value. A. It would be hard to differentiate without giving a specific case to compare it with.

Q. Well, now, will you repeat for me again what you say constitutes the going value in this case? You say the $9,127.50, if I understood you rightly, represented going value; is that right? A. Yes, sir.

Q. Now, what do you say constitutes the going value, the elements that that is made up of? A. The franchise value—

By Mr. Blake:

Q. The right to do business? A. The right to do business on the public street.

By Mr. Stewart:

Q. That is what you mean by franchise value, the right to do business on the public street? A. Yes.

Q. All right, go ahead. A. The profits that might accrue from the operation, if any, and the other items that I quoted before, Judge.

Q. Will you quote them again, because I didn't get them the first time I was trying to follow two or three things at once.

Mr. O'Connor: He said the franchise value, the profits of the business, if there were any, and the early losses, if there were any.

Q. The franchise value, the profits of the business and the early losses, if any; is that right? A. Yes, sir.

Q. Are there any other elements that go to make up that going value, other than those? A. There might be; I do not presume to be an expert on going value.

Q. Who is the expert on going value in the Public Service? A. You have already cross-examined him, Mr. Young.

Commissioner Autenrieth: Do you need an expert on that? Don't the Courts dispose of that, as to the limits of going value? There are too many of them to remember.

Q. Who arrived at the price to be paid by the transportation company for that particular bus? A. The seller and the transportation company.

Q. How did the transportation company arrive at that as being a fair value? A. It, as Mr. Young said, was the lowest price for which the individual operator would sell at the time.

Q. In other words, the price, the lowest price for which the individual operator would sell was the price which the company concluded the bus was worth; is that right? A. That is right.

Q. So it wasn't a question then really of the actual value of the bus, but it was a matter of

paying the least that you could for the bus that you wanted; is that it? A. Naturally.

Q. And in this case if the man had asked $30,000 for his bus, as some of them did afterwards, your company would still have paid $30,000 for it; is that it? A. Not at that time, no, sir.

Q. Why not at that time? A. Because the independent operators had not educated themselves to any such figure at that time.

Q. Now, this $9,127.50, which you say has been charged to other intangible capital, is that the figure that was charged to the other intangible capital at the time of the retirement of the bus? A. The figure that was charged to other intangible capital at the time of the purchase of the bus.

Q. That was at the time of the purchase? A. That is right.

Q. Do you know what was charged to the intangible account at the time of the sale or the scrapping of that bus by the company? A. An additional $5,289.87.

Q. So that there has been charged to other intangible accounts on the basis of this bus, $14,417.37; is that correct? A. That is correct.

Q. And you have only written off $1,210.13? A. That is right.

Q. Well, now, with that in mind, would you still say that the going value of that business was $9,127.50? A. As I said before, I do not presume to be an expert on going value, but that was the figure at which we estimated the going value when we purchased the bus.

Q. Well, you are asking this Commission to permit you to earn, as I understand it, on this sum of $14,417, which is in the intangible account. A. No, sir; we haven't made any such request in this case.

Mr. Blake: We have asked this Commission to afford us an opportunity to earn our operating expenses. We are not here asking for a return upon the value invested in this business. If we were it would have been a general rate case throughout the entire state.

Mr. Stewart: One of the elements that they are asking is a return upon this capital which has been invested and this particular bus only represents $1,210 of value and the rest is air.

Commissioner Autenrieth: I don't think the petition asks for a return upon the capital invested.

Mr. Blake: No, sir; it does not.

Commissioner Autenrieth: I think it asks to earn more, but not for a return upon the capital invested.

Mr. Stewart: No, but a rose by any other name smells as sweet, may it please the Commissioner, and the intent of this thing is to earn money on the capital invested and other elements.

Commissioner Autenrieth: The purpose of this application is to increase their revenue, but I do not think their application specifically asks for a return upon the capital invested.

Mr. Blake: No, sir; it does not.

Mr. Stewart: I suppose it takes us back then to our original oral demurrer, to their application.

Mr. Blake: The statement is already filed that there is more than $10,000,000 of tangible property that is not considered at all, without any allowance for going concern value upon which we have earned nothing for two or three years.

Mr. Stewart: Well, Mr. Blake, do I understand from your statement, that you now make, that all that you are now asking to earn a return on is the $10,000,000 that you refer to?

Mr. Blake: No, sir; I am saying there is a very wide margin between nothing at all and a return upon $10,000,000.

Mr. Stewart: I am not disputing the question that you have the $10,000,000 that you refer to.

Mr. Blake: We are not in this case asking for a return upon the money invested in the business, because it is not a rate case.

Mr. Stewart: Whether it is a rate case or not, I think the Commission will have to ultimately decide. We insist that it is a rate, only under another name; they have used a pseudonym for it.

Commissioner Autenrieth: You are opposing their application perhaps upon the theory that they have now an ample return, and, therefore, this readjustment of fare zones should not be made upon the basis they ask?

Mr. Stewart: We are, and we contend that it is a rate case.

Commissioner Autenrieth: This readjustment is not state wide throughout the system of the applicant; it is applicable only to a few places.

Mr. Stewart: That gets us back to our original motions, which the Commission have not as yet decided, and I suppose, pending the decision of those motions, we will have to go ahead on the theory that it is a rate case.

Commissioner Autenrieth: I think the quickest way to get anywhere is to go ahead.

By Mr. Stewart:

Q. Now, Mr. Tuson, will you refer us to another bus on the Clinton Avenue line which was retired in the course of the purchase of these 300 odd gas electric buses? A. There are a number here 197, 200, 105—

Q. Not so fast, 197, what was the next one? A. 200.

Q. Yes. A. 105; and there are a number more here.

Q. Did you retire 286 at the time of these gas electric purchases? A. Yes.

Q. Well, now, that is a bus which you purchased in 1924 for $6,500, and at that time you charged into the intangible account $1,000, is that right? A. That is right.

Q. And after the bus had run some time, you charged off $850 for the selling or salvage price and $1,558.75, I think it is, for the earned de-

preciation, and that left, to be charged off into intangible account, $3,091.25? A. That is right.

Q. So that the total amount of the purchase price of $6,500 that is now in the intangible account is $4,091; is that right? A. That is right.

Q. Now, take 503. Has that been sold yet? A. Yes, sir.

Q. 503 has been sold? A. Yes, sir.

Q. When was that sold? A. The retirement date is October 31, 1926.

Q. And that you paid $5,442 for, in round figures? A. $5,442, yes, sir.

Q. And you salvaged it at $850? A. Yes, sir.

Q. And it had earned depreciation of $1,987? A. Yes, sir.

Q. And in this account which you handed me you have charged to revenue passenger motor equipment the full amount of the purchase; is that right? A. That is right.

Q. And nothing to intangibles? A. At the time of the purchase, nothing to intangibles.

Q. And since then you have charged to intangibles $2,604 in round figures? A. That is right.

Q. Now, why was nothing charged to intangibles when you bought that bus? A. Because the bus was worth physically what we paid for it.

Q. That was the physical value of the bus, I understand, $5,442.46? A. I said that the bus was worth physically at least what we paid for it.

Q. That is what I say, the physical value was at least $5,442.46. A. Yes, sir.

Q. So that that bus had no going value at all? A. We did not charge anything to intangible capital.

Q. Well, did it have any going value? A. If it did we didn't pay for it.

Mr. Blake: Once in awhile we get a bargain, you know.

Q. Now, take 404; have you got that? A. Yes.

Q. That is a bus that you bought from a Mr. Barry? A. Yes, sir.

Q. $7,437.50 was the purchase price? A. Yes, sir.

Q. And you charged $437.50 to the intangible account? A. That is right.

Q. That bus has not yet been written off, has not been sold, and I do not find that it has been charged with any depreciation, earned depreciation; isn't that bus running? A. I presume so. On the statement that you have, Judge, the earned depreciation is shown only on the buses that have been written off.

Q. Well, now, that bus was a 1922 Garfield? A. Garford.

Q. Garford? A. Yes, sir.

Q. How many bus miles will that have to run in order to pay for itself and earn depreciation? A. Well, it would be 7,000 divided by three cents, something over 200,000 miles.

Q. And is a 1922 Garford bus, with the wear and tear that it gets in your service, capable of running this something over 200,000 miles, I think you said. A. I am not an expert on bus

makes either, but I know we have gotten as many miles as that, I think, out of such buses.

Q. Out of a second-hand bus? A. This was a fairly new bus when we bought it.

Q. Well, it was— A. A year old.

Q. —a year old. You bought it in 1923 and it was a year old— A. If it is still running we have operated it ourselves for four years, you see, and a bus in our service averages somewhere around 40,000 miles a year.

Q. In that instance then, it is your opinion that there will be, at the time that you have to scrap that bus, nothing to add to the intangible account, in all human probability? A. If this bus were not traded in on the 333 yellow gas-electrics there will be nothing charged to intangible account—except the original entree, of course—in connection with it, whether it earns its physical value or not. That was done only in connection with the buses that were traded in on the purchase of those 333 yellow gas-electrics, as I said this morning, the standardization program.

Q. Well, when you do write that bus off will you tell me how you will handle it, from a bookkeeping standpoint? A. We will charge $7,000 to the retirement reserve.

Q. You do not know whether this bus is one of those that were traded in or not, I understand? A. My impression is it was not, but I will have to check that up. We will have that list here in a half hour or so.

Q. That, you tell me, would not show on this sheet at all that I have here? A. No, sir, this

is a statement of facts as of a date, December 31st, 1926.

Q. Now, take a bus on the Springfield Avenue line, Permit No. 75, your accounting number—your identification or accounting number 1508—
10 the purchase price of that bus was $15,180, of which $7,000 was charged to the revenue passenger motor equipment account and $8,180 was charged to other intangible capital? A. At the time of purchase, yes, sir.

Q. At the time of purchase. Since that time that bus was sold or scrapped and you have a salvage value of $850 and an earned depreciation of $1,055, and you have charged to the
20 intangible account $5,094, which would make a total of approximately $13,274, if my quick arithmetic is right. A. That is right.

Q. That is correct, it would be $13,000 odd? A. Yes, sir; that is another bus that was traded in in connection with the standardization program, of course.

Q. So that this exhibit, or this paper which you have handed to me—and which I am going
30 to ask to be marked for identification, consisting of six sheets—does not show the amount which is now charged to the other intangible account as applied to each instance of the buses mentioned in it, does it? A. This shows the classification of the cost at the time of purchase.

Q. And to show what the amounts are that have been charged to the intangible against
40 these particular buses it will be necessary to use an entirely different set of schedules; is that it? A. You would have to pick out the buses

that were traded in in connection with the standardization program and add what amounts were charged back to intangibles in connection with that.

Q. I am not sure whether I understood you rightly this morning. Did you say this morning that there will be no further charges from these buses that you had purchased from the independents into the intangible account, other than those that were shown on the statement at the time of purchase? In other words, other than these that are shown on this statement that you furnished me with? A. No, I did not say that. I said that the only buses that would carry an additional charge to intangible capital, in addition to that so classified at the time of purchase, were the ones that were traded in in connection with the order purchasing 333 yellow gas-electrics. In other words, if we went out and bought a bus on the Clinton Avenue line today, the classification of that purchase price would be so much for physical value and so much for intangible value, and that would be its final classification until it came time to write the thing off, when the entire physical value would be written off against the retirement reserve.

Q. You have furnished me with a scale or a schedule for buses bought in 1924. Did you also furnish me with one that shows the buses bought in 1925 and 1926? A. No, I gave you just 1924. You asked me for any typical schedule.

Q. We misunderstood each other then, because I want it for the other years too. You bought largely in the other years also. A.

This schedule could probably be dated 1926 and each year brought up two years, if you see what I mean, so that the column headed "1924" would be "1926"; unless there is some radical change in the type of bus that a given manufacturer is bringing out this scale would apply.

Q. In other words, if you bought a Garford 1921 bus in the year 1926 it would step the value of that bus back of even your 1920 scale on here, wouldn't it? A. Yes, that is so, it probably would step it back into a $1,500 value, as shown on this schedule.

Q. Did you make this up? A. You mean to bring it in now or originally?

Q. I mean, did you originally compile it? A. No, this came from the operating officials.

Q. It is, however, a copy of the rates on which you bought the buses in 1924, and you understand it is still the basis on which you are buying buses in 1925, 1926 and 1927? A. With the exceptions that I have stated, yes.

Mr. Stewart: Will you mark that in evidence.

Typewritten statement as to values and classifications of bus, makes of buses bought in 1924, received and marked Exhibit O-3.

Q. Now, these figures shown on this Exhibit O-3, how were those values arrived at, do you know? A. Generally speaking, of course, the first is the cost new of the bus and the other columns represent depreciations of that figure.

Q. Those values, are they the values of the bus with the body on? A. Yes.

Q. Or simply the chassis? A. Including the body.

Q. Including the body? A. The complete bus.

Q. Does it make any difference what kind of a body is on a bus, as to the value? A. Well, a small body would be worth less than a large body, of course.

Q. You mean seating capacity, of course? A. Yes.

Q. One that would seat fifteen would be less in value than one that would seat twenty? A. That is right.

Q. I mean with regard to the maker of the body, does it make any difference in the value? A. I don't understand your question.

Q. Well, there are various body makers, aren't there? A. Yes.

Q. And does the value of a bus vary at all in accordance with who happens to make the body? I am not familiar with who these body makers are. A. It might reasonably do so; I don't know; I am not a body expert.

Q. Who is the person or group of persons who fixed these values? A. Our bus maintenance men, the operating men in general. Our superintendent of bus maintenance was the prime mover in supplying these figures and they were approved by his superiors.

Q. And you don't know whether there is any variation in those, due to difference in the particular body make? A. These are supposed to approximate an average condition of a Garford bus in the year 1924, for example, in Class 1, and so on, back through the years.

Q. Did the Garford, for example, in 1924, make a different length or size chassis? A. I am sure I don't know.

Q. In other words, you don't know anything about that end of the business? A. Just an off-hand knowledge, that is all.

Q. Well, now, the value, for instance, of a Garford bus in 1924 is placed in this schedule at $8,000, and in 1923 it is fixed at $7,000; do you know whether that represents what a bus of that kind would bring in the open market? A. It is probably somewhat higher than a bus of that kind would bring in the open market.

Q. Why somewhat higher? A. Because this was not intended as a salvage value list; this is a physical value list and the physical value of a thing may be somewhat higher than the salvage value, generally is.

Q. Well, the physical value of a Garford bus in 1923—no, how is this—just wait until I get this straight—you say 1924, $8,000; that is a 1924 model, bought in 1924, isn't it? A. That is right.

Q. And 1923, $7,000; that is a 1923 model bought in 1924, isn't it? A. That is right.

Q. The physical value of a 1923 Garford bus in 1924 is down here at $7,000? A. That is right.

Q. Is that the second-hand market value, do you know? A. It is the estimated physical value of the bus to us.

Q. It has nothing to do with the market value that that bus might bring? A. Not necessarily. They may have considered that feature

when they established this schedule; I don't know.

Q. You don't know whether the market value would be much lower or not, do you? A. No, sir; I don't know.

Q. And you don't know whether, in the purchase of these buses, from time to time, there was taken into consideration the wear and tear and general physical condition of the particular bus or not, as applied to this value that has been fixed in the scale? A. The buses were usually put through, in fact, generally put through our repair shops and put in first-class operating condition before they went out on the streets, as far as possible.

Q. Yes, but this $7,000 value of a 1923 bus purchased in 1924, does not relate to the value of the bus after it had gone through your shops; that is the value of the bus as you figured it when you were dealing with the owner, isn't it? A. Not necessarily, no.

Q. Wasn't that supposed to be the basic figure on which you started to work? A. This schedule had nothing to do with the purchase of buses at all.

Q. This had nothing to do with the purchase of buses? A. No, sir.

Q. Did you have any schedule at all that did have to do with the purchase of buses? A. No, sir.

Q. Did you have no schedule when you went out to look at a bus on the Clinton Avenue line and saw it was, we will say, a 1922 Garford, that you would pay one price for it and if it was a 1923 you would pay another price for it,

both bought at the same time? A. No, not that I know of.

Q. What was this scale used for then? A. I think I said it was used for classifying the cost of the bus after it had been purchased.

Q. And before it had been repaired or after it had been repaired? A. After.

Q. After it had been repaired? A. That would make little difference. If you have a bus in first-class operating condition it would have a physical value of this amount.

Q. Well, it would make a good deal of difference, wouldn't it, if you paid for a 1923, in 1924 you paid for two 1923 buses, $7,000 each, and one of them was in good physical condition and the other one needed a lot of repairs; your company would have to go to the expense of putting the repairs on and that would increase the cost of that bus to you, would it not? A. Yes, theoretically it might make a difference, but practically it would not, of course.

Q. Well, now, is this schedule, Exhibit O-3, the basis on which the charge was made in the revenue passenger motor equipment account? A. Yes.

Q. I notice, Mr. Tuson, on Permit No. 96 your No. 847—no, take the one below that, 100, and Number 870, which was purchased in March, 1924, an Ultimate truck owned by Bernstein, for $4,407.84; is that correct? A. Yes, sir.

Q. That was a 1924 bus? A. A 1924 Ultimate.

Q. Now, about the same time, within a day, in fact, No. 96, Account No. 847, you bought a Bridgeport 1923 bus for $12,161. How do you

account for that difference? A. That was three and a half years ago; I cannot account for it right now.

Q. You cannot even speculate as to what the difference was? A. Not at this distance, no.

Q. Well, now, turn to Permit No. 48, your No. 843, a bus purchased from one Jorre on March 25th, 1924, which is one day after, I think—no, the same day as the purchase of this Bernstein Ultimate bus—you bought another Ultimate bus, which was of the year 1922 and had a seating capacity of 16, as against a seating capacity of the Bernstein bus of 20, and for that bus you paid $11,361.40; can you explain why you had to pay so much more for that than you did for the Bernstein bus? A. No, not at this distance, no.

Q. Can you tell me, on the Bernstein bus, the No. 870, how much was charged to intangible account? A. Nothing at all—that is, at the time of purchase.

Q. At the time of purchase. And how much was charged to intangible account on the Jorre bus? A. At the time of purchase?

Q. Yes. A. $6,861 odd.

Q. Is this another case then of where you did not pay anything for going value to Bernstein? A. Apparently, yes.

Q. And the going value of the other bus was, according to your way of figuring, $6,861; is that it? A. That is it.

Q. Now, on that same day you purchased bus Permit No. 520 on the Springfield Avenue route, No. 845, from S. Ostrowski—it looks like —Ultimate truck seating 25, 1922 date of manu-

facture, and you paid $11,161.40 for that, whereas for the Bernstein bus, the same make and two years later, date of issue, you only paid $4,407 for it. Can you tell us about that? A. No, sir.

Q. How much was charged to intangible account on the date of purchase there? A. Which one is that?

Q. 520, your No. 845. A. About $6,600.

Q. And since then has anything been charged to intangibles on that? A. At the time of its writing off in connection with the standardization order, $1,860.

Q. That made it approximately $8,400, in round figures, to intangibles? A. Yes.

Q. The fact is, Mr. Tuson, that the year of manufacture and the seating capacity and the going value had very little to do with fixing the price of the bus, didn't it? A. All those things were factors, but not necessarily the prime factors. The market price was the moving factor.

Q. The prime factor was getting control of the bus, wasn't it, to try to get the independents out of the way? A. Yes.

Mr. Blake: At the lowest possible cost.

Q. And it was because you were bidding for these buses and the independents knew that you wanted them and that you were paying almost any price that was demanded for them that the price constantly went up; wasn't that it? A. Not entirely so.

Q. Well, that had a good deal to do with it, didn't it? A. Yes.

Q. With the ultimate result that in 1926 you got to the point where you had to pay $30,000, or $30,500 for some? A. Yes, for some.

Q. I understand that that $500 in all these $30,500 purchases that took place in 1926 is raised above the actual price that you paid the owner of the bus by adding in the cost of various services that were rendered in inducing the bus owners to sell; is that correct? A. My recollection is that in those cases $30,000 went to the bus owner and $500 went for legal fees, searching costs, and that sort of thing.

Q. Yes.

Mr. Stewart: I think that is all. If I want you back again I will call on you. Mr. O'Connor says he wants to ask you a question or two.

CROSS-EXAMINATION by Mr. O'Connor:

Q. Can you tell me what was the total number of private buses purchased by the Public Service Transportation Company up to December 31st, 1926? A. The total number of buses purchased from independent operators?

Q. Yes, and charged to the capital account. A. Well, it approximates 1,000; I haven't it exactly, but I can get it for you if you want it.

Q. Can you get that information for me? A. Yes, sir.

Q. When may I have that? A. Mr. Boylan will have that with his papers if you want to ask him that question. He isn't here now. Or if you want me to get it for you I will get it.

Q. Can you tell me how many of the buses had been retired and written off the capital account up to December 31st, 1926? A. I haven't got the exact figure here, but I can get it readily enough.

Q. Can you say how many are still in the capital account? A. I will get that for you too.

Q. Are you making a memoranda of those requests, Mr. Tuson? A. Yes, sir.

Q. What was the total number of buses operated on the system as of December 31st, 1926, can you give me that? A. It was approximately 1,000; I haven't it exactly. The number of scheduled buses, as I told Judge Stewart, is something like 1,000, between 900 and 1,000, and the number we own is something over 1,000.

Q. Can you get that information for me? A. Which?

Q. How many were operating on the system as of December 31st, 1926? A. The total number of buses we owned?

Q. No, the total operated on the system as of December 31, 1926. A. Yes, sir.

By Mr. Stewart:

Q. You have a distinction there, haven't you? You have some that are in actual operation and some that are in reserve? A. That is it.

By Mr. O'Connor:

Q. I don't want any buses that are stored. A. You want the total number of active buses?

Q. Active buses, yes. A. I will give you both and then we will be sure.

Q. Can you tell me how many of the buses that are in active use were purchased from independent operators? A. I thought you just asked me for that. I will get that for you.

Q. Now, that is a different proposition. I said, how many buses had you in your system, actively engaged in your system, as of December 31st, 1926? A. No, I cannot tell you that offhand.

Q. But you can get me that information. A. I think so, yes.

Q. Now, I ask you, of those buses, how many of them were purchased from independent operators? A. I will get that for you.

Q. Can you tell me how many buses are operated on the eleven lines involved in this petition? A. No. You better ask Mr. Warner that. He will have that information.

Q. I don't care who submits those, if I can have the figures. A. I will give you the number of scheduled buses and the number of fares necessary to operate that schedule.

Q. Can you tell me how many of the private buses purchased and still in the system are practically not operated but are reported as retired? A. Yes. I can give you that.

Q. How many of those that are still in the capital account? A. For example, we have about 125 we are going to trade in with a new replacement which we have just made. Some of those are already lying idle waiting to go to that manufacturer. I will give you those too.

Petitioners' Witness, Edward A. Tuson, Re-direct

Q. The operation of the buses are normally higher during the winter months, that is, per bus mile? A. I think that is so, yes.

Q. I think the other question Mr. Warner can answer. A. That wouldn't be so much so this past winter, inasmuch as it has been a mild winter.

Mr. O'Connor: That is all.

Mr. Stewart: As far as I am concerned I am through.

Commissioner Autenrieth: Is there anybody else wants to examine Mr. Tuson before Mr. Blake?

(No response.)

Commissioner Autenrieth: Go ahead.

RE-DIRECT EXAMINATION by Mr. Blake:

Q. In the operation of these buses you testified it was necessary that they be garaged, correct? A. Yes.

Q. And at some point on the system where there is a joint operation between the Railway and the Transportation they are garaged on property owned by the Railway Company? A. That is so.

Q. It was necessary, was it not, to garage them at some place? A. Of course.

Q. The Transportation Company owned no property at those strategic points ? A. No.

Q. How many of them were there altogether? A. How many garages has it altogether?

Q. At points in the joint operation? A. Eight.

Q. That leaves how many at other points? A. Sixteen or seventeen.

Q. Have the number of garages been reduced in Essex County, the Essex division, in the past year? A. Yes.

Q. How many were we operating in the early part of 1925? A. I don't remember the maximum number, but we have given up garages that were located at Mott Street, Clay Street, Mulberry Street, Lowery in Kearny, Queens Street is another large one; there were two or three others.

Q. Did the reduction in the number of garages operate to increase or decrease the efficiency of operation? A. Increased the efficiency.

Q. What did it do to the cost of maintenance? A. I think it had a tendency to reduce the cost of maintenance, and most certainly reduce the overhead cost.

Q. Cut down the garage organization you had scattered around the city, superintendents and so on? A. Yes.

Q. In your opinion, has it cost any more or any less to have built a garage on Railway land than it would have had to build it by the Railway, or if the Transportation Company had acquired land and built it themselves? A. The only thing there would be any question about would be the eight per cent return on the investment. That is the only difference there could be.

Q. In your opinion, could they have purchased the properties and operated them and built the

building any more cheaply than the Railway did it for them? A. They couldn't have gotten as good a site for as little money as they are paying the interest on.

Q. These buses were purchased from individual operators, were they not, in most instances? A. Yes.

Q. In some cases the operators operated more than one or two buses, but generally speaking, they were individual operators? A. That is so.

Q. Were the purchases as a result of negotiations had with the operators? A. Very lengthy negotiations.

Q. Did you pay any more for them than you had to? A. Absolutely not.

Q. You got them at the lowest figure the owner was willing to sell? A. We did.

Q. Take the Irvington situation at the Springfield Avenue and Clinton Avenue line; those lines parallel the rails of the Public Service Railway Company? A. Yes, sir.

Q. And the Roselle Park? A. That too.

Q. The operations parallel? A. Yes.

Q. The lines of the railway? And the Hawthorne? A. They did too.

Q. Which of the others in our application? A. The Passaic-North Newark.

Q. The Rutherford? A. Rutherford, very largely so.

Q. And the Bloomfield line? A. That did.

Q. Were these buses operated in direct competition with the Railway operation? A. Yes.

Q. Upon the same streets? A. Yes, they were.

Q. Was this operation licensed by the various municipalities? A. It had been, yes.

Q. Under permits granted by the municipalities? A. That is right.

Q. Was this granting of permits by the municipalities for operation on the same streets as the cars of the Public Service Railway objected to by the Company? A. It was.

Q. At the time of its institution? A. It was, I think.

Q. Where railway employees did work for Transportation Company and were billed by Railway, charges billed by Railway to Transportation Company, was there any cost for that billing assessed against Transportation Company? A. No.

Q. Any of the clerical cost? A. None whatever.

Q. So that was there any increase in the cost to the Transportation Company because of the fact Railway Company employees did the work on Transportation Company equipment? A. No, sir.

Q. Was the operating organization of the Railway Company at the disposal of the Transportation Company during the past years? A. Has been ever since we started to buy buses.

Q. And under the circumstances you detailed at the last hearing? A. That is right.

Q. As to the charges? A. Yes, sir.

Mr. Blake: I think that is all.

Petitioners' Witness, Edward A. Tuson, Redirect

By Mr. Stewart:

Q. You said that the Clinton Avenue line, the bus line parallels the trolley? A. At the time it was purchased I think it paralleled it for every inch of its route.

Q. When you say at the time it was purchased, you mean in 1926? A. At the time we started to purchase, I should have said.

Q. At the time you started to purchase. You started to purchase away back in 1923, didn't you? A. Yes.

Mr. Blake: I will admit the route has been extended since to 43rd Street on streets on which trolley cars are not operated.

Q. It was extended shortly after 1923? A. I don't know the day; I don't know exactly. I know it was shortly after we started to buy.

Q. When you started to buy on the Clinton Place line that line for a long distance didn't parallel the trolley, did it? A. That line we instituted ourselves, I believe, at the request of the municipality, Newark.

Q. The Lyons Avenue line, did you institute that also yourself? A. No.

Q. That parallels the trolley for the greater part of its length? A. For a large part of its length.

Q. That line runs substantially today over the same streets it did when you purchased? A. Except we have taken it off Bergen Street, as I recall it, to a street a block or two away, so as to reduce the congestion.

Mr. Stewart: That is all.

Mr. Blake: That is all.

Mr. Davis: If your Honor please, I would ask permission to depart from the regular order of procedure. I have been here four or five times previously for the Town of Bloomfield at the defense. I only want to ask four or five questions of a witness with the consent of the Commission and associated counsel, I would like to put mine in so I would get through with him.

Commissioner Autenrieth: Very well.

WILLIAM McMICKLE, sworn on behalf of objector, Town of Bloomfield.

Cross-examination by Mr. Davis:

Q. Where do you live at the present time? A. Bloomfield; 60 Monroe Place.

Q. What is your occupation? A. Real estate.

Q. In the years 1923 and 1924 what was your occupation? A. Bus owner.

Q. On what line? A. Bloomfield.

Q. The Bloomfield-Newark line? A. The Newark and Bloomfield line.

Q. When did you give up that occupation, Mr. McMickle? A. Around September 25th, 1924, I believe, or close to that date.

Q. On or about that date, just prior to that date, how many buses did you own on the line? A. I owned one.

Q. How many? A. (Continuing.) That is one permit, one permit. I owned that for about five years.

Q. When you gave up that bus what disposal did you make of the bus and permit? A. Sold it to the Public Service Transportation Company.

Q. Do you recall what figure you received? A. $11,000.

Q. During the years 1923 and 1924 did you employ drivers on your bus? A. Two.

Q. How much did you pay them? A. $40 a week each.

Q. What fare did you charge on your bus line? A. Five cents from Bay Avenue to the city line and an extra five cents from there to Lincoln Park. Going back, five cents from Lincoln Park to Liberty Street and five cents from Liberty Street to Bay Avenue. That, I believe, is the same as the Public Service charges at present.

Q. Do you recall purchasing a bus for yourself while you were operating on this line? A. What do you mean? A new bus?

Q. Yes. A. Yes. I bought two, in fact, two different ones. I started in with a second-hand, old bus, and I bought a new one and then purchased another one.

Q. Do you know what you paid for the new bus? A. I believe around $4,800 for the last one. I purchased that in 1922, I believe.

Q. 1922? A. Yes.

Q. Where did the money come from that you used to purchase the new bus? A. From what I made and with the allowance I got from the old bus.

Q. From what you made? A. Yes.

Q. You mean from operating the bus? A. Yes, operating the bus. I believe I paid $1,800 cash and I got an allowance of $600 for the old bus, that was $2,400, and I had $2,400 to pay on one year, on notes, $200 a month.

Q. Did you pay those notes off? A. Paid those the first year, yes.

Q. Where did the money come from to pay those off? A. The bus business.

Q. Were you a married man at that time? A. I was.

Q. How much of a family did you have? A. Ten beside myself; a mother, wife and eight children.

Commissioner Autenrieth: Ten?

The Witness: Yes.

Q. Did you have any other income than this income from this bus line? A. Well, myself, I was sick; I didn't drive the last two years. I was secretary of the Newark-Bloomfield Bus Company. I made $35 a week.

Q. During those two years you got $35 as secretary of the Newark-Bloomfield Bus Company? A. Yes.

Q. But aside from that the income was from this one bus? A. Yes.

Q. You had two drivers and you paid each $40 a week? A. $40 a week.

A. And supported yourself and wife and mother and eight children during that period? A. I did.

Q. In addition to that expense did you have

sufficient income from this bus line to save any money? A. I did.

Q. Do you recall how much money you saved during 1923 and up to September 25th, 1924? A. Approximately about, between $6,500 and $7,000.

Q. Between those years; the year 1923 up to September 25th, 1924? A. That was the time I had the last bus.

Mr. Blake: A period of two years.

Mr. Davis: Less than two years.

Commissioner Autenrieth: A year and a half.

The Witness: About two years. That is, I am figuring from the time I had—the two years of that last bus, the large bus.

Q. Approximately two years? A. From the time I had the bus, yes.

Q. That was all on a five cent fare basis? A. Yes.

Mr. Blake: The same fare that is charged today?

Mr. Davis: That is all, take the witness.

CROSS-EXAMINATION by Mr. Blake:

Q. During that year and a half you say you were receiving $35 a week from the Association? A. Yes.

Q. You saved in those eighteen months— A. I didn't say eighteen months. I said two years.

Q. In the two years how much did you save?

A. Between $6,500 and $7,000. I don't know just the exact figure.

Q. $3,300 per year, would you say; that would be $6,600? A. It wouldn't be $3,300 the first year on account of paying $2,400 for the bus.

Q. Let us take the last year then. How much did you save the last year? A. I never figured it out in detail the last year. I could say the first year—

Q. Figure it in this way: In the two years you said about $6,500 to $7,000? A. Two years, yes.

Q. The first of those years you paid off how much on your bus? A. $2,400.

Q. That would be, of course, in addition to your saving? A. Yes.

Q. That would be your income. You paid your drivers $80 a week? A. $80 a week.

Q. For the two years? A. For the two years, yes.

Q. During that two years' time, $8,320, is that right? A. Well, I didn't figure it up.

Q. How much did it cost to operate the bus in addition to that? A. Well, I figured the gasoline and oil about $5 a day.

Q. Insurance? A. Insurance was $90 every three months; that would be $30 a month.

Q. A dollar a day for insurance? A. A dollar a day for insurance.

Q. What was your tires? A. Tires I believe were $15 a week.

Q. $15 a week? A. For the tires, yes.

Q. $2 a day for tires? A. Yes.

Q. Any other expenses? A. $20 a month for starter's service. It figured around a dollar a

day on the income tax at the city hall, run around $35 a month, I judge. I can't remember exactly.

Q. About $10 that runs to? A. Well, I never figured this way. I would have to stop and put down the figures myself, the way you are figuring it.

Q. What did you take in on the average a month? A. Well, we were running a pool then; different sized buses got different amounts.

Q. What did you get? A. Mine was $40 a day for eleven trips. I often made twelve, thirteen and fourteen trips. That was $3.20 and $3.25 an extra trip.

Q. How much a year? How much a month were you taking in? What were you paying your taxes on? A. That I can't remember. That is what I say, the city hall figured around a dollar a day.

Q. Five per cent? A. Five per cent. I wouldn't say five per cent; two and a half per cent or 2.75 I think it was.

Q. You split it up according to the length of your line? A. Split it up.

Q. What type bus was it you had? A. Republic.

Q. Seated how many people? A. Well, it carried—our permit called for a carrying capacity of 45.

Q. How many seats, do you know? A. Seated 23 or 25, I am not sure, just sure.

Q. That cost you new how much money? A. About $4,800.

Q. They don't make them any more? A. I don't believe they do.

Q. They do? A. I don't think they do. That I don't know.

Q. If you saved $6,500 to $7,000 in the two years you say the majority of that was saved in the second year? A. The majority of it.

Q. How much money was saved in the second year? A. I should judge $4,500.

Q. $4,500? A. Around that.

Q. You received $35 a week? A. Yes.

Q. As a secretary? A. Yes, sir.

Q. What year was it you saved this, in 1924? A. 1923 and 1924.

Q. And 1923? A. I figured the whole year, approximately, I had the bus.

Q. Where did you live at that time? A. In Bloomfield.

Q. Where; what address? A. 37 Linden Avenue.

Q. With your family? A. Yes.

Q. Did you file an income tax for that year? A. I did, but I don't remember what it was.

Q. Where did you file it, here in the Fifth District? A. It was Central Avenue.

Q. What did you give as your earnings that year? A. I don't remember now.

Q. I beg pardon? A. I don't remember now.

Q. Do you remember the amount of taxes you paid? A. No, sir, I do not.

Q. You are willing to swear under oath your earnings were at least $6,400 that year? A. I would have to figure them out. I don't know.

Q. You have testified there was at least $4,500 you saved that last year out of the operation of the bus, and you got $35 a week salary? A. Yes.

Q. That is a total of $6,420 for that year? Those are the figures you have given me; is that right? A. Yes.

Q. Did you have any other income beside that? A. No.

Q. You made a return; have you a copy of that return? A. No.

Q. Did you pay by check your income tax? A. No.

Q. How did you pay it? A. Why, I don't know as I had to pay any or not, on account of the family, as I remember.

Q. You had nothing to pay on? A. No, on account of the family.

Q. Did you file a return? A. Yes.

Q. You filed a return but you don't have any tax? A. Yes.

Commissioner Autenrieth: His exemption would be very high.

Q. Is your father and mother living with you? A. My father is not; he died when I was about 18.

Q. Your mother was living with you? A. Yes.

Q. How old is your oldest child? A. The oldest was about, I guess, 17.

Q. All dependents? A. All dependents.

Q. The exemption then for a child was $200? A. I don't remember.

Q. On the expense of your operation, where did you keep your bus? A. In the yard.

Q. Just in your yard? A. Yes.

Q. You didn't store it anywhere? A. No.

Q. Kept it at your house? A. Yes.

Q. Who repaired your bus? A. I would have the work done at different garages. I had done a lot of the work by the drivers; at other times of the day I would have them do it.

Q. Whatever you had to do you would have them do it? A. Yes.

Q. Some you had done outside? A. Yes; some overhauling.

Q. What did that average per year? A. I never kept track.

Q. Never kept any track? A. No.

Q. Did you pay your drivers anything extra for the repair work? A. No. They done that on their days off. We run six days; every seventh or eighth day there was a day off, but we would have to make two trips in the rush hour in the morning and two trips at night and we done the repairs during the day.

Q. Your men were not union men? A. No.

Q. Just drove the bus and did the repairing? A. Yes.

Mr. Blake: I think that is all.

By Mr. Davis:

Q. One question: You testified here you made quite a little money on your bus during those two years. Why was it, if you were making money, you sold to the Public Service? A. Well, I was sick at that time. If I could have drove my bus I wouldn't have sold.

Q. You were ill? A. Yes, I had asthma very bad; very bad. Sometimes it would take me an hour or an hour and a half to get dressed in the morning.

Mr. Davis: That is all.

FURTHER CROSS-EXAMINATION by Mr. Blake:

Q. One or two questions I neglected to ask you. What did you charge up for depreciation on your bus? A. Never charged up anything.

Q. You didn't charge anything? A. No.

Q. If your bus wore out and you needed a new one you turned in the old one? A. Yes.

Q. And got what you could out of it? A. Yes.

Q. And got anything you could? A. Yes.

Q. You gave them any money you had? A. Yes.

Q. Or gave notes and paid for the new one out of the receipts as they came in? A. That is right.

Q. Can't you give me any idea at all of the receipts in your pool? A. Well, the pool was at $40 a day.

Q. $40 a day? A. That was for eleven trips.

Q. How many days a week did you operate? A. Six days.

Q. Six days a week? A. Let me see; I think it was every eighth day. You see, if you were off on Monday this week you would be off the following Tuesday next week, and the next week the following Wednesday. That was so as to give everyone an equal chance so you wouldn't have the same day each week; you would have Saturdays and Sundays.

Q. The average would be about one day a week, one day each week off? A. Yes; but you would make two trips in the morning and two at night.

Mr. Blake: That is all.
Mr. Davis: That is all.

By Mr. Blake:

Q. You let your bus stand out winter nights, out in the snow? A. In the yard, yes, sir.

By Mr. Davis:

Q. When you sold the bus to the Public Service in 1924, September, how long had you had that bus then? A. Had that two years.

Q. Two years? A. I believe two years to that month or two years and one month; I am not sure whether it was August or September I bought it; I don't remember.

Q. Either two years or two years and a month? A. Yes, sir.

Q. You couldn't state without computation how many miles the bus had run? A. No; I could not.

Q. You ran every day of the week except one day? A. Yes.

Q. In that day you would make two to four trips? A. Yes.

Q. That line ran from Lincoln Park, Newark, to Bay Avenue, Bloomfield? A. Yes.

Q. And you made at least eleven trips each day? A. Yes.

Q. That is correct? A. If I kept the books I could have figured up every trip it made.

Q. For at least six days each week it made at least eleven trips a day? A. Eleven trips a day.

Q. And sometimes more. You ran it for two years? A. Two years.

Q. And then sold it for $11,000? A. Yes.

Mr. Davis: That is all.

By Mr. Blake:

Q. I understood you would not have sold it if your health had been in shape? A. If my health had been in shape so I could drive I wouldn't have sold it.

Q. You paid $4,800 for it two years before you sold it? A. Yes.

Q. What do you suppose the bus was worth at the time you sold it? A. Well, the bus itself, I don't know.

Q. Half that price? A. Half, yes.

Q. $2,400? A. Yes.

Q. $2,500? A. Yes.

Q. Why didn't you sell it to the Public Service for $2,500, just what the bus was worth? A. Why should I do that?

Q. I am asking you; why should you? All these lawyers seem to think you should? A. It isn't the bus. It is the business.

Q. What you were selling was the business? A. That was what they were buying. They wouldn't want the bus, would they?

Q. What do you think the business was worth? A. Worth a good deal more than I got for it.

Q. You thought it was worth more than you got for it and you got $11,000? A. Yes.

Q. You have been in the bus business how long? A. Five years.

Q. As a bus man with five years' experience you thought that selling a $2,500 bus with the permission to do business on regularly established routes at $11,000 was selling it for less than it was worth? A. With the business, yes.

Q. If you hadn't been in ill health you wouldn't have sold it at such a low figure? A. I wouldn't have sold it.

Mr. Blake: That is all.

By Mr. Stewart:

Q. That is because you could make money on a five cent fare? A. Yes.

By Mr. Blake:

Q. You didn't have a five cent fare? A. Just the same as it is now.

Q. Just the same as it is now, a charge of ten cents to Bay Avenue? A. The same as you do, too.

Q. You charged a five cent fare— A. To Lincoln Park and Liberty Street and another five cents from Liberty Street to Bay Avenue.

Q. That is what the fare is now? A. Yes.

Q. What is the mileage from Lincoln Park to Liberty Street? A. I don't know. I think Lincoln Park to Bay Avenue is about six and a quarter miles.

Q. What is the mileage, did you say? A. I believe around six and a quarter miles from Lincoln Park to Bay Avenue. I measured it once with a touring car to get up the schedule for the running time. I wouldn't say positively just exactly.

Q. Six miles? A. As far as I can recall.

Q. As a bus operator, do you think you could have operated that profitably for one fare of five cents for the entire distance?

Mr. Davis: I don't think that is proper.

Commissioner Autenrieth: I think that is quite relevant.

Q. Do you think you could operate profitably for a five cent fare from Lincoln Park to Bay Avenue, a distance of six miles? A. I think so.

Q. Which would have cut your revenue in half, would it not? A. No.

Q. Why not? Where is the bulk of your riding? A. From Liberty Street and Bloomfield Center to Lincoln Park.

Q. You think you could have operated profitably six miles for a five cent fare? A. Yes.

Mr. Blake: That is all.

Mr. Davis: That is all.

Mr. Davis: I have been requested by one of the Civic Associations of Bloomfield to ask permission to file this petition signed by several hundred residents and property owners in the northern end of the town.

Commissioner Autenrieth: What evidential value would that have?

Mr. Davis: I don't think they are of any evidential value.

Commissioner Autenrieth: If that is the basis on which you file them I will take them.

Mr. Davis: I have no further witnesses today. I would like to cross-examine Mr. Warner when he gets on the stand, briefly.

Mr. Stewart: Suppose you start now.

Mr. Davis: All right.

ARTHUR T. WARNER resumes the stand on behalf of petitioners.

Cross-examination by Mr. Davis:

Q. You testified before this Commission on January 19th, with reference to the Bloomfield line trolleys and the Bloomfield line buses and at that time offered in evidence a map, I believe called Exhibit P-2, do you recall that? A. Yes, sir.

Q. You stated, I believe, at that time, that the mileage on the trolley line from Newark to Bloomfield Center was 5.21 miles. Can you tell us the mileage on the trolley— A. What is the figure you just said?

Q. 5.21? A. Yes. From where?

Q. Newark to Bloomfield Center? A. The line of the buses from Lincoln Park to Bloomfield Center is 5.21.

Q. That is bus miles? A. Yes.

Q. The mileage on the trolley line from Public Service Terminal to Watsessing Avenue is 3.70? A. Yes, sir.

Q. Can you tell us what the difference would be with the shift in the zone line was made from Watsessing Avenue to the city line? A. The mileage from Lincoln Park?

Q. No; disregard the buses; on the trolley line? A. Yes; from the terminal to the city line?

Q. Yes? A. 3.10; three and one-tenth miles.

Q. It is six-tenths of a mile from the city line to Watsessing Avenue? A. Yes, according to the difference between those two figures.

Q. What would the difference be if the bus zone line were shifted, as requested, from Bloomfield Center to the city line? A. The bus zone from Lincoln Park to Bloomfield Center at the present time is 5.21.

Q. Yes? A. From Lincoln Park to the city line is 3.802; the difference between those two being 1.4 miles; 1.408 to be exact.

Q. If those changes were made as this petition of the company requests, people getting on at Watsessing Avenue now employed in the factories at Watsessing Center would either have to pay two fares to come to Newark or have to walk six-tenths of a mile to the city line, is that right? A. That is correct, yes.

Q. Do you recall last October attending hearing before this Commission with relation to an application made by residents of Verona for a shift in the fare zones of the Bloomfield trolley line from the Verona-Montclair line to the Lackawanna Railroad in Montclair? A. I remember the case. I remember it was last October; I remember the case.

Q. You remember the case last October, you were here; do you recall the decision that was rendered by the Public Utility Commissioners in regard to that case? A. Yes, generally I recall it. The application was denied, as I remember the decision.

Mr. Davis: I will state to the Commission, I don't know whether I can introduce a copy of the Commission's decision through this witness, but the company was a party to that action—

Commissioner Autenrieth: I don't suppose it makes any difference if it is a correct copy.

Mr. Blake: I have no objection.

Mr. Davis: I would like to offer a copy of the decision as evidence in this case and read into the record certain brief excerpts from the decision.

Decision of Board marked Exhibit O-4.

Mr. Davis: The second page, if the Court cares to look at it at this time, near the bottom it says: "When these zones were originally established the revenue to be obtained by the placing of the zone point was an important element to be considered. The overlap to the Lackawanna station requested by the petitioner would add approximately one and one-half miles to the first zone, which is now approximately three miles in length. All three zones on this route at present, are approximately the same length. The Board cannot adopt the principle that a zone point should be changed merely to accommodate those living within the vicinity of the zone on either side. The Board is satisfied from the evidence that the entire route of this line is zoned as to distance in practically equal proportions, and that the community of interest along the entire route is being served by maintaining the present zones without overlap or extension."

Mr. Davis: That is all.

Mr. Blake: There is an overlap in this case.

The Witness: On the bus line.

Mr. Davis: On the buses, not on the trolleys.

Commissioner Autenrieth: Was Mr. Warner the next witness in any event?

Mr. Blake: They said they wanted Mr. Boylan next. He is here.

Commissioner Autenrieth: I understand, Judge Stewart, your side were ready for Mr. Boylan and not Mr. Warner, as your next witness.

Mr. Stewart: I am ready for Mr. Boylan.

Commissioner Autenrieth: There is no use starting a witness for five minutes. You are taking more than ten minutes to get through with him.

Mr. Stewart: Yes. You will adjourn now?

Commissioner Autenrieth: Adjourn until tomorrow morning.

Mr. Stewart: At eleven o'clock.

Commissioner Autenrieth: Yes.

Adjourned until Tuesday, May 10th, at the Industrial Building, Newark, N. J., at 11 o'clock A. M.

BOARD OF PUBLIC UTILITY COMMISSIONERS,

Newark, N. J., Tuesday, May 10th, 1927.

PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY, application for adjustment of fare zones and other relief.

Before the following Commissioners: Jos. F. Autenreith, Esq., President, Charles Broone, Esq., H. C. Eddy, Esq., Sr. Transportation Inspector.

For Petitioner appears George H. Blake, Esq.
For Irvington appears Charles H. Stewart, Esq.
For Roselle Park appears M. P. O'Connor, Esq.
For Lyndhurst appears Luther Shafer, Esq.
For City of Elizabeth appears John J. Griffin, Esq.

M. R. Boylan, recalled on behalf of Petitioner.

Cross-examination by Mr. Stewart:

Q. Mr. Boylan, what is your position with the Public Service Railway Company and Public Service Transportation Company? A. Vice president in charge of operation.

Q. How long have you held that position? A. About three and one half years.

Q. Before you were vice president in charge of operation, what was your position? A. General auditor.

Q. So you have had considerable experience in the operating end of the business? A. Yes.

Q. Will you give us your explanation of what co-ordination means? A. Co-ordination means the most economic and efficient use of trolley cars and buses, as that permits the best service at the lowest cost to the rider.

Commissioner Autenreith: Do you want to add; with a fare return to the company, or with a reasonable return to the company; should not that be tacked on to the end?

The Witness: The fare takes care of that, I should say.

Q. That seems to be divided into two parts, first, the most economic and efficient use of trolleys and buses. A. Yes.

Q. And as a sort of corollary, as that permits the best service at the lowest cost to the rider, is that right? A. Yes.

Q. What do you understand enters into the elements of the most economic and efficient use of trolleys and buses? A. The most economic and efficient use of trolleys and buses of course would mean the unnecessary duplication of service, the rearrangement of schedules and re-routings, and anything that might work in to a proposition of that kind.

Q. How does this proposed change of fares or zones effect a more economic or more efficient

use of the trolleys and buses? A. In a number of instances the fare zones on the buses and trolleys are not co-extensive and our plan is to make them co-extensive and cut out a great deal of unnecessary and wasteful operation at the present time.

Q. By this co-ordination scheme then, do you propose to decrease the number of trolleys run? A. Not necessarily.

Q. Do you propose to decrease the number of buses run? A. Not necessarily.

Q. Then how are you going to accomplish any economy? A. After the adjustment is made in the zones and the traffic adjusts itself to that condition, it may be that certain economies, certain lines could be rerouted, certain trips that are now run, which we could call duplicate, can be eliminated, but until such change is made we do not plan to make any reduction in the service.

Q. When you say you are not going to reduce the number of buses run, do you make a distinction there between the number of buses, that is the physical entity and the number of trips— A. And the number of trips.

Q. —that a bus would make; you make that distinction? A. Yes.

Q. Then if I understand you right, if this application is allowed, it is the intention of the Public Service Transportation Company or the Public Service Trolley Company to reduce either the number of trips on a given line made by the buses or the number of trips made by the trolley on a competing line. A. If such a case arose, we would. There is no necessity of run-

New Jersey State Library

ning two trips, running a trolley car and a bus over the same route, if the trolley car or the bus can do the business. That is wasteful, it is unnecessary, it is a duplication.

Q. Can you point out now on any of these lines which are involved in this application, where there are too many buses or too many trips by buses being operated? A. Mr. Warner has that tabulation prepared.

Q. You are an operating man? A. Yes.

Q. You ought to be familiar with that? A. I am in a general way, and I think I stated it in my previous answer, that it is not necessary to run duplicate or wasteful mileage or trips. The traffic department, which Mr. Warner is in charge of, has made checks. Those checks I have not made. I think Mr. Warner should testify to those particular trips which you refer to. In a general way, we are trying to cut out, as I say, the unnecessary and wasteful duplication of service that exists today in several parts of the property.

Q. This proposed co-ordination scheme will not reduce the cost to the rider on the bus, will it? A. No.

Q. It will increase the cost to the rider on the bus? A. Yes.

Q. Will it decrease the cost to the rider on the trolley? A. No.

Q. Then this proposed co-ordination scheme is not going to give a lower cost to either rider? A. It is going to adjust and equalize the zones which are not equal today.

Q. But it is not going to give a lower cost to the rider on either utility, is it? A. No.

New Jersey State Library

Q. So that the element of lower cost, according to your idea then, is coupled up with the phrase "the best service"? A. I do not think the cost enters into it. Adequate service is the thing the people want and that is what we are trying to give and you cannot give adequate service when you have a fare rate on one line, one length of a certain zone and a fare length on another line a mile or two different distance. I think it is service before rate, when you get down to it. That is my view of it.

Q. It is your view of it I take it that when the fares on the buses are increased to the same fare as the trolley charges for the same distance and over the same route, that the people, some of them will go over to the trolleys? A. No. It is not our desire to attempt to drive any people to the trolleys. What we are trying to do is to equalize and adjust those various zones, and that is all we are trying to do, so that we can render service, I will say adequate service, to the sections served by both buses and trolleys.

Q. That may be your object but if it does not lower the cost to either rider, it will not increase the income to the trolley company, will it? A. I do not think the cost to the rider has anything to do with it, if we give and render proper service.

Q. Which facility, for instance in Irvington, are you not now rendering proper service? A. We are rendering service, a certain service on both facilities.

Q. On which one are you not rendering— A. But one probably—one is, I will say, carrying more people than the other, because of the

differential in fare. Our idea is to adjust that and make them equal.

Q. On which one is it that you are not rendering proper service? A. I did not say we were not rendering proper service.

Q. But you did say that you hoped by this co-ordination scheme to make it possible to render proper service? A. That is true.

Q. Which by inference at least would indicate that on the one or the other you are not now rendering proper service? A. No, sir, not necessarily.

Q. Are you rendering proper service on both facilities now? A. Yes.

Q. Then you do not need this co-ordination scheme to render proper service? A. Yes, we do.

Q. Why? A. Because we want to equalize these zones and that would make better service I should say, for the riding public using those facilities.

Q. How would it make better service if you are rendering proper service now? A. For the reason that when at certain hours of the day, we will say the buses are run crowded, with the fare rates being the same on both facilities, a person will take either one and in that way there will not be, we will say during the peak hours, crowding.

Q. In other words, if the fares are the same, some people, if they have to pay ten cents on either facility, will take the one which is the least crowded, is that your idea? A. In some instances they will, and then again there are a great many instances, the first vehicle that comes along the passenger will board it.

Q. Of course, today on the trolleys running out of Irvington, we will say, on the Clinton Avenue line, you are not running anything like the number of trolleys that you are the number of buses, are you? A. I have not that sheet with me. Mr. Warner has the sheet that will give you that information, and he has it at his fingers ends and will give it to you. If you want me to testify to that I will be glad to do it.

Q. I presume, as you are the man in charge of operation, you ought to be able to do it. A. I say, we have a sufficient number of both trolleys and buses to take care of that traffic at this time.

Q. You do not know whether you are running as many trolley cars as you are buses on the Clinton Avenue line. I am speaking of Irvington now?

Mr. Blake: As to number of units or seating capacity?

The Witness: Number of units.

Mr. Blake: Do you want the number of units or trips; what is it?

Mr. Stewart: Trips per hour.

Mr. Blake: Headways.

Mr. Stewart: Headways, yes.

Mr. Blake: In the interest of saving time, Mr. Warner is our traffic expert and has prepared all these blueprints. If he has got to explain to another witness, we are going to lose a lot of time. We have tried to prepare this case, as counsel said they have tried to split up their case. Mr. Boylan in a general way knows how

the property is being operated. When it comes down to 8 trips between eight and nine o'clock on a particular line—

Mr. Stewart: I did not ask that. I asked whether he could answer, whether there were any more trips on the buses than on the trolleys on the Clinton Avenue line. As the operating head I would suppose he would know that.

Commissioner Autenreith: I suppose it would be more to the point to have the man who has the detail of it. If Mr. Boylan cannot answer, he can simply say, I cannot answer.

Mr. Blake: He has to ask Mr. Warner and Mr. Warner has to tell him and then he has to put it in the record.

Mr. Stewart: If he says he cannot answer it I will take his word for it.

The Witness: I cannot carry those figures in my head, would not be expected to carry them. As I said before, Mr. Warner has tabulated the figures. I prefer to have you ask these questions of him.

Q. I did not ask the exact number. I asked if you could tell me whether they are operating more trolleys than buses or more buses than cars? A. There are more bus trips than car trips going into Irvington on Clinton Avenue.

Q. If this co-ordination scheme goes into effect will you increase then the number of car trips? A. That will depend. It will take some little time for the traffic to adjust itself and we will meet it.

Q. The scheme which you have in mind, in order for the traffic to adjust itself, would mean to make any change from what now exists, that persons who are now riding on the buses would ride on the trolleys, isn't that so? A. Not necessarily.

Q. Sir? A. No.

Q. If there will not people ride on the trolleys who ride on the buses, what advantage are they going to get out of this? A. They will get a fare on both facilities the same.

Q. What benefit is that to the rider? A. It will give the rider, as I said, the best service at the lowest rate of fare. We are trying, as I said before, and as our application states, to adjust these zones, to equalize them, make it uniform on both facilities going into and out of Irvington.

Q. If in Irvington you are not going to increase the number of buses and if in Irvington the passengers will not leave the buses and go to the trolleys, but will after this co-ordination goes into effect still continue to ride on the buses, where is he going to have any better service? A. Some people will change their habit of traveling after the fare zones are changed. Some may stick to the buses and some may stick to the trolleys but the fares being equal, they will take either facility.

Q. Then we come back to the first proposition; it is your hope, if this co-ordination scheme goes into effect, that some persons who now ride on the buses will ride on the trolleys? A. Some may.

Q. Because the fare is the same? A. Correct.

Q. Regardless of the fact that they are willing to put up with some discomfort, if they can ride for five cents, you desire to educate them to the point where they will be willing to pay ten cents if they can ride in comfort? A. No. We are trying to adjust the zones and make them co-extensive with the city limits. That is all we are trying to do.

Q. I am trying to square what you are trying to do with your definition of co-ordination, which is to give the most economic and efficient service through the use of trolleys and buses so as to permit the best service at the lowest cost to the rider. I am trying to find out how the rider is going to have any lower cost of transportation by reason of this scheme. A. The rider will have a lower cost.

Q. How will he have a lower cost? A. Because we are asking in a number of municipalities here now to have this fare adjusted, rather than have a horizontal raise made throughout the whole state.

Q. How will that permit the rider on these particular lines that you are now applying for, to have a lower cost? A. It only affects about three per cent of our riders on the total system.

Q. Three per cent of the bus riders? A. Three per cent of the total riders.

Q. That is on both the trolley— A. On both.

Q. What per cent of the bus riders does it affect, do you know that? A. No, I have not those figures here. It is three per cent of the total. It is better to adjust on three per cent rather than on one hundred per cent; that is our idea of it.

Q. In other words, what you are asking is that these sixteen or seventeen lines, whatever the number may be, that are involved in this application, should bear the increase to permit riders in other parts of the state to ride at the present rate of fare, is that it? A. That is about it, yes. And as I said before, this will give real service in these sections where they will have two facilities then to ride at the same rate of fare.

Q. Was there any particular reason for picking on these lines that are involved in this application? A. No, sir. These were the only lines on which the fare limits were not coextensive.

Q. Do you consider that all the lines that are involved in this application are competing lines with your trolleys? A. Yes, sir.

Q. Well, now, take your Clinton Avenue line running into Irvington. For what distance does that compete with the trolleys? A. It competes all the way up to Irvington Center, the point of divergence.

Q. And from Irvington Center on out it does not compete with the trolleys? A. No, sir.

Q. And it competes with the trolleys from the terminal in Newark, that is, the Manhattan tubes in Newark, to the Newark city line, with the trolleys at the same rate of fare? A. Yes, sir.

Q. And it competes with the trolleys from the Newark city line to Irvington Center at a different rate of fare so far as through passengers are concerned; is that right? A. Right.

Q. But from Irvington Center to the Newark city line, so far as local passengers are con-

cerned, it still competes at the same rate of fare? A. Yes, sir.

Q. And from Irvington Center on out where it diverges and goes down Ball Street and out Union Avenue and out Chancellor Avenue ultimately it doesn't compete with the trolleys? A. No, sir.

Q. And in competing with the trolleys in the City of Newark, from the Newark city line to the Trinity Church, we will say, because that is where it again diverges, there they go on a five cent fare? A. Yes, sir.

Q. But if you get on a Broad line car at 18th Street and Clinton Avenue, Newark, for five cents, you can ride clean up to North Newark, and maybe to Nutley—I don't know how far—but you can go to North Newark anyway, can't you? A. You can go to the city line.

Q. That is North Newark, isn't it? A. To the city line, the Erie station there.

Q. That is North Newark, isn't it, the Greenwood Lake station of the Erie Railroad? A. Yes.

Q. But for five cents there isn't any competition between the buses and the trolleys for traffic that wants to go north of Trinity Church, is there? A. Yes, we have competition there also.

Q. With whom? A. With other buses.

Q. How do you have competition there? A. With other buses competing with the trolleys.

Q. Who? A. We don't own all the buses operating on Broad Street north to the city line; there are several independents operating there and competing with us.

Q. But they aren't competing with you on a passenger who gets on at 18th Street or 16th Street or Clinton Place and who wants to go to the North Newark line, are they? A. No.

Q. Because it would cost them more money to ride from 18th Street or 16th Street and Clinton Avenue to the North Newark line on a bus than it would to ride on a trolley car, wouldn't it? A. Yes.

Q. And the Public Service Transportation Company has buses that run from the Trinity Church north to the North Newark line, hasn't it? A. They don't start at the church; we have buses running up Broad Street, yes, sir.

Q. They run up Broad Street? A. Yes, sir.

Q. So that to go by bus from the Newark-Irvington city line to the North—what is that, the Newark Belleville line; is that what you call it? A. Second River, the northerly boundary limits of the City of Newark; call it the Newark-Belleville line.

Q. —to the Newark-Belleville line on the trolley cars it costs five cents? A. Right.

Q. And to go by bus it costs ten cents for that same distance? A. From where?

Q. Clinton Avenue and 18th Street? A. Yes, if you take the two vehicles.

Q. You have got to take the two vehicles, if you go by bus, haven't you? A. That is it; it is part of the system.

Q. Does your scheme of co-ordination have any relation then to the fares that are charged on bus lines that are not competitive with the trolleys throughout their entire distance? A. No, sir. We are now talking about the Public

Service Railway Company and the Public Service Transportation Company.

Q. So am I.

Mr. Stewart: Repeat the question, please.

(Question repeated by stenographer.)

A. Just what do you mean by that. Do you mean the buses that are competing with us that are not controlled by us?

Q. We will leave it to those that are controlled by you. A. The buses that are controlled by us, the fare limits are not the same; that is why we are here asking that these fare limits be changed, to make them co-extensive.

Q. I understand that, but what has the relation of the fare to the co-ordination scheme? A. The relation means this: With the co-ordination, as I have said before, it reduces a lot of wasteful and duplicate mileage, trips, and everything else that goes into the operation of a railway. With that out of the way, or reduced to a minimum, we can then keep the fare at a low minimum.

Mr. Stewart: Will you read that answer again, please.

(First part of witness's answer read as follows: "The relation means this: With the co-ordination, as I have said before, it reduces a lot of wasteful and duplicate mileage, trips and everything else, that goes into the operation of the railway.")

Q. Now, unless this increase in fare is going to cause passengers to transfer from their use of the buses to the use of the trolleys how is it

going to reduce a lot of wasteful and duplicate service? A. We are not asking for an increase in fare; we are asking for an adjustment of these fare zones.

Q. I realize that you make that differentiation between an increase in fare and an adjustment of fare zones, but the fact is it is going to cost the passenger in Irvington ten cents where it now costs him five, and whether you call that an increase in fare or co-ordination, or what you call it, it takes approximately $30 a year out of a man's pocket, who has to ride, and he will look at it as an increase in fare.

Commissioner Autenreith: Is that a question or a statement?

Mr. Stewart: That is a statement.

Mr. Blake: It is a summation.

Mr. Stewart: That is a statement.

Q. How is this adjustment of zones, unless the passenger who now uses the jitney goes over to the trolley, going to reduce this wasteful and duplicate service that you talk about? A. The passenger whose zones are adjusted will pay an additional fare, in some cases.

Q. He will have to. A. Yes, but it is to keep this fare, as I said before, at the lowest cost to the rider; there are only about three per cent affected by it.

Q. You mean of all the riders? A. Yes, all the riders, all over the state.

Mr. Blake: Mr. Stewart is talking about the riders on these particular lines and you are talking about the riders on the entire system.

The Witness: There may be a few people in Irvington who will have to pay an additional fare, but our effort and our desire, in accordance with the instructions from the Board at the time the five cent fare was put into effect, we have taken this plan and carried it out in good faith and we intend to carry it out. There may be a few people affected in Irvington and other places, but they are only about three per cent. We don't want to ask for a horizontal raise at this time. If we get this relief and other relief that we are asking for we naturally feel, we think, a five cent fare can be continued throughout the territory.

Q. What do you mean by "a few people"? What do you consider "a few people"? A. People who would be affected by this change in zones.

Q. That runs into thousands, doesn't it? A. Well, whatever it may be; I don't know.

Q. Mr. Warner testified that on the lines that run into Irvington it would be 36,000 passengers a day; do you call that a few people? A. Whatever Mr. Warner's figures were; I don't know, but I will take it for granted that they are all right.

Q. Now, will you tell me your definition of going value? A. I will give you the definition of going value from the Master's report, which I think covers it.

Q. Which you adopt as yours? A. Yes. I will read it to you.

Mr. Blake: Mr. Boylan does not set himself up as a rate expert.

The Witness: I do not.

A. "1. The difference between an assembled and established railway system and plant doing business and actually earning money or capable of doing so if allowed a proper fare and the value of the component parts of such a system and plant, or in other words, the difference between the bare bones of the plant, its physical properties and the value of those properties connected and operating successfully.

"2. The expenses incurred and losses sustained between the time when its initial plants and properties, including those of its predecessors, were first put in operation and the time when they became respectively self-supporting, providing they became self-supporting within a reasonable time. These include the cost of attaching business, cost of tuning up the system and plant, the correction of mistakes, etc.

"3. The loss which the plaintiff has sustained on superseded property, that is, what property which has been abandoned before the end of its useful life because of advances or changes in the art or for some analogous reason, and for which the funds set aside for ordinary depreciation will not compensate.

"4. Such additional value as has been added to the physical properties because of location and because of the consolidation of 119 separate companies into one system under one management."

By Commissioner Autenreith:

Q. Where did you get that definition? A. From the Master's report.

Q. In the railway case? A. Yes.

Mr. Blake: The Special Master's report.

By Mr. Stewart:

Q. You read a definition by the Master. Did the Master precede that or affix to it the statement that that was a definition of going value?

Mr. Blake: That is the Master's summation of what the company claimed to be going value.

Mr. Stewart: Oh, that is what he said the company claimed to be going value?

Mr. Blake: Yes.

Commissioner Autenreith: Doesn't the Master's report speak for itself on the subject?

Mr. Stewart: I haven't got that. He said he was going to use the finding of the Master—

The Witness: No, I didn't say the finding; I didn't make that statement.

Mr. Blake: It is not the finding; it is the Master's summation of what we contended was going value.

Mr. Stewart: That is what you contended then?

Mr. Blake: Yes, and Mr. Boylan said he would accept that as his definition of going value; he said he had none of his own but that he would accept that as his.

The Witness: From the Master's report.

Mr. Stewart: Then I misunderstood Mr. Boylan.

By Mr. Stewart:

Q. What I understood you to say was that the Master endeavored to, as concisely as possible, express what the Public Service claimed going value was, and that his concise expression is what you adopted, or you are willing to adopt as the Public Service's claim of going value? A. I am willing to adopt what I read as the Public Service's idea of going value.

Q. Did the Master define going value, do you know? A. I don't recall that.

Q. Have you made any study of what going value is? A. No, sir. I am in charge of operation.

Q. What was the date of that report, do you know, Mr. Boylan? A. I can get it for you.

Q. In other words, you do not want to express, other than as expressed there, the elements that go into the making of going value or what per cent of the physical value of the property may be applied to building up going value? A. No, I do not set myself up as an expert in connection with that and I wouldn't care to make any statement on it.

Q. Now, I gathered from some of your previous testimony that it is this co-ordinatinn scheme through which you hope to effect certain economies; is that right? A. Yes, sir.

Q. By the Public Service purchasing buses, as they have, and going into the transportation business. Have you been able to effect economies in the running of the bus lines greater than those lines were operated at when operated by independents? A. Yes, sir.

Q. Can you tell us some of the economies that you have accomplished? A. There are a number of instances. Certain bus lines were over-bussed, they were not run on schedules, and after we got into the acquisition of buses we put in proper schedules, cut out a number of buses that were not necessary to run, and there were several extensive lay-overs at the ends of the lines—in a great many instances you would find as many as five, six, eight and ten buses laying over, and we put into effect every possible economy that we know of in order to maintain the present rate of fare and carry out the terms of the plan submitted by the company to the Commission and the Commission's recommendations in adopting the five cent fare zones.

Q. Did you find that in the lines running out of Irvington that there was this wasteful operation by the independents? A. Very much so.

Q. That they were not running on schedule? A. They were not. We had all kinds of trouble with them; there were a great many lay-overs; there were as many as twenty or twenty-one buses laying over at the end of the lines there in Irvington.

Q. Which line was that? A. Clinton Avenue.

Q. Where was their terminal at the time when you refer to this lay-over? A. Fortieth Street, the end of the line.

Q. Fortieth and Stuyvesant? A. Yes.

Q. They did run on schedule almost as soon as you began to buy buses, didn't they, on that line? A. Yes, sir.

Q. And there was a great deal of difficulty between you and the independents over the ques-

tion of schedule and whether you had more than your share of the schedule or whether they did? A. Yes, sir, but that has all been worked out by us acquiring the buses.

Q. I was going to say, you mean they have been bought out rather than worked out? A. Worked out and bought out.

Q. Now, in addition to the elimination of the lay-overs, which seems to be your principle complaint right now, what other economies were effected? A. I did not say lay-overs; I said schedules, lay-overs and proper operation.

Q. Let me ask you, on the matter of schedules, you say when you started to buy into the service the independents on Clinton Avenue were not running on any schedule? A. I didn't go so far as to say they were not running on any schedule; they had some sort of a schedule on which they operated; I wouldn't call it a schedule; I would call it a headway. After we began to acquire the buses naturally we wanted a place and we got into what we call a group system and worked it out on that basis, the independents running in their group and we running in ours.

Q. You say that when the independents ran they ran on a headway but not on a schedule; will you explain what the difference is between a headway and a schedule? A. The difference between a headway and a schedule is, if they ran on a five minute headway they would send so many trips out in an hour and they would not have a definite schedule made out showing certain trips made out for certain points; they would just simply run from one end of the line

to the other, sending so many trips out in an hour, but after we got working with them we had what we termed long trips and short trips to take care of the needs of the people.

Q. When the independents ran they all ran out to Fortieth Street and Stuyvesant Avenue, we will say, regardless of the traffic load that was to be carried at the time, and after you took hold they were short tripped, some of them starting at the city line and some of them at Irvington Center; is that it? A. Wherever the case happened to be, the adjustments were made and all hands agreed to them.

Q. That is the illustration of what you mean by the difference between schedule and headway? A. Yes, we tried to work it out on a business basis.

Q. It wasn't that the independents were running too many trips, was it? A. The independents were running too many trips at some times, yes, when there was no necessity for it.

Q. Do you know whether they were making money or not? A. What is that question?

Q. Do you know whether they were making money or not? A. I don't know.

Q. You don't know? A. No. I might say, though, in connection with that, that a great many of them who sold out were very anxious to get out of the business. There were all kinds of statements made by these men who sold out to us, but I don't think that is material so far as this case is concerned.

Q. You say a great many who sold out to you were anxious to get out of the business? A. They were anxious to get out of the business

because they owed money to everybody, and in a great many instances when we made payments to these men there was little or nothing coming to them, when we made the final payment.

Q. Notwithstanding the fact that they were anxious to get out of the business, as you say, in most instances you paid a pretty good figure for their equipment, didn't you? A. I shouldn't think we paid an exorbitant price for these buses, though.

Q. You don't think in any instance you paid an exorbitant price? A. No, sir. We were out to carry out the terms of the plan and to put into effect this scheme and, as I said before, we went into this to put the plan into 100 per cent operation, if we could do it, and we have accomplished it partly, and only partly.

Q. So, in order to carry out the scheme you were willing to pay whatever the bus owners ultimately demanded? I don't say "asked"; I say "demanded," "ultimately demanded," in order to get their buses? A. No, sir, we did not; we bought the bus and the business.

Q. Yes, I am talking about the bus and the business combined. A. We bought the bus and the business and we bought them as cheaply as we could.

Q. But that "cheaply as we could" was finally fixed at the price below which the owner would not go; is that right? A. No, we didn't have to take these buses.

Q. I know you didn't. A. But to carry out and to complete, as far as we could—as far as we have gone—we did in some instances pay more than we did for the earlier purchases

and the prices paid in the later purchases were a little higher than those previously paid, but that was to clean up the situation on certain lines where there were 1, 2, 3 or 4 buses left, and we did it in those particular instances.

Q. When you say "a little higher" of course $15,000 per bus purchase, is that what you mean by "a little higher"? A. We did not pay $15,000 for a bus. We paid $15,000 for the bus and the business and whatever the lawyers call it, everything that went with it; it wasn't just the bus; it was the going business and everything else pertaining to that. The lawyers may use whatever term they like in connection with it, but we did not pay any $15,000 for a bus; it was for everything pertaining to that business, which was an operating concern.

Q. I quite understand that, Mr. Boylan and when I said that you paid $15,000 more in the end for the purchase of a bus let's say that that included the business also, that you paid $15,000 more for the bus and the business than you did in the earlier days of buying; that is true, isn't it? A. To clean up the situation on certain lines.

Q. To clean up the situation on certain lines? A. Yes.

Q. And you only did that in a few instances? A. Comparatively few instances.

Q. When there are, we will say, forty buses on a line, and you pay $30,000 for the bus and business of at least ten of them, do you call that a few buses or a few instances? A. I would, yes.

Q. You would call that a few? A. Yes, sir, that was to clean up the situation on that particular line.

Q. Have you got all the buses now on the Clinton Avenue line? A. No, sir.

Q. How many are still out? A. Two.

Q. Have you got them all on the Springfield Avenue line? A. No, sir.

Q. How many are out? A. Four.

Q. Have you got them all on the Lyons Avenue line? A. Yes, sir.

Q. And all on the Clinton Place line? A. Yes, sir.

Q. Your company started the Clinton Place line, did it not? A. Yes, sir.

Q. So you didn't have to buy any buses there? A. They were part of those that we bought from other lines.

Q. What other economies have you accomplished through the operation of a large number of buses? Speaking of tires, have you accomplished economies in the purchase of tires over what the independents could pay? A. Very much so, as we have made a contract with the tire company on which we pay a certain rate per bus mile operated.

Q. How much, in percentage, would you say that economy amounted to when related to the whole result of operation? A. That would be rather difficult to give that in percentage because we have changed from time to time and we have never purchased tires outright, and I am at a loss to give you any percentage on that.

Q. When you say you have never purchased tires outright— A. For the fleet of buses. As

soon as we were committed to the operation of buses we immediately went into a contract basis with a company, and we built it up, since the fleet grew, under the same plan.

Q. You feel you have accomplished considerable economies in that phase of it? A. Yes, sir.

Q. With regard to the gas, have you accomplished an economy there? A. I think we have. We made a contract for the supplying of all our buses throughout the state. We put that up once a year on a competitive bidding.

Q. What price do you pay for your gas now? A. Our prices are rather—I think it is smaller, is now less; about three cents, than the tank wagon price. I think it may be a little better than that. We have what I would call a confidential price. I don't think it is necessary to go into it; I don't think you want that. I would say it is more than three cents less than the tank wagon price, and furnished in large quantities, that would be quite some economy.

Q. Let us understand that. Does your price fluctuate during the year as the tank wagon price fluctuates or is it fixed upon a basis that you have at the beginning of the year? A. Prior to this year it fluctuated with the tank wagon price but for this year, April 1st on, we have a flat price throughout the year and up to March 31st, next year.

Q. So as the tank wagon price goes up, your rate remains standard; if the tank wagon price goes down below what you pay you still have to pay that rate? A. Yes.

Q. You have it sufficiently low below the tank wagon price that you don't think the tank wagon

price is likely to go below that rate? A. Yes, sir.

Q. How much is the tank wagon rate below that which the independents have to pay buying at the curb, do you know that? A. No.

Q. You know the independents did buy at the curb, didn't they? A. Yes.

Q. They paid the same rate that any other automobilist generally that came up and bought, paid? A. The same as you and I.

Q. And other common people? A. Yes, sir.

Q. Do you know whether there is a sort of standard difference between the tank wagon rate and the rate sold at the curb? A. No, I do not.

Q. From your experience as a buyer of gas individually, and your experience buying gas as a representative of the corporation, can you tell us roughly what the difference is between the curb price and the tank wagon price? A. I think it is around three cents.

Q. That is, if I get you right, you save on your contract about three cents per gallon below the tank wagon rate? A. I would say so.

Q. So that the total saving you make as compared with what the independents had to pay is about six cents on the gallon? You get three cents below the tank wagon rate and they have to pay three cents above the tank wagon rate? A. I don't think it is quite that much. There is considerable saving.

Q. We will say five cents. A. It may be four or five cents. I told you I didn't know what the independents pay.

Commissioner Autenrieth: He says he don't know what the independents pay.

Mr. Stewart: He just said he knew they bought at the curb.

Mr. Blake: He said he assumed that.

The Witness: I assumed that, and I said further, the same as you and I buy. I take it for granted they pay the same as we pay when we go and buy.

Q. You still say that your company is paying approximately three cents less than the tank wagon rate? A. I should say around three cents. It may be a little less, it may be two and a half cents to three cents.

Commissioner Autenrieth: Anybody can get a tank wagon price if they want to buy it in that quantity.

The Witness: If they want to buy it in tank wagon lots.

Mr. Stewart: I am presuming, that most of them didn't do it. Mr. Boylan knows it and Mr. Blake knows it and I know it.

Commissioner Autenrieth: I think somebody said that the independents pooled their buying on certain lines.

The Witness: Some places.

Q. With regard to repairs, have you accomplished any saving with regard to repairs? A. Yes. We have consolidated a number of what I would call garage and repair shops.

Mr. Blake: This question of economy in repairs is based on cost, whether our own economies are below the independent operations; we have no knowledge of what

the independents can do it for. We had no way of knowing what it cost them.

Q. Do you know whether you have accomplished economies in repairs now, as distinguished from what it cost you when you first went into the business? A. Yes.

Q. You make your repairs according to the most efficient type of both mechanics and machinery that you can obtain, don't you? A. We try to.

Q. The independents, on the average, didn't have that benefit, did they? A. No.

Q. Does the transportation company carry its own liability insurance? A. No. Under the law we set up a fund to take care of all accidents.

Q. That fund you do what, keep invested? A. I beg pardon?

Q. Keep invested? A. No; set it up on the books.

Q. All set up on the books? A. Set up on the books.

Q. You don't, therefore, have to pay the premium for liability insurance that the independents had to pay?

Mr. Blake: We have to pay the damages.

The Witness: No, we do not.

Q. That effects an economy, does it? A. I don't know that it does.

Q. In other words, it would be cheaper you think, for your company to take out liability insurance than set up this reserve? A. Up to some time ago, a short time ago it might have been cheaper if we carried liability insurance.

Q. With regard to the purchase of buses, I mean new buses; could you purchase them cheaper than the independents could? A. I think so.

Q. Considerably cheaper because you buy them in large lots, isn't that so? A. I should think so.

Q. Do you effect a saving there? A. Yes, sir.

Q. Did you accomplish any economies by the use of the gas-electric buses? A. The gas-electric bus is an experiment we have been trying out for some time past. I think the gas-electric has some advantage over the other type bus, but up to the present time, because of the newness of the experiment, we haven't found any great economy in the operation of it. It has some advantages, of course; smoothness of operation. As to whether we have made any direct economy I wouldn't say at this time.

Q. Do you expect to accomplish your economy in the matter of repairs by the use of the gas-electrics? A. I think in the long run it would be more economical.

Q. The gas-electric bus has a longer life? A. I should think so.

Q. Than the other mechanically operated buses? A. We think so. We haven't been able to judge definitely because of the newness. It is one of the changes in the art. The whole business is now, as you know. We go along and make these experiments. We are trying to get the best vehicle to do the business.

Q. In the matter of the collection of fares; do you apply means on your buses for the collection of fares which operate more economic-

ally than hand collection that used to be used by the independents? A. I think so, very decidely. The electric fare box is, we think, a very decided advance in the art of fare collection.

Q. Generally speaking, you feel that your company operates the bus system under a much more efficient and economical management than the independents could operate them? A. Yes, sir.

Q. On page 34 of your original testimony you stated that the railway company and the bus company have made certain capital expenditures totalling over $20,000,000? A. Yes, sir.

Q. Can you tell us how much of that $20,000,000 was for the street railway? A. I think I testified that the street railway was over $2,000,000 two million plus. I am just looking for that now.

Q. The balance of that $20,000,000 or $18,000,000 would have been what you invested in the transportation company? A. I will correct my statement. The railway figure is $2,655,214. The transportation figure is $17,069,361.39.

Q. That includes what you spent both for buses and their business and garages? A. For three years.

Q. For three years? A. Yes, sir; 1924, 1925 and 1926.

Q. A little further down on that same page you say that the company has reconstructed, on the average, 26 miles of track a year, at a cost of $1,000,000 a year. Was this $1,000,000 added to the capital account? A. Whatever new capital was put in the property was added to the capital account.

Q. Was this construction of 26 miles of track, was any of it over new routes extended routes or was it replacement of old track? A. No. There may have been some short extensions at some loop which we have built since we have gone into the one-manning of our cars. Offhand I don't recall.

Q. The major portion of it was replacements? A. The major portion would be on replacements, heavier rail and so forth. What page is that on?

Q. Thirty-four. You haven't the data here with you, have you, to show what portion of that $1,000,000 was charged into capital account? A. No. I don't seem to have that with me.

Q. Can you have that for us this afternoon, Mr. Boylan? A. Yes, sir.

Q. I want to see what went into the capital account and what reductions you made in your capital account for the old track replaced, out of that $1,000,000 expenditure. So that except for places where you have laid a few loops and a few extensions there has been no real additions to the capital account by this track expenditure, has there? A. Not on track. There have been other additions which, of course, are in the other figures, the balance of the figures in gross, the figures were as I said, the cost of about $1,000,000 a year, as I say, that is for the three years. I have a memoranda here which may clear up the question you are asking, that the expenditures the net capital charges charged for the three years were $1,449,066; the amount written off $526,552. I think that answers your question.

Q. That is for the track replacement? A. That is just track, yes, sir.

Q. On page 37, I think, you stated you have a budget; you will have to go back to the page before that to find out how it hooks up. It is stated you have a budget of $2,309,727 for street railway improvement, for the purpose of reconstructing 23 miles of track and special work; do you expect to add this expenditure to your capital account? A. The railway, this $2,309,727 covers the total estimated amount for the 1927 budget. The item that would be added, if we spent the money, to the capital account would be $1,480,589. In the writing off of the depreciation account would be $665,232 and to the operating expense accounts would be $163,906.

Mr. Blake: All the 1927 budget?

The Witness: All the 1927 budget.

Mr. Blake: These figures are estimated expenses?

The Witness: Just an estimated budget we made up and presented.

Q. I understand. That one millon odd dollars would go into the capital account, if I follow you, you would be entitled to put that in the capital account by reason of the fact— A. It is an additional investment we must put into the property. The property is improved to that extent. That only covers track—track line, buildings, tools and equipment, furniture and other items which go into our budget. It is a tentative budget presented to the president and the Board.

Q. Where it relates to track, do you expect to put in heavier tracks or a better type track? A. In a number of places, yes. The original rail has been in 10, 15 or 20 years. We are replacing that by a heavier and more modern and up to date type of rail.

Q. Now, go back to page 34 again. You state on page 34 you have rebuilt a number of open and closed cars for one man operation? A. Yes, sir.

Q. That the number of closed cars changed is over 1,719 and the number of open cars is 277. Do you charge the cost of this conversion to the capital account? A. No, sir.

Q. What portion do you charge? A. Anything that went in that was an improvement over the old type of car. I think in that particular case where we used the open cars all we charged to the capital account was the door hinges and other devices that had not been on the cars originally.

Q. That is related to the open cars? A. Open cars.

Q. And with relation to the closed cars. A. The closed cars, the old platform, we will say, the platform was changed and lengthened to make a better exit and entrance, and the old platform written off, and the cost of the new platform written in.

Q. That all went into capital account? A. Very carefully checked up, and worked out along that line.

Q. Did you make any credit to the property account and charges to the depreciation reserve on this work? A. Where that appears to be—

we check it in and out; the new work charged up and old work written off or taken out.

Mr. Blake: If a new engine was placed in the closed car that also would go into the capital account?

The Witness: That is what I said.

Mr. Blake: Closed and open?

The Witness: I said "cars"; that meant both.

Q. You state on that same page that you have purchased 650 new buses? A. Yes, sir.

Q. And that you have rebuilt 807 buses purchased from the independents? A. During the past three years.

Q. During the past three years. How many of this total number of buses did you purchase from the independents? A. From the independents? We purchased 958 buses from independents during the past three years or up to the time this petition was filed.

Q. 958? A. Yes.

Q. What was it you rebuilt, 807; how many was that? There is a difference between the number purchased and the number rebuilt of 151? A. Some of the buses we have taken in at the later purchases were of the type which we adopted. When we got into the purchase of these buses we found 56 different types or varieties of buses. We made a very careful study of it and after some time we finally decided we would adopt the Whites, the Macks and the Yellows as standards.

Q. The Whites, Macks and Yellows? A. And the Yellow Coach, we call it. We then decided to get rid of all of the other parts of the fleet.

Q. Those you scrapped or sold? A. We sold those to the different manufacturers. At the time we purchased the gas-electric we turned back a large number of these old buses.

Q. Up to the time that this petition was filed or these figures were compiled that you testified to already you had purchased new buses and buses that you purchased from independents, a total of how many? A. We have purchased from independents, 958.

Q. Yes. A. We purchased new buses 752.

Q. That makes one thousand six hundred and ten? A. Whatever that is. We turned back at the time we purchased the 395 gas-electric, we turned back, I think it was, 464 buses to the manufacturer.

Q. How many? A. I think it was 464.

Q. Were those buses you had run at all?

The Witness: 404. I beg pardon.

Q. Were the 404 buses you had run at all? A. They were run up to the time the new buses arrived and as fast as the new buses came in they replaced the old buses which were delivered to the manufacturers.

Q. So that left 1,306 that you had on your hands to operate? A. That may be that amount, yes. We always have to have, as you know, a number of spares for overhauling and painting.

Q. At the time you gave your testimony you were operating 850 buses? A. Eight hundred and fifty?

Q. That is what your testimony says, the

bottom of page 34. A. That is the schedule buses.

Q. All right. A. That is just as I have just testified to, here, for a period of over three years. There is your difference.

Q. In other words, during the course of three years some more of these 1,306 buses had been eliminated? A. Yes. We are eliminating 125 that go out this year as soon as the new buses come in; we retire a certain number each year. When the buses get older naturally we retire them.

Q. You say you are operating 850 buses; does that mean the buses— A. The scheduled buses.

Q. The scheduled buses? A. Running at 6 o'clock at night.

Q. Does that include buses that you reserve to take the place— A. We have about 15 per cent spares, scattered at the shops and in the garages.

Q. When you swapped these old buses in, when you bought the gas-electric, what did you get for them, do you know? A. I think Mr. Tuson testified to that. I can get it for you. I think around—

Mr. Tuson: Eight hundred and fifty.

The Witness: Eight hundred and fifty. You testified to that?

Mr. Tuson: Yes.

Q. In your bus operations are you setting up a depreciation account so as to provide for the retirement of the buses as they are scrapped? A. Three cents a mile.

Q. All those old buses you bought second-hand from the independents those you had to retire at less, didn't you; that is, they had earned their depreciation? A. I don't recall how that was handled on the books, but Mr. Tuson testified to that.

Q. What was the average purchase price of the new buses? A. I should say around $10,000 the gas-electrics.

Q. What did you pay for the old buses and their business, on the average, I mean? A. The average price? A. That is by lines.

Q. Give me the average price by lines and we can average it afterwards. A. On the Clinton Avenue line, $13,902.16. Springfield Avenue, $15,326.54. Bloomfield Avenue, $10,442.37. Rutherford, $12,489.80. Lyons Avenue, $6,744.66. Passaic North Newark, $9,933.66. Roselle Park, $18,682.08. Kenilworth, $6,625. Hawthorne-Madison, $13,610.32. Hawthorne, $22,392.95.

Q. What was that last one? A. Hawthorne, $22,392.95. I made some rough pencil figures; on the average, from the time—I found the average price paid for all the buses we have up to the time the application was made was about $16,850. That was my figure.

Q. In paying for these Independents' buses, did you pay cash for them or did you issue securities to the independents or did you give them stock in your company or what? A. We paid cash.

Q. For your new buses, how did you finance those? A. Up to date we have been paying cash to the manufacturer.

Q. Of the old buses that you purchased from the Independents, do you know how many are in operation? A. No; I wouldn't say. But any of the Macks or the Whites or Rehbergers, and a few Pierces, I would say of the type of 1924, 1925 or 1926, we are still operating them. We are getting the useful life out of them.

Q. How many? A. I wouldn't say. Any 1924, 1925 and 1926 we are still operating.

Q. All the new buses you are still operating? A. Yes.

Q. You had 850 buses scheduled to operate, according to your testimony on page 34. The difference between 850 and 752 would be what you are operating of the old buses on a schedule? A. If it works out that way. I don't know. I imagine with about 15 per cent for spares, it would be about that.

Q. You are keeping them for spares? A. We have a number of engines going to the shop for overhauling, painting and accidents.

Q. As to the buses which you purchased from the Independents and have either sold to others or scrapped, have you made any reduction in the capital account so as to take the full original purchase price out of your capital account? A. I am not familiar with how that is handled. I think Mr. Tuson testified to that. I can answer it in a general way: Any new buses purchased are charged to capital account and old buses which have gone out of service are written off or taken out of service. Just how it was treated I don't know.

Q. Can you tell me, Mr. Boylan, how many

buses you have classified as used and useful for operation? A. There is 852—you mean of the buses we have in service?

Q. Yes; what is the total buses you own?

Mr. Blake: At the present time or as of the date we filed this?

Mr. Stewart: Yes.

A. I couldn't give you that off-hand. I would have to have that checked up, as some of the buses when we purchased them were in very bad shape and we had to replace them with new ones almost immediately.

Q. Referring back to that budget on page 36, where the expenditures for the two companies would amount to $4,361,675. Who approved this budget? A. This budget was made up by me and submitted to what we call the Budget Committee. After it is submitted to the Budget Committee and approved by them, it then goes to the Board, as I understand it.

Q. The Board of Directors? A. Yes.

Q. Have they approved it? A. Some of these items were approved, others were not. A great many of our items are not approved. We first submit it.

Q. How does the budget as approved stand now, as to amount? A. There is one item—the railway budget, I think, stands as made up.

Q. That is, $2,309,727? A. $2,309,727.

Q. Yes. A. The bus budget was cut, I think, approximately one million dollars.

Q. In other words, for the bus company, that would be about $3,361,675, in round figures? A. Yes. Some of these items I don't know whether

they will be put through, as this budget was made up with the idea that we would get some relief from the present situation. We cannot, I think, it was testified before, go on putting these vast sums of money in the property unless we get some relief and some adjustment of the zones and other relief we are seeking.

Q. When was this Transportation Company budget for approximately $3,361,000 approved by your Budget Committee and Board of Directors? A. We make up the latter part of the year a schedule, at some time in January, I think; I don't recall the date off hand.

Q. You think this was approved some time in January? A. I think so.

Q. On page 36, you say that our equipment, track and line is in good shape; did you say that? A. Yes.

Q. You are referring now, speaking of the track as a whole and not trying to indicate any particular phase of it or part of it is in good shape; as a matter of fact, are you familiar with the track on Clinton Avenue, Irvington, from the city line to Irvington Center? A. Only in a general way. I have been over it.

Q. You know that is in very bad shape? A. We didn't have it in this year's budget.

Q. That is very unfortunate. Who performs the reconstruction of the track work on the railway company? A. That is done under our general manager of plant.

Q. I mean, does the railway company do it? A. Yes.

Q. Or contract it out to a construction com-

pany or some other company? A. No. We do it all ourselves. In some instances we have a paving contractor assist us, but generally speaking we do all our own track work; the railway does the work.

Q. How much relief do you expect the company will get by reason of the passage of the Able Bill, Senate 82? A. I don't know what relief we will get this year. We have made a number of commitments, and we are going through with them; I should say in round figures we will get somewhere around, maybe a couple hundred thousand dollars. I don't know.

Q. You still, under that Able Bill, have the work of repaving to do? A. Only where we—only when we remove the rail, as I understand it. If we go in and renew the track structure then we are obliged to pay and do all the paving.

Q. Then where you do not go in to repair your track we understand you are relieved from all paving obligations? A. Yes, sir.

Q. Mr. Boylan, do you know what the net benefit of the Railway Company was for 1926? A. I think it was $88,000.

Q. The Railway, not the Transportation. A. The Railway was $88,000 in round figures.

Q. What was that made up of, that deficit? A. That is what was received after taking care of all operating expenses and fixed charges.

Q. How much more do you figure then, you have to make up? A. Do you mean to say for 1926 you only figure you have to make up $88,000? A. No, sir.

Q. To pay the fixed charges and operating expenses and rentals and other charges? A. No, sir. That $88,000, we are shy the rentals and fixed charges and so forth. That did not produce any return to the owners of the stock, the stockholders.

Q. Yes, but you are only shy $88,000 of enough money to pay the operating expenses, your taxes, your rentals and your interest charges on moneys borrowed? A. Yes, sir.

Q. What was the deficit, then, for 1925 and 1924 and 1923; just give them. A. I haven't those figures with me. In round figures—I think Mr. Young gave those figures; I haven't them with me—on the three years it was $1,500,000; the bus and trolley were about $3,000,000; $1,500,000 on one and $1,600,000 on the other, as I recall the figures.

Q. Are you sure there was a deficit in the operating expenses, taxes, rentals and interest charges for 1926? A. On what?

Q. On the railways? A. Yes, sir.

Q. Here is a statement which was made up, I understand, in your office for the railway company (handing witness paper); does that show the deficit you refer to? A. It will if you take the dividends out, from other properties owned or leased to the railway. There is a dividend item in here of $324,771.20 which the railway company received.

Q. Is this a copy of the report you made to the Commission? A. Yes, sir.

Commissioner Autenrieth: Is that the Ferries?

The Witness: That is the Ferries, yes.

Q. You state the net income is $214,000? A. Yes; but your question was what did the railway—what was the railway result? The railway does not operate the Ferries or any other subsidiary of the railway and therefore this revenue was not earned by the railway. It was earned by other facilities and should be deducted.

Q. It ultimately came into the railway, didn't it? A. Yes; but the railway didn't earn it.

Q. The dividends income arises from money which the railway company has invested in other facilities, doesn't it? What does it arise from, the dividend income? A. I don't know what investment the railway has. It had some investment, that is true, in the facilities. The railway did not earn it. It may have received it through the dividends of these companies.

Q. All right. To get that income the railway company had to invest money or something on which to earn an income? A. Some money, yes.

Q. So that was money which they received, whether they received it from the operation of the road or received it from money invested? A. That is true.

Q. So it wasn't a deficit in the railway company, then? A. There was a deficit. You asked me what did the railway do? I tried to answer your question. The railway company did not add anything over and above the fixed charges and operating expenses.

Q. Without arguing back and forth on that; did the railway company for 1926 show a net

deficit in the return it filed with the commission? A. It did not.

Q. It showed on the other hand a net income of $214,000? A. It did.

Q. In 1924 and 1925, you paid $5,000,000 or more, did you, as a return on property used by the railway company, in the form of interest and rentals? A. I haven't anything for 1924 or 1925 with me, but it is approximately $5,000,000, as I remember it. I haven't any of those figures. That is about the figure.

Q. Do you know what the value of the property was on which you were paying these rentals or interest? A. I don't recall the amount. I think that is in the Master's report though.

Q. Turning to the Transportation Company; was there a net deficit in 1923 after the payment of operating expenses, taxes and interest obligations? A. I haven't the figures of 1923 with me. I thought Mr. Tuson testified to that. There was a deficit, I know that.

Mr. Blake: Mr. Tuson is the auditor and he has all the figures. If this is to be conducted in an orderly process I think they should get this from the man who has the figures.

Mr. Stewart: The unfortunate part is that when we put Mr. Young on the stand and asked some questions, he being the man we supposed put it in and can answer in reference to it he says Mr. Tuson or Mr. Boylan or somebody else knows and we put Mr. Tuson on the stand and he says he don't know about that, he says

that would have to be up to Mr. Boylan; we ask Mr. Boylan and Mr. Boylan says to go back to Mr. Tuson. Naturally we don't know under the circumstances, who is the witness.

Commissioner Autenrieth: The witness says he don't know; Mr. Tuson knows.

Mr. Blake: I suggest they take the different departments of the railway company. For the operation we have the operating officers; the man in charge of the figures is the auditor and the operating officers can give operating information and the auditors can give the information relating to the financial transactions. Keeping that simple rule in mind they will be able to avoid these questions.

Mr. Stewart: Suppose you write it down; that would be much easier for me to remember.

Commissioner Autenrieth: All right, let us get on.

Mr. Stewart: That is all I have from Mr. Boylan, since I have exhausted what he seems to know about it.

CROSS-EXAMINATION by Mr. O'Connor:

Q. You were active in the purchase of buses for the Transportation Company? A. Yes, sir.

Q. I call your attention to the Westfield Avenue—Roselle Park line in Elizabeth. Did you make a survey of that line, as to its condition, length of haul, rate of fare charged and number of passengers carried? A. Mr. Warner did.

Q. Before you bought it? A. Mr. Warner did that.

Q. Mr. Warner did that? A. Yes, sir.

Q. You had nothing to do with that end of it? A. No. I acted on his recommendation. He made the checks.

Q. On the recommendations which came to you from Mr. Warner you and your associates in the Transportation Company bought this line or all the buses on that route? A. Yes, sir.

Q. You realize you invested in fourteen buses on that line $261,549.07? A. Yes, sir.

Q. These are your own figures. When you decided to pay that much for the fourteen buses and the business, did you reach the conclusion that it was a paying proposition on a five cent fare? A. That phase we did not take into consideration at the time, as we were desirous of putting the plan into effect.

Q. You say you did not take that element into consideration? A. No. We started out to co-ordinate and carry out the terms of the Board's order, and this was a competing line and it went over the route of the car tracks and we decided to purchase the line.

Q. What order did the Board make that said you could go out and co-ordinate the street railway service with the bus service? When was that order made? A. Sometime back—

Commissioner Autenrieth: There wasn't any order.

The Witness: I don't think it was an order. There was a letter written.

Q. You are referring to the correspondence that is quoted in the petition, are you not? A. Yes.

Q. Irrespective of that. A. Sometime back in August or September, 1923.

Q. That is what you had in mind when you referred to the order; the extracts that appear in the petition? A. Yes.

Q. So that you were not interested in whether or not this particular line was paying or not? A. We were interested to this extent, that we started out to acquire the buses on all these competitive lines. This was one line that paralleled us the full length of the trolley route and that line, and other lines of a similar character, we set out to acquire and we did in some instances acquire the whole line.

Q. Whether or not the buses were a paying proposition on a five cent fare was not the major reason for purchasing the buses? A. My reason was, as I said—

Q. I say, it was not the major reason for purchasing the buses? A. My major reason was to put in this plan of co-ordination. To do that we had to acquire those buses or we wouldn't have made any progress whatever.

Q. Instead of dealing with the matter as purely a corporate matter of the Transportation Company, you took into consideration the condition and welfare of some other company; that is so, isn't it? A. To this extent, that we were losing money on the Railway and we had this plan submitted to the Board. At the time the plan was submitted we asked for a ten cent fare.

The Board did not go along with that but came back with the counter proposition and we did go ahead (I will use my own terms), go forward with the plans, but at the same time they said that the time had not arrived when the trolley should be scrapped, carrying some 325,000,000 people a year and they would go along with us in the acquisition of buses and would where, they could, restrict competition and so forth, and cut out all waste and other items, as spoken about in my previous answers.

Mr. Blake: May I interrupt there. As a matter of fact, didn't the Chancellor of the State in his decision hold this to be an essential utility?

The Witness: Yes.

Mr. O'Connor: We are not denying that fact.

Q. Will you turn to your reference you just quoted where this Board said that it would advise or suggest that you go out and buy the buses and co-ordinate them with the trolleys? A. Here is a letter from the Board, signed by Judge Osborne, to the Public Service Railway dated September 25th, 1923.

Q. Without going into the reading of that whole letter— A. I won't read it all. It says, "In the Board's judgment the time has not arrived when the trolley, long established and used by some 325 millions of riders, annually, on your system alone, can be dispensed with."

In another letter, there have been quite some letters going back and forth, in another letter signed by Judge Osborne to the Public Service Railway Company, dated September 27th, 1923, taking the third paragraph—I will read the whole letter; it is very short.

"We are in receipt of your communication of this date in which you indicate acceptance of the plan suggested by this Board on September 25th, filing a new rate schedule in accordance therewith and withdrawing the ten cent fare schedule filed by you on September 21st inst.

"The Board acquiesces in your proposal to put the rate suggested by the Board into effect on October 1st, next, as we deem it desirable that the public should have the benefit of the new rate at as early a date as possible.

"The Board reiterates its declaration contained in its statement to you of August 8th last and again in its later proposal which you have just accepted, that, in its judgment ruinous auto bus competition should be reduced to a minimum and will, as heretofore declared to be its policy, regulate auto bus competition in accordance with the statute and to the fullest extent consistent with adequate service.

"We note your request for the co-operation of the Board in obtaining relief from 'paving obligations founded upon archaic conditions inherited from horse car days.' The Board agrees that these paving obligations are, under present day conditions, an undue burden necessarily passed on to the riding public through the rate of fare charged. The Board has no power under

existing law to relieve the company of these exactions but will recommend legislation for relief therefrom.

"The Board expresses the hope that the acceptance of the present plan will meet the approval of the public and will, in a measure at least, dispose of the present unsettled conditions in the transportation problems of the state."

Q. Where does the Board say anything or suggest any such plan of co-ordination as you apply for? A. Our plan was dated August 31st, 1923. We know it has been presented and submitted to the Board. That is what we refer to.

Q. That has never been acted upon by the Board?

Mr. Stewart: Have you a copy of that with your plan you submitted?

The Witness: I have only one copy, but I think there are a number of copies with the Commission.

Mr. Blake: Here is a set of the correspondence.

Recess from 1 to 2 o'clock.

After recess.

M. R. BOYLAN resumes the stand.

Cross-examination by Mr. O'Connor continued:

Q. Mr. Boylan, you have not as yet referred me to any order or letter made by this Commission which supports the recital of co-ordination that you have testified to. A. On August 21st, 1923, there was a plan of settlement of the transportation crisis offered by the Public Service Railway Company, signed by Mr. McCarter.

Q. You are now referring to the letter set forth on page 2 of your petition? A. I don't know. What page is it on there?

Q. Page 2, under the heading "Transit Crisis of the Year 1923."

Mr. Blake: The middle of page 3.

A. Yes, that had to do with that at that time.

Q. That is what you have in mind? A. Yes, sir.

Q. Nothing else? A. No, sir. This plan was offered at that time.

Q. And the only disposition made of that plan is as substantially set forth in that part of the Board's letter quoted on page 3 of the petition?

Mr. Blake: What is that question again? Will you read the question, please?

(Question repeated by stenographer.)

Mr. Blake: Disposition by whom, Mr. O'Connor?

Mr. O'Connor: I am speaking of the petition in this case.

Mr. Blake: I know, but you said disposition of the plan.

Mr. O'Connor: The question is clear. Will you read it again, please?

(Question repeated by stenographer.)

Commissioner Autenrieth: Disposition by the Board, do you mean?

Mr. O'Connor: Yes, that is the only thing the Board did.

Commissioner Autenrieth: That is the point of the question.

Mr. Blake: Yes, that was by the Board, because we went ahead and acquired the buses.

Commissioner Autenrieth: Mr. O'Connor's question is whether that was all the Board did.

Mr. O'Connor: Yes, that is all.

A. Yes.

Q. So that in purchasing the buses on the Roselle Park line, without regard to their earnings, the same principle was applied as to the purchases of buses on the other lines? A. Yes, sir; to complete the plan, to put through this coordination scheme.

Q. And the purchase of those bus lines did not have due regard to the interests of the Public Service Transportation Company alone, did they? A. It covered, as I said in answer to the previous question which was asked me by Mr. Stewart, it was our desire to put into effect this comprehensive plan, to acquire the buses and put

into effect this co-ordination scheme and cut out all this waste and duplication of service.

Q. Now, then, just to state it a little more concisely, those bus lines were purchased without due regard for the interests of Public Service Transportation Company, were they not? A. No, I wouldn't say that they were. It was done for the purpose that I stated in my previous answer.

Q. Which had regard primarily for the interests of the Public Service Street Railway Company? A. No, not only that. It was to put through the plan 100 per cent, if we could do it, and that meant the co-ordination of both facilities.

Q. Put through your suggested plan? A. Yes, sir.

Q. Now then, the Roselle Park trolley line has been discontinued, has it not, Mr. Boylan? A. I think we are running—I am not familiar with the exact details, but I think we run tripper service morning and evening and during the rest of the day we run to the city line of Elizabeth and Roselle. Mr. Warner may be able to answer that question better than I can; he can tell you the up-to-the-minute service on that.

Q. Do you know whether the discontinuance of that trolley service has been with the permission of this Board? A. I think we notify the Board when we make any change in our trolley schedules; I am quite sure we do.

Q. Do you know whether or not you did, or are you not particularly familiar with the fact, in this particular case? A. I cannot answer that question offhand.

Q. Now, then, except for the tripper service, if any such service operates, there is no duplication of service from the easterly line of Roselle Park to its most westerly boundary line, is there? A. No, when the tripper service is out there is not.

Q. And if the tripper service is out then what room is there for co-ordination? A. Prior to the acquisition of the buses—

Q. No, I mean now. Let's speak of the present situation. What room is there for co-ordination? A. We have made the co-ordination.

Q. What? A. We have made the co-ordination; we are using one facility where two formerly did the work.

Q. You call that co-ordination, by eliminating the trolley service? A. Yes, sir.

Q. That is what you call co-ordination? A. Yes, sir; part of it; it is one of the economies effected through the discontinuance of the use of one of those vehicles or facilities.

Q. And you have eliminated the inferior economy, have you not? A. No, we have taken off the trolley cars for certain periods of the day and have let the buses run and made our application for an adjustment of that particular zone.

Q. Now then, you have eliminated, have you not, the inferior economy?

Mr. Blake: May I ask what you mean by "inferior economy"?

A. I don't quite understand what you mean.

Q. The inferior economy is the surface railway.

Mr. Stewart: Utility.

A. I wouldn't say it was inferior.

Q. Put it another way then: You have eliminated the most expensive service? A. I am not familiar offhand with the cause—Mr. Warner will answer that question; he has made some checks on that and I think he is fully qualified to answer that question.

Q. You said this morning that there were certain fare adjustments being made. A. If I said there were certain fare adjustments being made I probably misstated the fact. What I meant to say was, we are asking that certain adjustments be made, equalization of fare zones.

Q. And do those adjustments disregard the municipal boundary lines? A. No, sir.

Q. You have made no adjustment in disregard of municipal boundary lines, neither do you propose to? A. No, I do not recall that we have.

Q. What is the situation in the Township of Hillside? Haven't you disregarded municipal boundary lines in that municipality? A. In the case of Hillside we had the Board settle that question. We asked that the fare limit be set at the boundary line and the Board put in a lapover there which went into effect recently. We asked to have it made at the boundary line.

Q. In other words, the zone limit then is in the town proper? A. It is, for a distance of, I think, about 2,000 feet; it is extended either north or south under a short lapover.

Q. Almost a half mile, isn't it? A. I don't think so; I think it is around 2,000 feet, as I recall it; it may be a little more than that.

Q. How long has that zone been in operation, Mr. Boylan? A. That went into effect within the last couple of weeks, I think. The exact date I cannot give you offhand.

Q. It is your understanding, is it not, that the final result of this plan of co-ordination will result in an increase in fare to the public, won't it? A. We hope to get a little revenue out of it and have those zones adjusted so that we can continue the five cent experiment.

Q. You are not continuing the five cent experiment, are you, if you change those zones? A. Yes, sir; we are; we are continuing it in the major portion of the state; there are only a few municipalities affected by it in the state, upwards of about three per cent of the people.

Q. You mean you wish to have the fare zones that apply to the street railway company now, apply to the buses in the future? A. That, in accordance with the original plan or order of the Board when we put the five cent zones into effect.

Q. You say the buses now are on a schedule and proper headway? A. Yes, sir.

Q. Have you had any complaints recently? A. I understand there was some question the other day, that something broke out in Elizabeth. I was talking with our Elizabeth friends this morning and I promised to go down and talk with them about it. There have been some delays, but I don't know whether we are altogether at fault in connection with that Elizabeth situation or not.

Q. What is the nature of the present complaints? A. I understood that the recent re-

routing was not altogether satisfactory. At the time we had some doubt as to whether it would work out; we pointed out at the time that there would be complaints; the railroad crossings and other things interfered originally, but I think it is something that we can straighten out. I am arranging now to go down and talk with them about it.

Q. Mr. Young testified that prior to the acquisition of the buses by the transportation company there was no regulation, that it was a hit and miss proposition. A. I did not hear Mr. Young testify to that, but there has been a schedule on the Roselle-Elizabeth line.

Q. There has always been a schedule on that line? A. I believe there has been; yes, sir.

Q. You are familiar with that line, are you not? A. Yes, sir.

Q. Very familiar? A. I am generally familiar with it; it goes down to the port.

Q. Which is the lean part of that line? A. Well, I should say the lean part of that line is from Galloping Hill Road south, or probably a little further south; that is the city line.

By Mr. Blake:

Q. West, you mean, don't you? A. West, I would call it.

By Mr. O'Connor:

Q. The lean part of that line is from Galloping Hill Road south? A. West, I would call it, south or west.

Q. Do you mean the portion that is in Roselle Park is the lean portion of the line? A. Yes, sir.

Q. And the rest of it is the real— A. I am not familiar offhand with the checks that have been taken, but I think we can show that to you if you want it.

Q. I will take that up with Mr. Warner. A. Yes, Mr. Warner will give you that.

Mr. O'Connor: That is all.

FURTHER CROSS-EXAMINATION by Mr. Stewart:

Q. I would like to ask you a question or two, Mr. Boylan. The letter or plan of settlement of the transportation crisis that you have referred to as of August 21st, 1923, submitted to the Board and signed by Mr. McCarter, that is the plan on which you base the purchase of these buses, I understand? A. Yes, sir; that is the whole comprehensive plan.

Q. And in the petition which you have filed here, on page 2 at the bottom, you recite that during the strike the street railway transportation was paralyzed, that the company suggested a comprehensive plan and that one of the principal items of this comprehensive plan was a suggestion that the street railway company, either itself or through an affiliated company, acquire by purchase the competing buses, and thereafter that the street railway cars and buses be operated under one management and as one coordinated system. Was that the plan that the company submitted to the Public Utility Board? A. Yes, sir.

Q. What do you understand to be meant by

the phrase "fair physical value of buses"? A. Where is that?

Q. I am just asking you what you understand by that expression, "fair physical value of buses"? A. I would say that would mean, if a bus was worth $5,000, that would be the physical value of that bus, the fair physical value.

Q. And in your schedules, in your books, you charge up the purchase price, for instance, of a bus at $30,500—we will just take this particular bus, George Kalnyansky, identification number, accounting number 1795—you charge up for that somewhere on your books the physical value of that property, and some of it you charge up in the intangible account, don't you? A. I was not concerned as to what disposition was made of the charge. I was acquiring the buses to carry out the plan. Mr. Tuson, I think, explained in his testimony just how that was arrived at.

Q. Were you the instrumentality through whom these buses were purchased? A. Yes, sir.

Q. And when you bought them you paid not only the fair physical value of the buses at the time that you purchased them, but you paid something for the going value of the buses? A. Yes, sir, when I went out to buy a bus I did not consider physical value or anything of that sort; I bought the bus and the business, call it what you may, and I was anxious to get this plan into effect. I was not concerned as to how the charge was disposed of.

Q. Well now, take this particular instance that I refer to, of identification No. 1795, George Kalnyansky, the physical value of that bus was

not $30,000, was it? A. What year was it? I have a table here, I think.

Q. It is a Mack truck, a Mack bus, 1925, carrying 27 passengers, seated passengers. A. I cannot answer that. Mr. Tuson would be better qualified to answer that, as he has the table. I haven't got the table with me.

Q. You could answer this though: That there isn't any bus that you purchased at any time from an independent the physical value of which was $30,000; that is true, isn't it? A. Absolutely.

Q. No question about that? A. No, but don't forget we didn't buy only the bus; we not only bought the bus, we bought the business and everything else that goes with it.

Q. I am not going to forget it, but I am going to call your attention to the plan which, through inadvertence in setting it forth in the petition the words were left out. The petition says, "that the street railway company, either itself or through an affiliated company, acquire by purchase the competing bus lines," whereas the plan submitted says "the street railway company, acting through an allied corporation, will purchase at their present fair physical value the buses operating respectively on July 31st, 1923." A. That was the suggested plan at that time.

Q. Yes. A. But there was quite some negotiation—

Q. That is the plan on which the Board— A. That was the plan originally—

Q. Just a minute. That was the plan on which the Board based its report of, I think it was

September something, September 23rd, that you referred to. A. But there were two or three communications in between that time.

Q. Wait a minute. That is the plan on which the Board based its report, isn't it? A. I think it is.

Q. In other words, between August 21st, 1923, and the letter of the Board to which you have referred, accepting this plan, there had been no plan submitted to the Board; is that right? A. Not that I know of.

Q. Further on in that plan I note it says this: "If the company and the bus owners are unable to agree the value shall be fixed by an independent appraiser." You never did that either, did you? A. No.

Q. In other words— A. We were out to complete the plan and put into effect the co-ordination scheme and save the five cent fare, which the Board ordered us to try out and which we are still trying out.

Q. In other words, what you wanted to do was to complete the purchase of independent competitive buses? A. Absolutely.

Q. Now, referring to the trolley cars and buses in the City of Newark, running from the Irvington-Newark line to the Newark-Belleville line, under this proposed co-ordination scheme—related solely now to the confines of the City of Newark over this line—will those buses and the trolleys be any better co-ordinated than they are at present? A. I think they will, because in the first place, the trolleys do not go to the same terminal as the buses do; part of them go to Second River and part to Nutley and part to

Belleville, and the buses all go to the Hudson tubes.

Q. Which is about a block or a block and a half away from the trolley line? A. About a thousand feet or maybe 1,500 feet.

Q. But the present scheme, there is no question at all but what the trolley passenger riding from the Irvington-Newark line on the old Broad line will go to the Newark-Belleville line for five cents? A. No question about that; we do not intend to change any fares in the City of Newark.

Q. And on the buses it takes ten cents to go that same distance, does it not? A. At the present time.

Q. And this co-ordination scheme that you have will not change that situation at all, will it? A. No, sir.

Q. If this is a co-ordination scheme, why then not reroute the buses on the Clinton Avenue line so that they will run from the Newark-Irvington city line all the way up to the Newark-Belleville city line, so that a passenger can have that means of transportation for five cents? A. What is the use of doing that?

Q. That will co-ordinate, will it not? A. No, it won't.

Q. Won't it? A. No, that is a duplication.

Q. That is a duplication? A. Certainly.

Q. Not a co-ordination? A. No, that is what we are trying to cut out, duplication and waste and keep this five cent fare going.

Q. The only difference is that under the present system it costs a person who desires to take a bus ten cents? A. Yes, sir.

Q. And on the trolleys it costs him only five cents? A. Yes, sir.

Q. And if he wants to have the benefit of the five cent fare in the City of Newark he only has one utility that he can ride on? A. That is sufficient. Why would a person take two buses and pay ten cents if he could go to the same place for only five on a Broad line trolley car? There would be nothing gained by you or I.

Q. And that same rule applies to the buses running to Irvington? A. No, sir; it does not. The answer to that is that our fares are not equal; the zones are not co-extensive on the Clinton Avenue line; that is what we are here for.

Q. The fares are not co-extensive on this other line that I have mentioned either, are they? A. You cannot make that comparison.

Q. You cannot make that comparison because it does not fit your scheme?

Mr. Blake: No, because they are not comparable.

A. They are not comparable.

Q. Now, referring to this dividend income on this comparative income account statement which was referred to this morning, and in which you show that the income dividend under non-operating revenues amounted to $324,771.20; you said that that dividend income, if I recollect properly, came in part from the operation of the ferries; is that correct? A. Yes, sir.

Q. Who operates those ferries? A. The Riverside & Fort Lee Ferry Company operates the upper ferry and the Port Richmond & Bergen Point the lower ferry.

Q. Are those the two sources of this dividend income? A. Yes, sir. There may be one or two smaller items that I do not recall, but those are the major items.

Q. Is the capital invested in those ferries, and those one or two other items that you speak of, shown on the balance sheet of the Public Service Railway Company? A. No, sir, they are separate companies; they are New York State organizations.

Mr. Blake: I might say for the benefit of counsel that those were all excluded from the railway rate case; they were excluded in the case before the Board and the case before the Master.

The Witness: They are not in.

Mr. Stewart: All right, if counsel says so, we are satisfied.

That is all I have of Mr. Boylan at this time.

Mr. Blake: I would like to ask Mr. Boylan one or two questions.

RE-DIRECT EXAMINATION by Mr. Blake:

Q. Mr. Boylan, was it possible to purchase those buses at the physical value? A. No, sir.

Q. Was each purchase negotiated with the owner? A. In a great many cases.

Q. Were they bought as cheaply as it was possible to buy them? A. Yes.

Q. Having regard to the business they were doing? A. Yes.

Q. In purchasing this vast number of buses, were you concerned particularly with the price of the individual bus, or were you looking at the picture as a whole, to see what the buses would cost you on the average? A. I was looking at the whole picture. I stated originally, when the plan was offered and approved, we started out in good faith to acquire these buses, and we went and got a picture of it, so to speak, and we went right in and acquired the buses as fast as we could.

Q. We have heard a great deal only about the $30,000 buses that have been purchased. Have you a list there showing—let us take the Springfield and Clinton Avenue routes that Mr. Stewart was questioning you about; on Clinton Avenue you purchased forty-eight buses, did you not? A. Yes.

Q. The average is less than $14,000? A. Whatever that shows.

Q. $13,902? A. $13,902, yes, sir.

Q. And Springfield Avenue is $15,000, Bloomfield, $10,000, and Rutherford, $12,000, is that correct? A. Yes, sir.

Q. I notice some lines were purchased here—the Lyons Avenue line at $6,000? A. Yes, sir.

Q. And the Kenilworth line. Would you explain at the moment how the Kenilworth line came into the group? While you are on the stand you might as well clear that up. It came in in connection with the purchase of the Bloomfield line, did it not, sir? A. Yes. We had made an arrangement to purchase the Bloomfield line buses and when we were just about to close we were confronted with the fact that several—

I won't say several—possibly two or three of the owners on the Bloomfield line were interested in the Kenilworth line and before we closed we took in Kenilworth line.

Q. Took them in at their physical value, did you not, $6.000? A. Yes, that was the physical value.

CROSS-EXAMINATION by Mr. O'Connor:

Q. You say in buying the buses, that you were looking at it from the standpoint of the whole picture? A. Yes, sir.

Q. What companies were in that picture? A. Public Service Railway Company and Public Service Transportation Company.

By Mr. Stewart:

Q. If I got you right, you said the average purchase price of the buses on the Clinton Avenue line was $16,000?

Mr. Blake: No.

Q. Approximately? A. No. $13,900.

Q. Now, will you tell us what the average physical value of those buses was? A. I cannot tell you that offhand.

Q. It was much less than $16,000, wasn't it?

Mr. Blake: $14,000.

Q. I mean $14,000. Much less than $14,000? A. Yes.

Q. Probably not over $5,000, the average? A. No; there were some very good buses on that line.

Q. Was it over $7,000? A. Those bus men paid more than $7,000, and they were paying on time for their notes; probably their buses ran up to nine or ten thousand dollars. I don't know what financial arrangements they made.

Q. I am not asking you that. A. I should say it would be somewheres around eight or nine thousand dollars.

Q. On the Clinton Avenue line, for example, Permit No. 58, Accounting No. 1695, purchase price, $22,500, revenue passenger motor equipment, $5,500; that represented physical value of that bus, didn't it? A. What year was that, do you know?

Q. Wait a minute, I will cross index it and tell you. A. Probably that did represent the physical value. I do not know offhand. I did not make that statement.

Q. No. 58 was a 1924 Pierce-Arrow? A. I do not know. Mr. Tuson prepared that statement. I cannot give you that answer.

Mr. Stewart: Maybe Mr. Blake will admit for the record, what you put in the revenue passenger motor equipment account in this list, which was furnished us, was the physical value of the bus, furnished by your company.

The Witness: I think it was, but I am not sure.

Mr. Blake: Yes, sir.

Mr. Stewart: I would like to have those—I do not know whether those have been marked for identification or not—they were furnished by Public Service

Railway Company, six sheets; I would like to have them marked as an exhibit.

Six sheets received and marked Exhibit O-5.

EDWARD A. TUSON recalled on behalf of petitioners.

Cross-examination by Mr. Stewart:

Q. Mr. Tuson, what was the net deficit of the railway company for 1926? A. From railway operations only?

Q. No, the net income that you reported to the Commission. A. It had a net income of the company as a whole, but from railway operations the loss was about $88,000.

Q. What was the net income that you reported to the Commission? A. I will get it. $214,272.70.

Q. What was it for 1925? A. I am sorry, I have not those figures here. Judge, if you told me you wanted them this afternoon, I would gladly have brought them.

Q. We will unfortunately have to have you come back in the morning. A. I have the bus figures here. The annual reports in the files would take care of it.

By Mr. Blake:

Q. The figure you have just given, and which was asked for, did that include the ferry dividends? A. That includes the ferry dividends.

Q. That is not income from railway opera-

tion? A. That is not railway operation, of course.

By Mr. Stewart:

Q. Have you got, Mr. Tuson, the returns for the transportation company for the years 1923, 1924 and 1925? Turning to the transportation company, what was the net deficit for 1923 after the payment of operating expenses, taxes and interest obligations? A. There were no interest obligations, but the net deficit was $12,289.22. That was a partial year.

Q. And for 1924, what was the net deficit? A. $830,550.70.

Q. And in 1925 what was it? A. $741,363.13.

Q. In 1926, what was it? A. A profit of $85,595.88.

Q. What was the operating income of the transportation company in August, 1926? Have you got it there? A. No, I have not.

Q. That, of course, has not been filed here with the Board, has it? A. Not by months, I think.

Q. I hate to ask you to come down tomorrow again, but I am afraid I will have to if you have not got that here. A. I will probably be here anyway.

Q. Will you bring it down tomorrow? A. What other months would you like; any others?

Q. Yes, August, September, October and November. And you did not get that data, or is that in annual report here that has been furnished now, so you can give those deficits for 1923, 1924 and 1925 on the railway company; I mean the net income that you reported to the

Commission, if any. A. The net income for the railway company for the year 1923, the net loss, I should say, was $1,694,430.67.

Q. In 1924 what was it? A. I might add that that figure was considerably improved by the inclusion in it of some ferry dividends, as well as 1926 was.

Q. Yes, but it would leave the comparison the same with the one we referred to in the first instance, where there is a net income of $214,272. A. Insofar as the ferry dividends were the same. I do not remember whether they were, whether they were or not the same.

Q. They would naturally fluctuate some from year to year, I presume? A. That is it. The year 1924, for the railway company the net income was $24,330.72.

Q. That was the surplus? A. Net income. 1923 was a net loss.

Q. Now, 1925? A. 1925 showed a net income of $79,574.74. That also includes the ferry dividends.

Q. Can you turn to those same reports and show what the net operating income for 1924 and 1925 of the railway company was? A. What figure?

Q. The net operating income. A. I am not sure what you mean by the net operating income. I do not want to confuse this at all.

Q. In your slip I think you call it, total operating income. A. That is not the net operating income. What year?

Q. 1924 and 1925. A. The figure called in the report to the Commission "railway operating income," that is, railway operating revenues

less operating expenses and taxes—I assume that is what you want—was for the year 1924 $4,720,787.87.

Q. For 1924 it was what? A. That was the year 1924.

Q. All right; 1925. A. The same figure for 1925 was $4,612,696.44.

Q. Did that include ferry rentals in that? A. No.

Q. In 1924 and 1925, did you pay something over $5,000,000 as a return on property used by the railway company, pay it in the form of interest and rentals? A. It approximated five million dollars, yes.

Q. And seven per cent return on about $70,000,000 would be approximately that same amount, wouldn't it? A. It would, that same sum of money, seven per cent on $70,000,000.

Q. At that time, in either of those years, was the railway company using property worth $70,000,000, on which you were paying rentals and interest? A. The property that the railway company was using was worth more than that, I should say.

Q. On which you were paying rentals and interest? A. That would be a complicated question. I would not answer that offhand.

Q. You would not answer that offhand? A. No.

Mr. Stewart: I think that is all for this afternoon, but you will have that monthly operating statement I asked about, the income for the transportation company for those months tomorrow.

By Mr. O'Connor:

Q. Can you give me the rate of interest on the transportation company bonds? A. It has no bonds outstanding. It has only some equipment trust notes, which are held by the corporation. The rate of interest that it is paying the corporation is six per cent.

Q. Could you give me the information that you spoke about yesterday, or at least that I suggested to you? A. As to the number of buses?

Q. There were several questions you made a memorandum of. A. I am getting that. It is not quite done. I will have it tomorrow, I hope.

Mr. Blake: For the benefit of counsel, so there may be no misapprehension about the ferry dividends and other miscellaneous revenues, with the permission of the Board I would like to read this statement: It is in the Master's report, and he is speaking of the appraisal of the properties of the railway company: This appraisal included certain properties owned by the plaintiff which the Board of Public Utility Commissioners held, when the matter was before them, were not used or useful for street railway purposes. They were all included in the appraisal but in the hearing before the Board you found certain properties not to be used and useful for railway purposes.

Mr. Stewart: May I inquire; that refers to the appraisal by whom, or for whose benefit?

Mr. Blake: Dean Cooley.

Mr. Stewart: That was for the company.

Mr. Blake: Yes. The value, or rather the reproduction cost thereof was excluded by the Board in reaching its final figure. By consent these properties have been excluded from consideration in this case. They are referred to in the Board's report as the Jersey City Wagon Elevator Company, the Highland Improvement Company, the New York Harbor Real Estate Company, the Riverside and Fort Lee Ferry Company, the Port Richmond and Bergen Point Ferry Company, the Peoples Elevating Company, and the Fairview Crushing Company. Those are the properties whose valuations were excluded from the rate base and that has really no part in the railway company earnings.

ARTHUR T. WARNER, recalled on behalf of petitioners.

Cross-examination by Mr. Stewart:

Q. Mr. Warner, what is your position with the company? A. General manager in charge of traffic.

Q. And the rates that are proposed in this petition, have they been determined after a careful study on the part of your companies? A. A careful study has been made of the changes involved.

Q. Have you estimated how much of an increased revenue will be obtained by them? A. We have made an estimate of the number of pasengers who would be affected on the different lines and in the different localities by the changes in zone points.

Q. Have you finished? A. Yes.

Q. Having made the study of the number of passengers that would be affected, did you also make a study of the increased revenues that would be obtained by the two companies, the transportation and the trolley company? A. Yes. I made certain studies and I think the rest of us did too.

Q. What conclusion did you come to as to the amount of increased revenue that would be obtained? A. The maximum number of people affected would not all continue to ride as they do now. There is a change in riding habits that will follow any change in rates. Experience from previous rate changes have led to the general deduction that the increase in revenue actually obtained will be about fifty per cent of the theoretical increase. That was pretty well borne out in our previous rate changes at different times, and it is generally accepted as a pretty fair figure throughout the industry. In these particular changes my own personal opinion is that the gross would be a little higher than 50 per cent, possibly sixty per cent. The gross will be reduced, or the theoretical gross will be reduced in two ways, in this series of changes: First, people will walk to the zone point to avoid the original five cent fare, and second they will ride locally in the new five cent

area where they now ride through. Such a change in riding habit will be a distinct and direct benefit to the local municipalities, because it will tend to increase their local business. It will develop your local shopping facilities, for instance, particularly around Irvington Centre. You will find that people from, say, Fortieth Street and Stuyvesant Avenue and that section and from up toward the Maplewood line, the Hilton section, will take a short ride to Irvington Centre and will do their shopping locally in Irvington for the five cent fare which is still available, rather than come through to Newark and pay the higher fare. Such additions to the local business will be bound to be of distinct benefit to your local merchants, not only shopping, but amusement facilties, movies, etc. Those two factors will tend to decrease the theoretical maximum, and it was those two factors that I had in mind when I testified that I did not believe we would get over forty thousand additional passengers per day out of the theoretical sixty-two thousand.

Q. What page is that on? A. It is on page 65 of my direct testimony. I do not believe we will get as many as forty thousand additional fares out of that sixty-two thousand.

Q. I understand you now to say that instead of forty thousand you think there will be about thirty-one thousand, because you say about fifty per cent. A. I said fifty per cent was the experience in other changes. In these particular changes I thought it would run over fifty per cent, possibly sixty to sixty-five per cent.

Q. One of the reasons why it will run over in Irvington, particularly on the Clinton Avenue route is because from Forty-third Street to within a few blocks of Irvington Centre, the bus line is not a real competitor of the trolley, is it? A. The bus line, the Clinton Avenue bus line on that part of its route beyond Irvington Centre leaves the trolley tracks and goes into new territory.

Q. And those people willy nilly will have to pay ten cents if they want to come down to Newark? A. If they want to go to Newark. I say, in that section, I think the local business, the five cent ride, within Irvington to the Irvington stores will be largely built up and developed.

Q. You know, as a matter of fact, do you, that the bulk of those passengers that are carried on that line, are carried because the people are in business in Newark and have to get to Newark? A. A large part of them, that is true. But the midday riding is not business people. The midday riding is shoppers, theatre goers and visitors, things like that; they do not have to go to Newark. I have seen this same thing happen on other lines since the fare change went into effect, since October, 1923, the riding habit changed materially. The Orange line, for instance, right around there, it has built up Brick Church as a centre. Look at the development of Muir's store, for instance, as a concrete example.

Q. So far as the sixty-two thousand people who ride daily over the lines that you mentioned on page 65, which I think are the Spring-

field and Clinton Avenue lines alone—or does that take in the entire number of people affected by this change? A. What is that, the sixty-two thousand people?

Q. Yes. A. All passengers on all the lines contained in the petition who at the present time take their journey for five cents who would have to pay ten cents, that is the sixty-two thousand.

Q. What you have been speaking of just a moment ago, about a large number of persons doing shopping locally in Irvington by reason of this change, would not apply with equal force to Kenilworth, for example? A. Yes, sir, I think it would. I think they would go to Roselle Park.

Q. What is there in the way of stores and facilities for shopping in Roselle Park? A. There is no Bamberger's or Kresge's or Hahne's, but there are local stores around the station there at Roselle Park; there is a movie, if I remember correctly, right around the corner there; several local stores.

Q. They are just a few little local country stores, so to speak, in Roselle Park? A. If Mr. O'Connor will consent to that classification.

Q. I think he will admit it. A. I would say they are a little better than that. I would not call them local country stores.

Q. They have not any efficient shopping center where you can go and buy and make a selection from variety, have they? A. It depends what you want to buy. I bought some cigars there.

Q. Suppose you want to buy a suit of clothes, you would not go to Roselle Park to buy them, if you lived there, would you? A. No, I don't think I would.

Q. Probably if you wanted to buy a real nice up to date necktie that would look nice on a representative of the Public Service, you would not buy it in Roselle Park? A. If I saw one I liked.

Q. You would not be apt to see one you liked? A. I don't know. I never tried to buy a tie there.

Q. The same situation applies also to Hawthorne? A. Yes, Hawthorne has a center comparable, I would say, with Roselle Park. I do not believe you could get a wider choice in neckties in Hawthorne than you could in Roselle Park.

Q. So that by this proposed change somewhere in the neighborhood of twenty to thirty thousand people are going to be affected, inconvenienced? A. I don't know whether they are going to be inconvenienced or not. It depends on how they change their habits, whether it is an inconvenience or not.

Q. If they are not inconvenienced by reason of the fact that they change their habits and walk, then they are going to be inconvenienced by having to pay an additional five cents over what they now pay? A. Yes.

Q. So that they are either going to be inconvenienced in their physical habits or in their pocketbook? A. That is true.

Q. What particular study was made to determine whether the proposed zone points would beneficially affect local conditions? A. The proposed zone points are selected as the city lines of the larger municipalities, which were selected

by the Board in creating the five cent fare, October 1st, 1923.

Q. For the trolleys? A. Yes.

Q. You likewise simply took that arbitrary position—the likewise not applying to the Utility Board for arbitrariness—of these lines and made it apply to the bus company? A. The city lines.

Commissioner Autenrieth: Those lines were not arbitrarily selected at the time they were suggested for the trolley.

Mr. Stewart: I presume not. I was taking the witness's statement.

Commissioner Autenrieth: They were put there after a considerable amount of discussion and consideration.

Q. So that really no study was made on the part of the company with regard to the inconvenience or convenience of the bus passenger in making these changes? A. They were fixed at the same points the trolley points were fixed.

Q. Without taking into consideration those elements I mentioned? A. Without taking into consideration any possible difference between bus traffic and trolley traffic, no.

Q. In many instances, on these lines—I am not referring now to the Irvington lines, but the whole group that is affected here—the zone point at the dividing municipal line is not on the same street where the zone point is on the trolley line, is that true? A. You mean the bus line at that point where it crosses the municipal line is not on trolley tracks?

Q. Yes, that is true, is it? A. Yes, that is true.

Q. How far from the point where the trolley crosses are the zone points on the bus line, do you know; could you give it by lines or couldn't you? A. Yes, sir, I guess so. Well, on Clinton Avenue, they are on trolley tracks, the point they cross. On Bloomfield Avenue they are on trolley tracks. On the Kearny, Rutherford, Lyndhurst change they are on trolley tracks. On Springfield Avenue they are on trolley tracks. Hawthorne via Madison Avenue, they are not; they are about a block away from the nearest trolley at that point, where the Hawthorne-Madison Avenue crosses the Paterson city line.

Q. But on the Exhibit P-11, showing the Hawthorne via Madison Avenue line, the bus line leaves the trolley or intersects the trolley at a point down here—I cannot make out the name of the street? A. Broadway and Madison Avenue.

Q. Does the trolley run along here at Broadway and Madison Avenue? A. Yes.

Q. And from there all the way out to the city line practically it is anywhere from seven or eight blocks until it gets down to about— A. About one block.

Q. —one block? A. That is true.

Q. From the trolley line, so that it is hardly a competing line. A. The other Hawthorne line is on trolley tracks when it leaves.

Q. The other Hawthorne line you mentioned, that is the one where you have presently abandoned the trolley, isn't it? A. We have prac-

tically stopped the trolley operations on that line.

Q. When you say practically— A. Almost.

Q. —do you run any at all? A. Yes, we run some.

Q. Just enough to keep your franchise alive? A. We run an occasional trip. On the Lyons Avenue line, the bus line leaves the trolley tracks at Bergen and Hawthorne.

Q. The Lyons Avenue line? A. Yes. Practically all that operation now is out Bergen and over Hunterdon, then it picks up the trolley tracks again. It is a block away from trolley tracks on Bergen, a block away on Hunterdon Street, until it gets to Lyons. It leaves the trolley tracks entirely at Lyons and Bergen, and operates to Irvington to the end of the line, not parallel.

Q. Your zone point on that Exhibit P-8, for this Lyons Avenue line, is how far from the trolley line, the nearest competing trolley line, the nearest competing trolley line being Clinton Avenue line? A. Yes. It is thirty-eight hundred feet.

Q. Considerably over a half a mile? A. Well, thirty-eight hundred feet is about two-thirds of a mile. Roselle Park and Kenilworth they are both on trolley tracks.

Q. Are the trolley tracks used down there now? A. Yes. They are used all the time up to the city line and used in the rush beyond. On Clinton Place, the Clinton Place line leaves the trolley tracks on Clinton Avenue and Clinton Place, goes southerly on Clinton Place, passes the end of Mt. Prospect line, goes west

on Chancellor Avenue, west on Chancellor Avenue to Union.

Q. That is P-6, where the proposed zone line is more than a half mile away from the nearest competing trolley, isn't it? A. Yes.

Q. How much? A. About five thousand feet.

Q. Almost a mile? A. Almost a mile.

Q. So that line does not need to be zoned at that point to make it co-ordinate with the trolley line, does it? A. To make it co-ordinate with any trolley line indirectly, yes.

Q. Directly, no, because there is not a competing line within a mile, almost. A. No, but the other bus lines run down past there that are competing.

Q. What other bus lines run down past there? A. Down past Union Avenue, the Clinton line, and then out Chancellor to Stuyvesant.

Q. But nobody who would want to go down to Newark from this point here, down to the center of Newark—when I say this point here, indicating the end of the Clinton Place bus line at Union Avenue—would take a Clinton Place bus to go down to the tubes in preference to taking a Union Avenue line, that is the Clinton Avenue line, which is more direct? A. They would, if one was ten cents and one was five cents. If they were not co-ordinated as to rates, certainly they would.

Q. At present, they would not? A. At present, they would not. That is why I said that line is indirectly affected. The Passaic-North Newark situation is rather complicated to describe in direct answer to your question, because the line runs on trolley tracks and then leaves them

and comes back to them again. If you will indicate the distance you want, I will be glad to try and give you the distance. We start down here from North Newark, run up here along Union Avenue, Belleville, meet trolley tracks on Center Street, Nutley.

Q. Where it starts, as you say— A. That is practically the end of the first five cent zone out of Newark, the Belleville city line, Second River.

Q. That is on what is now called Broadway, I believe? A. Yes.

Q. Formerly Washington Avenue? A. Yes.

Q. You run westerly a distance of approximately four blocks, don't you? A. We run on Verona Avenue to Mt. Prospect Avenue.

Q. That seems on this map to be about five blocks distance from where your trolley line is? A. Yes.

Q. Then you parallel the trolley line at a distance approximately of four or five blocks, all the way up to the Nutley line? A. Center Street, Nutley.

Q. There you hit a Public Service Railway line again? A. Yes.

Q. You run back eastwardly, I guess that is? A. To Washington Avenue, Nutley.

Q. And north on Washington Avenue, Nutley, on which there is no trolley tracks? A. On which there is no trolley tracks.

Q. The nearest trolley track is over in Franklin Avenue? A. That is right.

Q. That distance between Franklin Avenue and Washington Avenue, Nutley, is about how much? Scale it; you have your scale there. A.

It varies between a maximum of five thousand feet down to a minimum of about three thousand feet. At the north end of Nutley it comes back and joins the trolley tracks again.

Q. Where it runs on Washington Avenue, Nutley, paralleling the trolley line on Franklin Avenue, it is anywhere from just a little over short of a mile to something over a half a mile distance from your competing line? A. Yes, between a half a mile and a mile.

Q. Now, go ahead. A. When it joins the trolley tracks again at Kingsland Road, and Franklin Avenue, Nutley, it operates over Franklin Avenue, on the same street as the trolley track through Clifton and Passaic, the northerly city line of Passaic.

Q. Will you show me on P-10 where the proposed fare zones are for the buses? A. The proposed fare zones on this bus is five cents from the North Newark terminus of the line to Passaic Avenue and Kingsland Avenue.

Q. Let me interrupt you right there. That first five cent fare takes you through the municipality of Belleville? A. And Nutley.

Q. And Nutley? A. Yes.

Q. And at Kingsland and Passaic Avenues, you go into another municipality? A. Another county, Clifton, Passaic County.

Q. You enter into Clifton, through Clifton to Romaine, you charge five cents fare? A. Yes.

Q. Then from there to the end of the line is another five cent fare, is that it? A. That is correct, the City of Passaic.

Q. That is coincident with your trolley fare zones? A. Yes, sir.

Q. If to convenience the public your trolley zone and your proposed bus fare zone could be changed without either of the companies suffering serious loss, would you consider relocating some of the zones points? A. Why, I suppose we would consider it.

Q. Just take for example—suppose on the Clinton Avenue and Springfield Avenue trolley and bus lines, it would greatly convenience a large number of your patrons to have that zone shifted to Irvington Centre?

Mr. Blake: Shift what now, the trolley zone?

Mr. Stewart: Trolley zones and bus zones so as to keep them co-ordinated, as you wish.

Mr. Blake: I suppose counsel is entitled to ask whether or not we would consider such a suggestion, but I want to impress upon the Commission, if I may, what we are trying to do is not extend any zones. We want to keep the trolley zones where they are, and we certainly do not want to consent at this time to an extension of trolley zones. We want to bring the bus zones back to the trolley. We would hate to come out at the end of the case and find our trolley zones had been extended a distance of a half mile or so.

Commissioner Autenrieth: I suppose Judge Stewart wants to get Mr. Warner's views on that situation. It is not binding.

Mr. Stewart: It is not binding at all.

Commissioner Autenrieth: He cannot answer for the company, what the officials might determine to do. He can give you his opinion on it.

Mr. Stewart: That is the idea exactly.

A. Confining my answer to that distinct proposal, I would not want to reply without making a study and finding out just exactly how many people might be convenienced or how many people would not be convenienced.

Q. Didn't you make that study with regard to Irvington, the Clinton Avenue line, Irvington, and the Springfield Avenue line of buses, when you proposed this co-ordination scheme, when you formulated it? A. With respect to the fare zone at the city line, yes. With respect to the fare zone at Irvington Centre, no.

Q. Didn't you have to make some study of that in order to estimate what proportion of these people would be inconvenienced or from whom you would get an additional five cent fare? A. I made the study I described, but I did not make a similar study on the point you describe.

Q. In other words, you confined your study directly to the point of intersections of municipal lines, with the point where the trolley and bus cross, is that it? A. I confined my study to the points that we applied for in the petition.

Q. That is the point? A. Yes.

Q. You did not go one step further than Twentieth Street approximately, and Clinton Avenue, Irvington, to find out how many people

travel from Irvington Centre down to the Newark city line and on into Newark, did you? A. No.

Q. In your testimony—I think I can refer to it—you spoke of the number of persons who travelled out of Irvington into Newark and out of Newark into Irvington, and then you said something about the number of persons who travelled on the Springfield Avenue line from Maplewood through Irvington into Newark, but you did not tell us how many there were of that character of the riding public, or how many who came from Maplewood into Irvington, stop off there at any point, nor how many that went from Irvington out into Maplewood. Now, as a matter of fact, do you know, Mr. Warner, whether or not there are a large number of residents of Maplewood who come on the Springfield Avenue trolley line, ride from Maplewood into Irvington Centre for a five cent fare, and then get out at Irvington Centre, and transfer to the Clinton Avenue bus line? A. I know there are a number of people that come from Maplewood into Irvington, get off cars in Irvington; they may do some shopping in Irvington, they may go further; what they do after that I do not know. It is impossible to follow such people when they once get off a car.

Q. It is not impossible. If you will go up there any morning and stand on the corner of Springfield Avenue and Union Avenue, where your Clinton Avenue bus line comes down, you will have no trouble to see who gets off the Springfield Avenue car, how many of them go there and take that bus line. In making consid-

eration of whether you should change the zones, etc., don't you think it would have been a fair proposition to the riding public to ascertain how many of that class of people would be inconvenienced? A. That class of people will not be inconvenienced.

Q. Won't they? A. No.

Q. They will be inconvenienced in their pocketbook, won't they? A. If they want to take two facilities they can still do it. If they want to take two facilities for the same fare, they can still do it. They can stay on the car until they get to the city line, and make the transfer there. It won't affect the fare at all, if they want to use two facilities.

Q. How can they do that if they want to go down to say Clinton Avenue and Broad Street, Newark? A. Then they would have to—

Q. Then they would have to get off, and it would cost an extra fare? A. Yes, if they came from Maplewood, yes.

Q. In forecasting the revenue to be derived from rate changes in the past, has your experience in forecasting these revenues been such that after the changes have been made, you have found the forecast to be warranted by the result? A. In some cases, very closely indeed, other cases not so close. It has been hard to compare in some cases, the traffic before and after the change. Sometimes other things have entered in, like the changes made during the war. You cannot count on similar traffic periods like that. But the first fare change we made, our estimate was almost exactly, within one or two per cent, of what actually occurred.

Q. And subsequent to that first fare change, how did you find that your forecast measured up to the result? A. Usually we figured too high.

Q. Usually you figured too high? A. Yes. I think that is what Mr. Young had in mind when he said we were too optimistic.

Q. Was it greatly too high or was it only measurably so? A. Well, it was somewhat too high. I cannot give the offhand percentages to you, but we figured more than what we got.

Q. Was it critically too high? A. I don't know what you mean by critically in that sense now.

Q. I will tell you what I mean exactly. Was it so high that it made a very great difference in the ultimate result? A. It made enough difference so that they were not as successful—

Q. As they had hoped to be? A. —as we had hoped.

Q. Was the difference so great that it was discouragingly different? A. No.

Q. Do you, from the proposed changes, do you consider it probable that the net result will be comparatively little increased revenue to the transportation company? A. Well, it is hard to tell how the traffic will divide itself after such a change, consequently, it is impossible to forecast where the increase in revenue will go, whether it will go to the transportation company, or whether it will go to the railway or whether it will be divided, and if so, how it will be divided. My own thought on the matter is that if and when any of these changes go into

effect, that we will have to put out considerable additional service immediately.

Q. That is on the trolley lines? A. In some cases trolleys, and in some cases buses, and some cases on both. The people then with equal fare facilities, let them adjust their riding habits under the change, as they will, and then after a reasonable period, when we find out how the people are going to ride under the new conditions, adjust the service to meet what they have then chosen.

Q. Let me ask, why will you have to put considerable increased facilities on the two lines if this proposed change is permitted? A. It won't be on the two in any one location. It will be one or the other; in some locations one and some locations the other.

Q. If you put increased facilities, we will say, in Irvington, on the trolley line, will you then decrease the facilities on the jitney? A. At the start of this?

Q. Yes. A. No. You take, for instance, the Irvington situation, take Clinton Avenue, for example, there are one hundred and twenty-eight trips, car trips now, that go through into Irvington on Clinton Avenue.

Q. They stop at the Elmwood loop, most of them? A. Eighty-six stop at the Elmwood loop, forty-two go through to Forty-third Street. There are two hundred and six trips that turn back at the Newark city line, two hundred and six car trips. I believe that with this change—let us assume that the bus fare is put at the Newark city line, a large part of those two hundred and six trips that are now there ready to

go into Irvington, could immediately go into Irvington, so that on Clinton Avenue and into Irvington on that route, there is, perhaps, double the car service that there is now.

Q. May I interrupt you right there for a moment to ask you whether you have made any study of the number of passengers that today get off at Eighteenth Street and Clinton Avenue, and then get on the first jitney that comes through in order to go on through? A. No, I have not such a figure.

Q. Do you know that is a fact? A. That is a fact, people do it.

Q. They have to pay an extra fare now? A. Yes.

Q. Why haven't you increased your facilities from that point on, without waiting for this change; you have passenger traffic there to handle? A. With what?

Q. With your trolleys. A. There are more than enough trolley cars going into Irvington now, on the whole section.

Q. How do you make that out, when people get on the car, the terminal of which is 18th Street, and then get on a bus, if you have more than sufficient service? A. If they had —if they wait for the Irvington car going through there would be plenty of room on the car.

Q. Absolutely. What headway do you run those Irvington cars on? A. I sent you a memoranda of all those headways. I think I have a copy of it here.

Q. I have so many headways and schedules and so forth that I don't know what I have

got. A. The Broad-Nutley cars from the Elmwood loop in the morning rush is a four minute headway.

Q. Let me interrupt you. Is this the schedule you are using now, one that was made up before you changed the lines running into Irvington from the Broad line to the Nutley line? A. Since then. This includes the Nutley service.

Q. This includes the Nutley service; all right. A. The Broad and Nutley cars combined, from the Elmwood loop is a four minute headway in the morning rush and fifteen minutes during the day and a four minutes headway in the evening rush.

Q. One minute; not so fast. A four minute headway from the Elmwood loop during the rush hours, from what time to what time? A. I don't know as I have the exact time here, but I have it by periods of the day.

Q. As a matter of fact, if that four minute headway obtained only when cars are leaving the car barns when they come down to go on their route? A. No; I think it runs after that.

Q. You are not sure of that, are you? A. No, sir.

Q. Will you look that up between now and tomorrow? A. Yes.

Q. Secondly; what did you say the schedule was; four minutes and then something else? A. A fifteen minute headway during the day.

Q. A fifteen minute headway during the day? A. Yes.

Q. That is from when to when? A. That is from about nine to four.

Q. From about nine to four? A. Yes.

Q. You would hardly expect anybody to get off your trolley at 18th Street and Clinton Avenue and wait fifteen minutes for a trolley car to take them to Irvington, would you, when they could get a bus at the end of three or four minutes? A. They wouldn't wait fifteen minutes.

Q. Why not? You are only running on a fifteen minute headway, you say? A. Yes. Everybody don't just miss one car and have to wait the whole interval. If they get on the wrong car in the first place—

Q. If they get on the car immediately succeeding the car running through? A. Yes, then they have to wait eleven minutes.

Q. Eleven minutes. If they get off any one of the intermediate cars in between there they have to wait a certain prorated schedule unless they happen to be lucky when they get off that car and get on the other? A. They only wait seven minutes, eleven minutes or three minutes.

Q. You wouldn't expect people to wait seven minutes for a trolley car when they can get off and get a bus in two or three minutes? A. If they wanted that car they can take the car at the original point instead of the wrong car.

Q. They would have to wait the fifteen minutes? A. Have to wait that space of time.

Q. Somewhere along the line? A. Everybody don't just miss a car.

Q. Of course, they don't. A. This is the average wait; somewhere between fifteen minutes and zero; seven and a half minutes, that is the average wait.

Q. I see. If they are at a point where the Broad line car—I guess you still call it the Broad line car—stops at 18th Street, if they are at a point traversed by the Broad line car they will not be at a point where they can get the Nutley car? A. It depends on where they are.

Q. Part of the way they run the same route; down at Broad Street or Bank Street, they have to walk to Washington? A. We have the Nutley line on Washington Street and the Broad on Broad Street.

Q. The Broad cars run at what headway? A. The Broad line runs on a two minute headway in the rush hours and three and three-quarter minutes during the base.

Q. It is quite natural for the traveling public to take the car which comes along the soonest, isn't it? A. I will put it even broader than that. I think they will take the vehicle that comes soonest, car or bus, other things being equal.

Q. Maybe I will agree with that. Is that the reason when they get to 18th Street and they can't go any further and the independent jitney comes along about two minutes afterwards they swope down on that jitney and take it? A. They take it.

Q. That don't help the public very well to wait eleven minutes for that Nutley car, if it

is on time? A. That is one way this change benefits Irvington.

Q. That is the way you think this change benefits Irvington. A. This is one way.

Mr. Blake: If they wait for the independent they may have to wait an hour and a half.

The Witness: There are only two on the line.

Q. Under the co-ordinated plan you propose you say you will have to put on more service on the Clinton Avenue route. That is only a temporary expedient to find out just how the traveling public is going to shift, isn't it? A. It may be temporary and it may be permanent, it all depends on how the traffic answers.

Q. What would cause it to be permanent? A. Sufficient business to justify the added service.

Q. Where is that business going to come from? A. Irvington, I hope.

Q. So do I. You don't expect any great increase in the number of people, within the immediate future, who would come from Irvington and patronize the Clinton Avenue buses or the Clinton Avenue trolleys, do you? A. Why, Irvington is growing at a reasonable rate. I think more people come from there. With added facilities and better service it ought to grow better and quicker.

Q. You omitted one element, the increased fare also. As a matter of fact, there is only a certain number of passengers to be carried. A. No, sir.

Q. There is naturally going to be an increase, a legitimate increase from increased population? A. An increase from increased population and there is an increase that comes from improved service. I will prove that to you by Kearny, the changes we made in Kearny two weeks ago. There was a case on Kearny Avenue through Kearny, East Newark and Harrison the buses and the cars operated exactly together, on the same streets, one avenue of transportation right through the heart of those communities. The buses were rerouted. Half of them taken off to Kearny Avenue and put to the west and the other half, approximately (as a matter of fact, it was ten and fifteen, the division; twenty-five divided ten and fifteen), the bus service was put off Kearny Avenue and divided approximately half to the west and approximately half to the east.

Q. Of the trolley line? A. Yes; serving different territories; 2,000 feet to the east and 2,000 feet to the west of Kearny Avenue, comparatively speaking. Now, the result—

Q. In addition to that you put on new cars? A. In addition to that, better service and we increased the service. As a result of that there are about 2,500 people a week riding in and out of Kearny, more than before.

Q. On the trolleys? A. All facilities combined. I was going to show you there is a business you can get by better service.

Q. How much did you lose off the buses, any? A. The buses together, on all the routes, are about the same.

Q. Did you increase the number of buses you ran? A. No. Spread them out. We increased the car service.

Q. Simply took the buses off the streets on which the trolleys ran? A. That is it.

Q. Did you decrease the fare on either of those facilities? A. No change in fare.

Q. No change in fare? A. No change in fare.

Q. So, as far as the co-ordination scheme is concerned, that one element was out? A. The fare was the same on that line.

Q. That simply goes to show— A. That is one phase of co-ordination, because we eliminated duplication of effort there on Kearny Avenue by taking the buses off the streets and putting them in another territory. There was another point in co-ordination, and the result of the whole plan was better cars, more car service, more service for the community as a whole and they responded to it. I am simply citing that to show you can get more business by improved service.

Q. That only goes to show that if you took these jitney lines that compete with the Clinton Avenue and Springfield Avenue directly off the competing streets and put them on some other street your trolley company would get increased revenue and the jitneys would get increased revenue and still be able to maintain the same fare. A. There were the same fares over there, the same; the fares didn't enter into it at all. We would be glad to reroute the buses to get them off the trolley tracks, with your co-operation and assistance.

Q. Are you able to tell me whether any of the routes on which this rezoning is proposed are earning a fair return on the investment in these particular routes? A. No, sir.

Q. Is there anybody that can? A. I don't know.

Q. Do you know of anybody in the company that can? A. I don't know that question. You better ask somebody else; I don't know. I kept out of this bus buying; I had other things to do.

Q. You don't know whether any physical value has ever been made of the property used in the operation of Public Service Transportation Company, do you? A. Not to my knowledge.

Q. Will you turn to Exhibit P-8, that is the Lyons Avenue bus line? A. The map, is that?

Mr. Blake: P-8 is a map.

A. Yes; I have it.

Q. You stated a little while ago that that indication on that map as to the routing of the Lyons Avenue line was slightly incorrect. A. It is at the present time. We started last fall to gradually change the route of that from Bergen Street to Hunterdon Avenue and from Hawthorne Avenue to Runyon. The trips have been gradually put over on those two streets until now I guess about 100 per cent is on the two streets. I will be glad to indicate that.

Q. Can you indicate that on the map so the Commission will have a correct map? A. I will indicate that by a dashed red line. The route has been changed to out Hunterdon Avenue in-

stead of Bergen Street, and Runyon Avenue instead of Hawthorne.

Commissioner Autenrieth: Illustrated by the broken line?

The Witness: Yes.

Q. Mr. Warner, have you noticed or had any report made of the effect on the number of passengers traveling from Newark to Irvington brought about by the rerouting of the Nutley trolleys from Broad Street to Washington Street, Newark? A. Will you read that question?

(Question read.)

A. No.

Q. So that you don't know whether those Nutley cars carry more or less through passengers than the old Broad line cars carried, on its through passenger service? A. No.

Q. So that the rerouting of that line you are unable to say has acted as a benefit to your company or not? A. It is too early to say, anyway.

Q. What? A. It is too early to say, anyway. That line furnishes the only through service from Washington Street and it was put in there with the idea of looking to the future to help the development of Washington Street as a parallel thoroughfare to Broad Street, and that was a part of the function of the line. Of course, it hasn't built up Washington Street as a shopping center in less than four or five months and it is too early to draw any conclusion.

Q. The Nutley trolley, being the only one that runs through to Irvington and being two blocks off Broad Street, would have an effect, wouldn't it, on the number of passengers that would take the trolley in place of the bus or the bus in place of the trolley? A. It might and might not. I don't believe it would have very much effect on it. You take Washington Street, that car hits Bamberger's; it goes within one short block from the rear of Kresge's and one short block from the rear of Hahne's which are the principal stores you reach in Newark. It is never more than seven or eight hundred feet from Broad Street. I don't believe it would make much difference.

Q. Yet, as a matter of fact, you know that the average person who happens to be in any one of those three stores you mention would more naturally walk to the Broad Street entrance when they are leaving than they would to the rear entrance you mentioned? A. Possibly. That is one of the reasons we put the line on Washington Street, to try to spread them out, to try to get away from the one-street idea in the City of Newark.

Q. There is more passenger service that originates on Broad Street— A. There is no question about that.

Q. To Irvington, than on Washington Street? A. At the present time, yes.

Adjourned to Wednesday, May 11, at 10:30.

BOARD OF PUBLIC UTILITY COMMISSIONERS,

Newark, N. J., Wednesday, May 11th, 1927.

PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY—Application for adjustment of fare zones and other relief.

Before the following Commissioners: Jos. F. Autenrieth, Esq., President; Charles Browne, Esq.; H. C. Eddy, Esq., Sr. Transportation Inspector.

For petitioners appears George H. Blake, Esq.

For Irvington appears Charles H. Stewart, Esq.

For Hawthorne appears W. W. Evans, Esq.

For Roselle Park appears M. P. O'Connor, Esq.

For City of Clifton appears Wm. B. Gourley, Esq.

For Lyndhurst appears Luther Shafer, Esq.

For City of Elizabeth appears John J. Griffin, Esq.

ARTHUR T. WARNER resumes the stand.

Cross-examination by Mr. Stewart:

Q. Mr. Warner, regarding the difference in the fare on the Clinton Avenue bus line and

the Clinton Avenue trolley line as it exists now, on just what portion of the route are the buses and trolleys actually offering the same service at unequal fares? A. From Irvington Center to the Newark-City line for through business from Irvington to Newark.

Q. Now, how long a distance is this where the service is at unequal fares? A. About 3,500 feet is the distance from the Newark-Irvington city line on Clinton Avenue to Irvington Center, and beyond Irvington Center the trolleys go up Springfield Avenue to the Elmwood loop or 43rd Street and the bus line turns south on Union Avenue.

Q. That is a little bit over half mile? A. About two-thirds of a mile.

Q. About two-thirds of a mile. And what proportion of the entire Clinton Avenue bus route is that two-thirds of a mile? A. The entire Clinton Avenue bus route is 6.1 miles long.

Q. And then that two-thirds is about one-twelfth of the entire line? A. It is the ratio of two-thirds of a mile to 6.1 miles.

Q. And what proportion of the entire length of the trolley route is that two-thirds of a mile? A. The Broad and Nutley lines, from the Elmwood loop to Nutley the entire length of the line is about 11.8 miles long; that carries through three five cent zones.

Q. Carries what? A. Carries through three five cent zones.

Q. And the comparative length on the trolleys, as compared with the entire length of the trolley line, it is only about five per cent

of the entire length of the trolley line, isn't it? A. You mean in that area that we have been talking about?

Q. Yes. A. About six per cent. Two-thirds of a mile is about six per cent of 11.8 miles.

Q. And the result is that this two-thirds of a mile is a very inconsequential portion of the entire route of either one of those lines on which there is competition? A. No, I wouldn't say it was inconsequential, because, of course, there is more than that two-thirds of a mile to be considered, assuming Clinton Avenue entirely by itself, apart from the rest of the points involved.

Q. What do you mean, "apart from the rest of the points involved"? A. I mean apart from the rest of the points of the other lines involved.

Q. What other lines? A. All the other lines involved in the petition.

Q. Oh, in other words, you are making now a comparison not only with the one line that we are talking about, but you are trying to make a comparison with all the whole group. A. I am trying to segregate the Clinton Avenue line entirely from the rest of the lines involved in the petition.

Q. Now, the Clinton Avenue bus line, after it leaves the trolley tracks at Irvington Center, has a length of about how much? A. You mean the distance from Irvington Center to 40th Street and Stuyvesant Avenue over the route of the bus line?

Q. Over the route, yes. A. A little over two miles.

Q. And was this line run to 43rd Street, approximately over the present route, at the time that you began to buy the buses? A. It was just about that time; whether it was immediately before or immediately after, I couldn't say, but it was just about that time. The line was extended. At that time it ran to Irvington Center and made a loop around Irvington Center and they stored their buses, some of them on the street and some of them in a yard there, I think it is—

Q. Right back of the old hotel? A. Yes, right back of the old firehouse, just east of the firehouse.

Q. On Springfield Avenue? A. Yes.

Mr. Blake: Barry's place.

Mr. Stewart: Down there by Washington Avenue, I guess it is.

Mr. Blake: Barry's.

The Witness: The line was extended just about that time; I think it was just about the time we started to come into the picture.

Q. And since the line has run out to 43rd Street that area which it serves after leaving Irvington Center has developed very considerably, hasn't it? A. The development was, as I remember it, started at about that time. I think there were several developments under way down in through that section and they have continued since then.

Q. Do you think the running of the buses out there has served to help develop that section? A. I would say it has.

Q. Very considerably? A. Yes; transportation always helps in the development of sections.

Q. And this territory running out along Chancellor Avenue where your Clinton Avenue line runs is dependent practically entirely on bus service for transportation into the City of Newark, isn't it, convenient transportation into the City of Newark? A. Yes.

Q. And if it were not for the bus transportation—take that portion of Irvington along Chancellor Avenue, say about Park Avenue—that is where the hospital is, approximately—the people in that neighborhood would have to walk how far to Chancellor Avenue to get the nearest trolley? A. Now, let's get the distance of that (measuring on blueprint).

Q. Take across Stuyvesant Avenue there, where would they have to walk? A. The distance on Stuyvesant Avenue between Chancellor Avenue and Springfield Avenue is 3,000 feet, along Stuyvesant, and about 2,400 feet along Chancellor.

Q. And south of Chancellor Avenue to the Irvington-Union line, between the line and where your jitneys run, is about how far? A. About 3,500 feet.

Q. So that but for your, or other jitney service on Chancellor Avenue the citizens in that southwesterly part of Irvington would have to walk something like a mile and a half or more to get trolley service? A. From the extreme southerly end?

Q. Yes. I am referring to that part back there, the Union County line, back of Chancellor Avenue, the southerly end. A. Well, it would

be just a little over a mile. They would walk right up 40th Street to Springfield Avenue. It would be a little over a mile from the extreme southerly end, the Union County line.

Q. A little over a mile? A. Yes. Of course, all that section in there involves practically a haul of six miles to the center of Newark, and as far as that service in there goes, no bus line in the world could live on that, with a six mile haul for five cents. It is simply the short-haul business of the line that carries it.

Q. You are assuming that everybody who gets on at that extreme point that we are talking about would ride all the way into the terminal at Park Place, Newark? A. That is involved in the six mile haul, yes.

Q. Yes. And, as a matter of fact, you know that it is the exception for people to ride the entire distance, rather than the rule? A. Well, a lot of people from that section come all the way into Newark, but I wouldn't say that is the exception, no.

Q. You do not want this Board to understand that it is your opinion that the bulk of the people who get on your buses out in that territory ride all the way in to the terminal at Park Place, Newark, do you? A. Not all the way to the tubes, but they come into Newark, a good part of them.

Q. But a great many of them get off at points between the Irvington-Newark line and Bergen Street, don't they? A. Some, not a large percentage.

Q. You have made no check-up on it, have you? A. I have no actual figures.

Q. Then you have had no check-up made on it, have you? A. No.

Q. What observation have you personally made in regard to this? A. My general knowledge of the riding habits in those sections and the community of interest—or lack of community of interest between those two sections.

Q. When you say "lack of community of interest between those two sections," you mean what? A. Between the section around Stuyvesant Avenue and 40th Street and the section around Clinton Avenue, west of Bergen Street.

Q. Why do you say there is a lack of community of interest there? What do you base that on? A. Because I don't believe there is any.

Q. What do you base it on? A. There is no affirmative information that I have at hand to show that there would be.

Q. Then you are just basing it on a negative proposition, but you don't know anything about it? A. I am basing it on my general knowledge of this locality.

Q. Don't you know, as a matter of fact, around Bergen Street, between that and the railroad at Badger Avenue there are a great number of manufacturing plants? A. There are some.

Q. And don't you know that in Irvington, where the Lehigh Valley Railroad comes in, just three or four blocks west of the Newark-Irvington line, that there is a large number of manufacturing plants? A. Yes, but that is not in Newark.

Q. No, it isn't. Don't you know that there is a shopping center of considerable size around Bergen Street? A. There is.

Q. And do you know whether any of those people, any number of those people who are in that western section of Irvington are employed in any of these plants? A. I suppose some of them are.

Q. In either of those places? A. I suppose some of them are.

Q. So that you are making a rather broad statement when you say that most of them, or a large proportion of them ride all the way down to the terminal and that there is no community of interest of any kind between that section of Irvington and that portion of Newark which is in the immediate vicinity of Clinton Avenue and Bergen Street? A. There is no considerable community of interest between those two sections, in my judgment.

Q. Have you any idea how many of your passengers on this Clinton Avenue line of buses are what you call short-haul passengers? A. Approximately half of them.

Q. I beg pardon? A. Approximately half of them.

Q. Approximately half of them are short-haul passengers? A. Yes, sir.

Q. You don't know whether the Clinton Avenue bus line, as disassociated from the other lines, is a paying proposition or not, do you? A. The Clinton Avenue line is at the present time carrying itself, yes.

Q. Is it doing better than carrying itself? A. Slightly.

Q. I beg pardon? A. Slightly.

Q. Slightly? A. Yes.

Q. How much better, do you know? "Slightly" is such a comparative term. A. Well, based on system costs, about between five and eight per cent, I would say. That is rather rough.

Q. By "carrying itself" you mean paying all charges of every kind, sort and description that are properly chargeable to it? A. Based on system costs, yes. Now, if we started to allocate the charges to that particular line, which it would be very difficult to do, but if it could be done, I don't know what the answer would be, based on system costs.

Q. When you say "system costs" you mean, I presume, the costs over the entire system and then making a hard and fast division of that cost between the lines? A. No; taking the entire system costs on a bus mile basis.

Q. On a bus mile basis? A. Yes.

Q. So that this line at least is operating at a profit? A. Well, I would say it is carrying itself, a little better than carrying itself.

Q. From five to eight per cent, I think you said. A. From five to eight per cent better than system costs.

Q. What do you include in the system cost? A. I am not an accountant. I don't include it, as far as I am personally concerned; I don't include anything. We take the figures that come to us from the Accounting Department.

Q. Do you know whether this five to eight per cent you refer to is a clear net to the company, that may be used to pay dividends with?

Mr. Blake: We never had dividends.

A. I would rather refer that question to Mr. Tuson.

Q. In what way will the establishing of these fare zones on the buses and thereby doubling the fares, carry out the co-ordination program of making the trolleys and the buses operate in a noncompetitive way? A. It will enable the people of Irvington to choose between either vehicle. It will enable the car service to be properly operated out there. It is hardly an operating matter, I would call it. To go into detail: You take the morning rush, for instance, inbound; the buses are largely filled with the Irvington people, due to the difference in fare. When they get to Newark, the Newark people along Clinton Avenue have practically no choice at all, the buses are filled with Irvington people. In the morning rush, the Irvington people get first opportunity on a bus that starts empty. In that evening rush, the situation is somewhat different, because the Newark people have an equal opportunity to board the bus with the Irvington people.

Q. Let me interrupt you. This co-ordination scheme will not in any wise change that evening condition, will it? A. Yes, it will.

Q. How will it? A. People at Irvington can then board the trolley with an equal fare with the buses.

Q. It leaves them with only one choice? A. Leaves them both choices.

Q. No. I think you will admit you are wrong in that. Now, the Newark people crowd the

Irvington people off the buses at night, and the fare is equal. The raising of the fare to ten cents on the buses to Irvington will not make Newark people take the trolleys? A. No, but it will allow Irvington people to take the trolleys.

Q. Yes, allow them to take the trolleys, but it leaves them with only that one choice, because they can take the trolleys at ten cents? A. It leaves them the same chance at the buses they have now, and an additional chance at the trolleys.

Q. They take the trolleys now? A. Very few of them.

Q. According to your story the only reason they don't take the trolleys is because they get the bus at five cents? A. That is right.

Q. They can't get the bus at five cents, because the Newark people have already crowded them off? A. They wait for the bus.

Q. They keep on waiting and waiting and waiting, is that the idea? A. Yes.

Q. Ultimately they get a bus at five cents? A. Yes.

Q. In other words, in order to save the nickel they wait a long while? A. They do.

Q. Why don't that same rule hold good in the morning for the Newark people; why don't they wait for the bus? A. At present, the people take either one, with the fare equal.

Q. That shows they take what comes first, regardless of its crowded condition or otherwise, is that what it shows? A. No.

Q. With the fare equal, still your Newark people in the morning would like to come down

in the bus, is that so? A. I don't know they would. Newark people are using the cars today more than the buses.

Q. Don't they put up a great big howl all the time because they can't get service on the buses to Newark? A. There is some complaint.

Q. A great deal of complaint, isn't there? A. Yes.

Q. So that shows they don't want to take the trolley but prefer the bus, don't it? A. I don't know.

Q. People don't complain about the thing they don't want, do they? A. It is hard to tell what they will complain about.

Q. As a matter of fact, to take care of this very situation, you complain about in the morning, you have short-routed, I think that is the expression you used, the buses at the Newark-Irvington line, haven't you? A. Made a very few trips; only twenty trips all day short-routed at the Newark City line.

Q. All in the morning and evening rush hours, aren't they? A. Yes.

Q. What period do you run them? A. Only twenty trips out of three hundred and eighty.

Q. During what period do they run? A. From 7 to 8:40 in the morning.

Q. The object of the Public Service is to give the public a choice between two means of transportation at the same fare, isn't it? A. I don't think—no, I wouldn't say "yes" to that.

Q. That is what you said a moment ago, if I got you right; you wanted to supply the people of Irvington and Newark with an equal oppor-

tunity to use both lines of transportation at the same fare? A. Yes.

Q. If that is so, why don't you put on more buses that run from Twentieth Street, or wherever the Newark-Irvington line is, during the rush hours so the Newark people can use them at the same rate of fare? A. If Irvington will consent to such a change we would be glad to do it.

Q. We haven't any control over what you do in Newark. A. The permit is not from Twentieth Street.

Q. Why don't you get a new permit and new buses? A. Because there are other facilities to handle that business if we are allowed to coordinate.

Q. In other words, you don't want to increase the bus service in Newark from Twentieth Street on down to the terminal? A. We would increase it, but if it was increased at the present time, it would be at the expense of the Irvington service, which Irvington never consented to.

Q. It is only at the expense of the Irvington service if you took Irvington buses off there, that would increase the Newark service at a cost to the Town of Irvington, but you could increase the Newark service by putting on more buses at no cost to the Irvington service? A. We could at this time, but ultimately it would lead to all sorts of trouble.

Q. As a matter of fact, at this time, the Irvington buses come loaded to the gills so that the Newark people can't get on the bus, don't they? A. Yes.

Q. So that the citizens of Newark haven't adequate bus service from the city line to the Newark terminal? A. The buses are crowded.

Q. They haven't adequate service, have they? A. In some cases they haven't hardly any.

Q. You testified, I think, previously, that the number of passengers riding daily on the Clinton Avenue buses was 27,933. I have an idea it is about page 37 or page 38; I am not sure. Is that right? A. That is right.

Q. How did you determine these traffic figures? A. They were the average for, I think it was the first ten days in January; we were making our checks about that time. They were the average for the period of early January.

Q. You furnished us with a schedule, I will call it, of the passengers travelling on the Clinton Avenue line, showing that there were, for the year 1926, revenue passenger fares of 6,864,539. How does that check up with the daily average you gave us of 27,933? A. I don't know.

Q. Will you figure it out and see? A. What is the figure again?

Q. The figure you gave us was 6,864,539 for the year 1926. A. May I see that?

Q. Certainly (counsel hands witness paper). A. They won't check at all.

Q. They won't check at all? A. No.

Q. Why not? A. That is the fare collected on our buses. This figure of 27,933 is the fares on the entire line; whatever we had, the independents and everything else.

Q. I beg pardon. Say that again. A. The figures 27,933 is the number of passengers car-

ried on all the buses on the entire line, which includes not only our own buses, but whatever independents there were out. For a long time during 1926 that figure only includes about, a little over the half the buses on the line, because we were acquiring others throughout the year. It was, in fact, November, I think, we purchased, made the last purchase on the line; we acquired all but two.

Q. You testified that 13,951 passengers per day ride across the proposed zone point on the Clinton Avenue bus line? A. Yes, sir.

Q. That was on all the buses or just your buses? A. On all the buses. Yes. At the time this check was taken we owned all but two, but this figure is for all buses.

Q. If this co-ordination goes into effect and all these persons were to continue to ride, that would give you an increased revenue per day of approximately $700? A. Yes. $697.55.

Q. In figuring up the estimated returns on a line for the year, you used what, 330 days to the year? A. A line like Clinton Avenue line, I should say 330 is about fair. It varies on the different lines from 320 to 350, depending on the circumstances.

Q. You figured 330 on this? A. 330 on this.

Q. That would result, if they rode beyond the zone point, in round figures, about $230,000 increase on that line in a year? A. If they all rode, yes.

Q. I understand you to say you don't think all those people would continue to ride beyond the present proposed zone point? A. No.

Q. And I think you said about sixty-six per cent of them would? A. Well, somewhere between one-half and two-thirds.

Q. Say, sixty per cent? A. Yes; I would say sixty per cent would be fair.

Q. Sixty per cent? A. Of course, you can't tell. If Irvington Center was a five cent fare in Irvington, if Irvington Center developed the way other similar centers have developed it would very materially affect that through riding. If I can go back to the simile I used yesterday, the Brick Church section in East Orange: Our local riding to and from that section has, I will say, trebled since the present fare has been in force. Muir's department store can't build additions fast enough to take care of the additional business.

Q. That is local riding? A. Local riding at five cents in that area in Orange to that local shopping center.

Q. That would be short haul carrying in Irvington, wouldn't it? A. Short-haul traffic in Irvington.

Q. Whatever you would lose by people not coming down into Newark and taking the long six mile ride, you would make up by the short-haul traffic of people who shop in Irvington? A. It is a question; it would be a question whether that would affect any mileage or not. If any such traffic is developed it would certainly not mean a fare increase, a gross increase in revenue.

Q. It may not; but it would then permit of your handling a greater number of persons with the same equipment, because part of that traffic

would be short haul, and that would leave a vacancy in the buses to take up the balance of the traffic from Irvington Center on down into Newark? A. It would.

Q. So you could handle more people with the same equipment? A. We could handle more people, yes.

Q. I suppose you call that from an operating standpoint, that is equivalent to a raise in the fares because for the same equipment you get more money out of the same buses? A. It is a development of the short-haul business, which is, of course, desirable.

Q. In addition to that, the Town of Irvington is, you admitted yesterday, growing? A. It is.

Q. And that there would be a natural increase in the number of riders from Irvington to Newark by reason of this natural increase in population, I think you said yesterday? A. Yes.

Q. So what you would lose in number of passengers who would get off at the zone points and walk, you would also make up by the natural increase in the population and the proportion of whom would not get off and walk, is that so? A. That natural increase in population will, of course, increase your gross riding. Service would have to be adjusted for that also.

Q. For what distance from the zone points do you think your patrons will be willing to walk in order to save the five cent fare? A. Some of them would walk at least half a mile. A good portion would walk up to and including a quarter of a mile, perhaps.

Q. Referring to that exhibit, I don't know the number, which shows the Clinton Avenue bus line? A. P-1.

Q. P-1. The area which would furnish the increased traffic for that distance of a half a mile that your patrons would be willing to walk, is rather now well built up, isn't it; that is, that lies between Springfield Avenue and Clinton Avenue, or halfway between those points on the north, and Clinton Avenue and Lyons Avenue on the south? A. That is correct.

Q. And the little triangle between Springfield Avenue and Clinton Avenue, running up to Irvington Center, that is pretty well built up? A. Yes.

Q. The only chance of getting more traffic out of that by reason of increased population is if that area builds up with apartment houses, the building of which will necessarily eliminate the present one-family and two-family houses? A. True.

Q. And the area south of Clinton Avenue from the Newark City line to Coit Street and north of Lyons Avenue is now probably seventy per cent factories, isn't it, industrial? A. Factories and the Lehigh Valley Railroad.

Q. And the Lehigh Valley Railroad. So that in that area you can't expect to get much increased traffic by reason of the increased population? A. Not by reason of increased population. Perhaps, by increased labor, in the plants.

Q. In other words, have you any idea of how many of the operatives that are employed in these factories and industrial businesses along that line of the Lehigh Valley use this Clinton Avenue bus service? A. No.

Q. You never made a check-up on it? A. No.

Q. Then, as a matter of fact, from your general knowledge, that you have already spoken of in this vicinity, and that common interest which exists between Irvington and Bergen Street, etc., you know that a very large number of factory employees in that industrial section live in Newark, don't you? A. I would say they did. Such people would certainly get off at the city line and walk.

Q. Do you think, Mr. Warner, that if the cost of jitney transportation on the Clinton Avenue line from Irvington to Newark had been ten cents when you started to operate the line that that section north and south of Chancellor Avenue and west of Stuyvesant Avenue would have developed as rapidly as it has? A. I don't know whether I am qualified to answer that or not. I don't know whether it would have developed as rapidly as it has or not, but I believe it would have developed because I can point to other sections in Essex County, a similar distance from the Newark traffic center, which are likewise developed, have developed rapidly with a fare of ten cents to the City of Newark.

Q. As for example? A. As for example, the Ampere section of East Orange, the—

Q. Just let me call to your attention a very marked difference that exists there. The Ampere section of East Orange has railroad transportation to New York, has it not? A. It has.

Q. So that that would be a very marked element in the development of that section, wouldn't it? A. It would be one phase in the development of it.

Q. The section which we related to in Irvington and, in fact, all of Irvington has no direct communication by railroad with New York? A. No, it has not.

Q. Don't you think and believe, Mr. Warner, that low priced transportation tends to develop territory very much? A. Any transportation tends to develop territory.

Q. The lower the price of transportation the more attractive it is for people to settle in that particular section where the transportation is low, is that not so? A. The lower the price of any living necessity.

Q. You testified that in the Irvington section about sixteen thousand people used the buses as compared with two thousand people using the trolley cars. I am not sure whether that related solely to the Clinton Avenue line or whether that was the Clinton Avenue line and the Springfield line? A. No. That was Clinton Avenue.

Q. That was the Clinton Avenue line alone? A. The Clinton Avenue bus line and the Broad and Nutley trolleys.

Q. Yesterday I think you said that the trolley cars ran at certain intervals on a four minute headway? A. Yes.

Q. And I think you said that four minute headway was at certain rush periods in the morning and evening? A. Yes, sir.

Q. Will you refer to your schedules there? That four minute headway you testified to on the Clinton Avenue line is at what point? A. That was from the Elmwood loop.

Q. That was from the Elmwood loop? A. Yes.

Q. Was that occasioned by the running of cars out of the car barn for regular trips, or was that four minute headway at that time both east and west, I think you call it? A. It was partly pull-outs and partly regular service, partly service that was out.

Q. Can you tell me what part was pull-out? A. Yes. You want it trip by trip or—

Q. No; if you will tell me— A. Let me put it this way, and see if this covers the question: Taking the morning rush, at the period leaving Irvington up to 8:15.

Q. Starting when? A. Starting at six o'clock.

Q. Six o'clock; all right. A. Take the morning rush at that period. There are twenty-six trips, leaving Elmwood loop for Newark in that period, of which fourteen of them come from the Hilton carhouse.

Q. That is in the period from 6:15 to 8:15? A. From 6 to 8:15.

Q. On the westerly route, what was the headway during that same period? A. The difference between the two figures.

Q. The difference between the two? A. Yes.

Q. In other words, that would be twelve? A. Twelve.

Q. That is, then, approximately on a ten minute headway westwardly? A. Yes; just about. That is, those are cars that come all the way

from Nutley—from Belleville, through Belleville and Newark and come west into Irvington.

Q. In the evening, you told us something about a four minute headway, I think? A. Take the evening rush—

Q. Which is from what hour to what hour? A. As the period leaving Broad and Market Streets, Newark, say from 5 to 6:30, take that hour and a half.

Q. Is that what you call the rush hour? A. That is the peak of the evening rush, during that hour and a half.

Q. I might suggest from experience you do not make that rush hour long enough. A. It is getting shorter all the time; that is one of the transportation difficulties. During that hour and a half there are twenty trips that go to the Elwood loop, of which ten trips continue on and pull into the Hilton carhouse.

Q. There they are pulled in, I suppose, that is the end of their trip? A. Yes.

Q. So that at that period of time east bound you are also running on approximately a ten minute headway? A. There would be ten trips in an hour and a half, which would be about an eight minute headway.

Q. Ten trips in an hour and a half? A. About seven trips an hour.

Q. That is nine minutes, ninety minutes, ten cars, a nine minute headway? A. A nine minute headway, yes.

Q. Why do you consider the rush hour only from half past five coming in in the evening? A. I said from 5 to 6:30.

Q. As a matter of fact, from four o'clock, when the Prudential and various other insurance companies and similar companies let out their hordes of people, right on until five o'clock it is a rush hour, isn't it? A. The peak of the rush comes at 5 o'clock, comes between 5 and 5:30.

Q. That is the peak? A. Yes.

Q. But from four o'clock on it is building up very rapidly, isn't it? A. It starts building up shortly after four.

Q. And from four o'clock to five, what is the headway on this Clinton Avenue line, that is in the afternoon, of course? A. To Irvington.

Q. To Irvington. A. To the Elmwood loop, twelve minutes, it is twelve and ten.

Q. What do you mean by twelve and ten? A. Leaving Newark at four o'clock, between the hour of four and five it is twelve, two elevens and two tens. The headway is just beginning to break at that time.

Q. After 8:15—I think that was the hour you fixed in the morning as the termination of the rush from Irvington—during the next hour, up until nine o'clock, how many cars do you run? A. Between 8:15 and 9 o'clock, three cars.

Q. Three cars on a fifteen minute headway. And between nine o'clock in the morning and four o'clock in the afternoon, eastwardly, what headway do your cars have? A. Up until three o'clock, fifteen minute headway, then in the afternoon they pull out and start to go out from Hilton and break that headway.

Q. Bring it down from 14, 12, 11, and finally get down into 9 minutes? A. It breaks down to 8, 5 and 6, various headways.

Q. During the rush period from 6 o'clock until 8:15—I think that is the period you mention in the morning—what is the headway of your buses on, we will take, the Clinton Avenue route, first. A. Well, there are three headways. There is the through headway from 40th Street, then there is the short service that comes in at Irvington Center; in addition to that there is the short service that turns back at the city line.

Q. I am not interested in the city line; that takes care of the Newark traffic that you are so solicitous about. A. Do you want Irvington Center?

Q. Yes, give us Irvington Center first. A. Leaving Irvington Center east bound from 6:10 to 7:04 it is a three minute headway.

Q. Does that include the buses that come from 43rd Street as well as those that start at Irvington Center? A. Yes, the headway from Irvington Center.

Q. And from 43rd Street during that period, what is the headway? A. Three minutes, everything during that period comes from 43rd Street. The short service has not begun yet.

Q. The short service has not begun yet? A. At that time.

Q. That is from what hour to what hour? A. From 6:10 to 7:04.

Q. That is a three minute headway, and you start your short service at 7:04, and then at

Irvington Center what is the headway reduced to by this short service? A. One and two-thirds.

Q. One and two-thirds minutes. From 43rd Street it remains at a three minute headway during that period? A. No, it is a five minute headway.

Q. So that with this very much shorter schedule of buses, or headway of buses as compared with that of the trolleys, it is true that regardless of the difference in fares, the patrons would still take the bus? A. No, because we ran more trolley service to Irvington, and we ran it and ran it.

Q. I beg your pardon? A. We ran more trolley service to Irvington and took it out because the people were not using it; they would not pay the difference in fare to ride on the car.

Q. When was that you took that service out? A. We have taken it out at various times, decreased the car service up there because it was useless to run it.

Mr. Blake: What did the headway used to be in the middle of the day, if I can interrupt you?

The Witness: We were running better than a four minute headway into Irvington.

Q. Did you reduce this service on the trolleys before you began to buy your buses or after you began to buy? A. Some of it before and some of it since.

Q. Have you increased the number of buses that are being operated into Irvington over the Clinton Avenue line since you started to buy,

I mean the total number of buses? Take the Clinton Avenue line when you started to buy, I think it had about thirty-eight buses on. A. Forty-two, I think; eight on Clinton Place; there were fifty, and eight put on Clinton Place, which left forty-two.

Q. When you started to buy, it had forty-two buses that ran into Irvington. Have you increased the number of buses running into Irvington? A. We have not increased the number of buses.

Q. Have you increased the number of trips? A. I don't know because it was hard to tell at the time we started to buy, what the schedule was, what the number of trips being operated was. It varied so much from day to day. The independents did not have a real schedule, that is, as we term a schedule, and it was hard to tell. For instance, they would operate theoretically a certain headway during the middle of the day. They might have on the street twice the number of buses that were necessary to furnish that headway, with half of that group laying over at the end of the line and taking their turn in rotation. When we purchased the line we did not operate it that way. We might have continued to have given exactly the same headway, and the same number of trips per hour, the same service—so far as the public on the street is concerned it is trips really, from the point of view of the public, the service is trips—but instead of leaving the buses laying at the curb, to lay over and take their rotation, we pulled them into the garage and left them there. So that the operation was hard to

compare, what was being done before we went in and what we have done since. I have never been able to get any real definite line on how the independents operated; each one will tell you a different story.

Q. After you began to purchase, and about two years ago, I think, you began to operate on a schedule, didn't you? A. Yes. We tried to operate on a schedule. It had been more or less trouble with schedules on that line ever since we tried to put in a schedule. It never was operated whole-heartedly or with any degree of enthusiasm by the independents.

Q. After you purchased a considerable number of the buses, about two years ago, you, in conjunction with the independents, or in spite of them— A. That is better.

Q. —or antagonistic to them, however you may choose to phrase this thing, worked out a schedule that was submitted to the director of public safety in the Town of Irvington (I think it was the director of public safety), and to Mr. Crawford in the City of Newark? A. Yes, sir.

Q. That was about two years ago, wasn't it? A. Perhaps so.

Q. Approximately that? A. Yes.

Q. In the last two years then, since those tentative schedules were adopted, have you increased the number of trips made per day on the jitneys? A. We have changed that schedule several times. There have been certain increases and certain decreases, depending on seasonal variation. For instance, there is not the service up there needed in summer time as

in winter time. Changes have been made in accordance with that.

Q. Let us take it at any given season, say in the fall, and spring; are you running more trips per day on the jitneys now than were run two years ago by you and the independents combined, that is, when you had a schedule? A. I believe we are.

Q. You think you have increased the service? A. I believe we are. We are certainly running more capacity, because there are larger buses up there.

Q. On page 56, you testified that if the fare is equalized, the bus and trolley traffic will normally equalize itself. If the zone was shifted to Irvington Center, so that the traffic would come from Newark to Irvington Center and from Irvington Center to Newark at a five cent fare, and the bus fare was at five cents for that same distance, the traffic would still equalize itself, wouldn't it? A. Yes, the traffic would equalize itself. The same principle of equalization would apply with equivalent zone points.

Q. And that would be co-ordination, too, wouldn't it? A. It would allow for co-ordination. Of course, if we took them all the way to Chicago for a nickel it would also allow for co-ordination.

Q. Those are two points where your two lines are in direct competition, and from Irvington Center out to 43rd Street is where your Clinton Avenue line goes away from your trolley line and where you serve an entirely separate and distinct class of people, namely, they haven't any other service to go to. A. That is true.

Q. Under the existing fare schedule, what is the fare for a trolley trip from Irvington Center to the northern section of Newark on the Clinton Avenue line? A. Irvington Center, on the trolley?

Q. On the trolley? A. Ten cents, five cents to the Newark City line and five cents within the City of Newark, which will take you up to the Belleville line at Second River.

Q. And what would the fare be for the same trip on the Clinton Avenue bus, if the passenger left Irvington for Newark on the Clinton Avenue bus line and wanted to go to North Newark? A. You could not do it on the Clinton Avenue bus.

Q. He could not do it on the Clinton Avenue bus? A. No.

Q. But he could do it by going down to Broad and Rector Streets, I think it is, and there transferring to another bus? A. Anywhere along Broad Street.

Q. And it would cost him ten cents, too? A. Transfer to another bus or car or anything.

Q. Or to the trolley? A. With the two vehicles it would cost him ten cents.

Q. And that is a practical co-ordination now, isn't it? A. No. No, that is no co-ordination.

Q. What will the fare be for the same trip by a bus on the proposed co-ordination scheme? If a man wanted to go and was in a hurry and wanted to go down to North Newark and therefore wanted to take a bus from Irvington Center to Trinity Church and get off there and take another bus up to North Newark, what

would the fare be under the proposed co-ordination scheme? A. Under the rate as filed?

Q. Yes. A. Under the rate as filed it would be ten cents on the Clinton Avenue bus to Newark and then five cents from Newark to whatever vehicle he changed to.

Q. That would be fifteen cents? A. Yes.

Q. That is the extra nickel he must pay for the desire to get to his point of destination quickly? A. All of which assumes there is a difference in the car and bus speed, which there is not.

Q. We will come to that a little later. On the trolley that same ride, after this plan goes into effect, would only cost him ten cents; that is right, isn't it? A. Yes, because he could take a direct car.

Q. As a matter of fact, taking into consideration the shorter headway on which you run your buses, as compared with the headway of the trolley car, a person could make that trip by bus from Irvington Center to North Newark in less time, considerably, than by trolley, could he not? A. I don't know whether he could or not. I think it would be just about even.

Q. Assume he missed, just missed that celebrated trolley that comes in on a particular hour, and then there is a fifteen minute wait for the next one, he would have to wait fifteen minutes for the trolley, wouldn't he? A. Yes.

Q. And in that time, by a wait of four or five minutes he would get a bus, wouldn't he? A. Yes.

Q. And that bus would take him down to Trinity Church in fifteen minutes, wouldn't it?

A. No, it would not bring him to Trinity Church in fifteen minutes.

Q. What time would it make the trip from Irvington Center to Trinity Church? A. From Irvington Center to Trinity Church, about twenty-three minutes.

Q. How long would it take the trolley to make the trip from Irvington Center to Trinity Church? A. About twenty-four minutes.

Q. In other words, according to your schedule, your buses and your trolleys run exactly on the same headway or practically so? A. Almost, the running time is almost identical, line after line.

Q. You do not ride them? A. The resulting speed is almost identical. Take the whole year 1926, in Essex County all the bus operation and all the car operation in Essex County, the result of the year 1926, there was not one-tenth of a mile difference in the speed of the cars compared to the buses. That is results; that is not schedule.

Q. So the saving the man makes on that assumed trip from Irvington Center to Trinity Church is occasioned by the fact he gets his bus ten minutes sooner than he would get his trolley? A. And then he comes down here and has to wait for connection, get off one and wait for connection, which is going to take more time.

Q. How many trolley lines run to North Newark? A. How many trolley lines? The Broad, the Nutley and Paterson. On Broad Street, the Broad line.

Q. So that as he got off the bus he would have three lines of cars to choose from, if he wanted to go up by trolley? A. If he got off on Broad Street he would have one line; he would have the Broad line. The Paterson line and the Nutley line are on Washington Street and the terminal, the Paterson line in the terminal and the Nutley line on Washington Street.

Q. How many buses run up to North Newark? A. One bus line, the North Newark bus line.

Q. That runs on what headway? A. Five minute headway in the middle of the day.

Q. He would not have to wait as long for the bus, if he got off at Trinity Church, as he would for the trolley to take him up there? A. No.

Q. So he would still save some time? A. By the time he made the change and got up there he might possibly save two, three or four minutes.

Q. You know, as a matter of fact, whether according to your schedules they make better time on your buses than they do on the trolleys, you know, as a matter of fact, that the public are convinced they make better time, don't you? A. Very much in the same way that you feel that you are going a lot faster in a Ford than you do when you are riding in a Packard.

Q. That is what I say; you know they are convinced they make better time? A. I think a lot of the public feel they go faster in the bus than in the car.

Q. Does not the Clinton Avenue bus line get a considerable amount of traffic from the inter-

urban buses that come in from Roselle and Somerville and all those places at Stuyvesant Avenue and 43rd Street? A. There is quite a number.

Q. I do not know whether you have had a complaint or not— A. I do not believe it is any large percentage of the passengers carried. For instance, we carried close to seven million passengers in 1926 on that line. I do not think it is any large percentage of that 7,000,000 but there are a number of people that make that interchange there.

Q. You have had no check-up made on that? A. No.

Q. The public have not registered any complaints with you that the buses at 43rd Street are loaded by these passengers that I speak of, coming in from these interurban lines, before they leave their terminus there? A. No.

Q. You don't know that? A. I have not got any such complaints as that.

Q. Under the present system this traffic comes in over these lines and only pays a five cent fare down into Newark. Under your proposed coordination scheme they would have to pay ten cents; they have no choice at all; that is true, isn't it? A. Yes, there are other ways they could go. I am not familiar with what the fares are on that bus that runs to Roselle Park, but they could go up to South Orange Avenue and connect there with Newark, if they wanted to, or connect at Springfield Avenue, it depends on whether that would mean an additional fare on the other bus or not.

Q. Suppose you get this increased fare, this co-ordination scheme through, there are still two independent buses on the Clinton Avenue line; will they have any effect by reason of their continuing to charge a five cent fare, on the traffic situation on your cars and buses? A. If they continue to charge the five cent fare, I do not believe they will have much effect.

Q. Your company, of course, would strenuously oppose the granting of any new permits on the Clinton Avenue line? A. I should say we would.

Q. Do you know whether, as a matter of fact, applications have been made for permits? A. I have heard such was the case. I do not know from personal knowledge. I believe as far as the independents are concerned, they are perfectly willing to go along on the ten cent fare; I have been so informed.

Q. If you get this co-ordination scheme through, it will mean one of two things, so far as these independent buses are concerned, will it not; either that they will stay in business and charge ten cents, or that they will demand a very much greater price from your company to buy them out? A. They can demand one thing and what we are willing to give is another.

Q. I appreciate that; if you do not pay it, they will stay in business? A. As far as I am concerned, from the operating point of view, they can do as they please.

Q. Two buses will not be a thorn in your flesh? A. No, I do not think so, not materially.

Q. With regard to the fare collection under this proposed co-ordination scheme, running eastwardly from Irvington on the bus, the passenger getting on would pay his fare when he got on? A. I would say it would be a pay-enter, pay-leave; pay-enter in the first zone and pay-leave in the second zone.

Q. The second zone pay as you leave? A. Yes.

Q. Isn't that pay-as-you-leave in the second zone one of the elements of congestion that your company has tried to get rid of? A. If such occurs, then we would have to change the fare collection.

Q. As a matter of fact, from your past experience in operating buses in the City of Newark, didn't you find it very materially slowed up your schedule when you were collecting fares as the people got out here at Broad and Market Streets and other points? A. It did with the buses and the fare collection equipment we had at that time, but with the larger buses, the larger exit buses, and with the electric fare boxes, I do not believe that would happen with the present equipment.

Q. As a matter of fact probably eighty per cent of the people that get on the buses, from my observation, hand a coin to your operator to change? A. No. I think that is way high.

Q. You think that is way high? A. Yes, sir, eighty per cent is way high.

Q. How high do you think it is? A. I would say somewhere between thirty and forty per cent would be high.

Q. I think you are way low. But even thirty or forty per cent people having to give the money to the driver and get change at the points of unloading like Broad and Market Streets, and the tubes, and other points of that kind, would cause serious delay, wouldn't it? A. No. When we put in the electric fare boxes it cut down the unloading time per passenger from an average of—I am speaking from memory now; I can give you about the relative figures—from about 2.2 seconds per passenger with fares collected with the old style box, or by hand, cut that down to 1.4, against 1.15 for no fares collected at all at unloading. So the maximum congestion, the maximum increase in congestion would be less than one quarter of a second per passenger.

Q. Those figures are arrived at from fares collected on the entire route? A. No. They are taken at congested points, and other observations where a number of people are handled at once, I think it is in groups of ten or over.

Q. You have a very undesirable situation at the Manhattan Tubes in the evening, with regard to loading, haven't you? A. Yes. We are trying to work that out now, get some semblance of order there.

Q. You can hardly get the buses in and out fast enough. With the collection of fares on the west ward bound trip under this co-ordination scheme, being made at the point where the passenger gets on at the terminal, won't that very materially slow up your headway? A. I don't think so.

Q. You think the people are going to be able to pay their fares very promptly as they get on and they will all have a nickel in their hand? A. Not all, but a considerable number.

Q. There was, I think according to the figures you gave, a quarter of a second per passenger when you collected fares as they loaded, as compared with your electric appliance? A. Yes.

Q. Collection as they go out? A. Yes.

Q. If you collected fares then at the terminal when the people got on and there was a quarter of a second delay for each person, and you get sixty persons to a bus, that would make a quarter of a minute, wouldn't it? A. Yes, sir. There is a point you could reduce that quarter of a second to practically nothing, by putting a change maker there to go right along the line and give nickels to everybody as they boarded. That quarter of a second would be reduced to practically nothing.

Q. In other words to put in this co-ordination scheme you would have to employ some additional help down at the congested points to make change in the rush hour periods? A. If the condition you bring up is going to materially affect the operation of the line.

Q. Now, refer to the Lyons Avenue route, P-8; what portion of this route is not co-ordinated with the trolleys in respect to fares at present? A. The entire portion within the City of Irvington.

Q. I beg your pardon? A. The entire portion within the City of Irvington.

Q. The portion within the City of Irvington on the Lyons Avenue line, except at its westerly

terminus, is not in practical competition with the trolley? A. There are no trolleys on the same street with it.

Q. Not within two thousand or three thousand feet of it? A. You can ride into Irvington on the bus line now for five cents and it costs ten cents on the trolley.

Q. I know; I will concede that so far. But the Lyons Avenue bus in Irvington is not within a half mile of the trolley car, is it? A. When it enters Irvington it is not.

Q. And so on up. At Union Avenue, how far is it? A. 2,000 feet.

Q. A little short of a half mile. So that is not in direct competition with the trolley, is it? A. It is in part, certainly west of Union Avenue.

Q. But there is nobody that would take that Lyons Avenue route to come down to Newark, way around here, when they could take your trolley or another bus line and come down either Springfield Avenue or down Clinton Avenue for the same fare, is there? A. Lots of them do it.

Q. Lots of them do it? A. Yes.

Q. Come down on this Lyons Avenue route all the way around down here? A. Yes.

Q. Evidently the judgment of the Commission was wrong when we tried to get the Elmwood Avenue loop extended and I called attention to this situation; Judge Gnichtel and Mr. Autenrieth could not conceive of anybody doing that sort of thing. I cannot myself? A. Lots of people get on the bus at the end of the line.

Commissioner Autenrieth: You agree with the Commission?

Mr. Stewart: I agree with the Commission.

Q. As a matter of fact on that Lyons Avenue route, for the major portion of it the fare is the same on the bus as it is on your trolley, isn't it? A. The major portion?

Q. Of the Lyons Avenue route? A. Yes, the major portion of it is in Newark.

Q. The major portion of it is Newark? A. Yes.

Q. And the result is that there is no place where it competes with the trolley at unequal fares, is it? A. Oh, yes.

Q. You mean there where it is a half mile away or 2,000 feet away from the trolley? A. Well, I will take the entire portion of the route from Bergen Street and Lyons Avenue into Newark, it competes with the trolley.

Q. But not at unequal fares? A. Unequal fares? I thought you said equal fares.

Q. That is what I said, unequal fares? A. It competes at the end of the line for a short distance adjacent to Springfield Avenue.

Q. And that is the only place it does; that competition consists of going around a half moon, so to speak, to go down to Newark? A. It is not the most direct route.

Q. Do you know what the average length of a passenger ride is on this line, on this Lyons Avenue line? A. No, I do not.

Q. You have made no analyzation of the passenger traffic as to what comes down to Lyons Avenue and Elizabeth in Newark, or Lyons Avenue and Hunterdon Street, what

comes down to Hunterdon Street and goes into that factory district that is alongside the 18th Avenue branch of the Pennsylvania Railroad, or the West Side branch of the Pennsylvania Railroad? A. There are a few hundred people a day that get off in that section that come from points west of that section.

Q. How did you arrive at that? A. The reason I made a rather general figure of a few hundred, that was from memory from some checks we took on the line sometime last fall.

Q. Sometime when? A. Last fall. It was not a complete distribution check of the line, but it was a check in that section to find out the number of people—it was when we started diverting the service from Bergen Street and Hawthorne Avenue, the question of how far it should be diverted—in trying to establish express service for that line we made some checks in that section then to find out how many people got off in that section that had come from points west, and there were, my memory is, six or seven hundred people per day who we supposed worked in the industries along that Hawthorne Avenue section.

Q. In making that check, did you make a follow up check to find out where they came from, where their point of origination was? A. No.

Q. All you did was to find out they came from somewhere west of that point? A. Somewhere west of that point.

Q. So you did not know whether they came from Irvington, Newark or where they came from? A. No.

Q. I think you said you don't know how much short haul traffic there is in there? A. No. Except that out of 20,000 passengers carried a day 14,000 ride entirely within the City of Newark.

Q. So that would leave 6,000 to come from Irvington? A. 14,800 ride entirely in the City of Newark. People who come from Irvington into Newark, 5,418.

Q. What their point of destination is you did not find out? A. Where they all go to in Newark, no. The line is becoming more and more a rather what would be classified a long haul line, because we are endeavoring to express the service as much as possible, and confine the function of the line to serving Lyons Avenue, insofar as we can, and trying to discourage short haul local business on Clinton Avenue and Elizabeth Avenue, largely for the reason that that line serves the Lyons Avenue section alone, consequently should function insofar as is possible to that particular community.

Q. What is the length of that route from the city line to its terminus? A. From the Hudson & Manhattan tubes to the Newark City Line is 4.669 miles.

Q. Can you carry that line profitably in Newark for 4.6 miles, in round figures, at a five cent fare? A. It depends entirely on the density of traffic.

Q. It depends on whether it is long haul or short haul traffic, doesn't it? A. Yes, it depends on the density of traffic and the character of the traffic.

Q. So that in considering this co-ordination scheme the length of the line is not necessarily a feature of the case, is it? A. Not the whole story.

Q. I beg your pardon? A. Not the whole story.

Q. The length of that line in Irvington is only 1.246 miles? A. A mile and a quarter practically.

Q. Under your proposed co-ordination scheme, to ride a mile and a quarter in Irvington a man has got to pay five cents, and to ride four and two-thirds miles in Newark he has to pay five cents? A. That is true.

Q. So the charge per mile is not at all in proportion, is it? A. If you are going back to the charge per mile as the basis of fares, let us go right back to the zone system that we tried in 1919.

Q. What did you charge per mile in the zone system, in 1919? A. Three cents for the first mile, two cents for every mile after that.

Q. Three cents for the first mile and two cents for every mile thereafter? A. Yes.

Q. But the proportion is not fair with regard to the citizens of Irvington, when you make up a five cent rate for one and a quarter miles, that end of the route has to pay way out of proportion for the carrying charges for the rest of it? A. If you are going to segregate the traffic and expenses, Irvington compared with the City of Newark, Irvington ought to pay about fifteen cents for some of these routes.

Q. You say Irvington ought to pay how much? A. About fifteen cents for some of these routes,

if you are going to segregate the Irvington revenue to the Irvington mileage, because the mile and a quarter in Irvington is not the complete route. If the route simply ran in Irvington for a mile and a quarter it would not be any route at all. The fact is it goes to Newark and its connections in Newark makes it valuable for Irvington.

Q. What line is there in Irvington that has a greater proportion of length of the entire route than exists in Newark? As a matter of fact there is not a single line of jitneys that runs into Irvington that has a longer portion of the route in Irvington than there is in Newark? A. On all these routes the major portion of the length of the route is in the City of Newark.

Q. Of which? A. The major portion of the length of the route is in the City of Newark and of course, the major portion of the traffic is entirely within the City of Newark.

Q. As a matter of fact, taking the total lengths of all the four divisions that are in Irvington, as compared with the length of the routes of the four divisions that are in Newark, the length in Newark is approximately two and one-half to one? A. Between two and two and one-half to one.

Q. It is between two and one-half to one? A. Yes.

Q. On the Lyons Avenue line for example it is about four to one? A. Out of a total length of route almost six miles there is a mile and a quarter in Irvington.

Q. That is about four to one? A. Just about four to one.

Q. In the Clinton Place line it is about seven to one? Isn't it? A. There is only practically the outer end of that route that is in Irvington. Yes, about seven to one, the last three quarters of a mile of the route, almost five and a half miles long, is in Irvington. Of course, it costs anybody a nickel to ride a mile and a quarter anywhere, as far as that goes. It costs five cents in the City of Newark to ride a mile and a quarter.

Q. Does it? A. If you want to ride a mile and a quarter it costs a nickel.

Q. But it costs us in Irvington ten cents to ride a mile and a half? A. It costs everybody else to ride just over the fare zone ten cents to ride a mile and a half, Bloomfield, Verona, East Orange, anybody.

Q. It is not because it is over the fare zone, it is because your length of route in Irvington is so short; if we had a long length of route in Irvington then it would be different. On your trolleys that run out of Newark into Irvington through to Maplewood, you charge no fare at the Irvington-Maplewood line, do you? A. You mean a passenger that gets on at the Irvington-Maplewood line?

Q. I mean where a passenger is already on, he pays no additional fare at the Irvington-Maplewood line? A. No.

Q. In other words you travel from the Irvington-Newark line to the terminus in Maplewood for five cents? A. That is true.

Q. Referring to page 63 of your testimony, will you describe how you obtained the figure of the number of passengers per day using the Lyons Avenue bus? A. What do you mean, that subdivision of traffic on the line between Newark, Irvington and—

Q. How did you arrive at that number? A. Which number do you refer to?

Q. You say this line carried an average of twenty thousand six hundred and fifty seven a day? A. Yes.

Q. Of which 14,860 are Newark local and 379 Irvington local and 5,418 is through business between Newark and Irvington? A. Yes.

Q. How did you arrive at those figures? A. In the first place, during the period I speak of when we were taking these checks to divide this traffic, the first ten days in January, the total passengers carried on the line during that time averaged 20,657 per day. Now, to get the division of that traffic between the different municipalities, we had observers ride the buses, noting the point where the passengers got on and off, and those checks were taken on approximately every fourth bus; we got a cross section of the entire riding by taking every fourth bus right straight along and riding them, noting where the people got on and off, and then by riding every fourth bus we observed definitely approximately 5,000 passengers, and we applied the percentage which the observer of those 5,000 passengers was to the entire passengers carried for the whole day. That is the system that is generally employed in that class of checking work.

Q. Is January an average month of passenger travel or is that high or low? A. January is an average winter month.

Q. January is an average winter month? A. January is an average winter month.

Q. How does it compare with the average? A. This was a normal period, there were no heavy storms in that period or anything like that.

Q. How does the average winter months compare with the average summer months? A. January is pretty close, an average January is pretty close to an average month of the year in this section. July and August will drop below, on account of vacations and other diversions. May and October will probably go above January, and December, on account of the Christmas business will go above January.

Q. Now, of the total number of passengers carried on that line, only 379 of them were local passengers in Irvington? A. I was surprised that there were that many.

Q. That only amounts to two per cent of the entire number of passengers carried on that route, doesn't it? A. Yes, less than that.

Q. So that practically all of the patrons of this line originating in Irvington will have to pay the ten cents, won't they? A. 5,400 out of 5,800.

Q. Have you made any estimate of the number of, the proportion of those 5,418 passengers originating in Irvington that will walk if this co-ordination scheme goes into effect? A. No, I have not done that line by line. The general

principle would apply, I think here, somewhere between a quarter and a half mile.

Q. This number of passengers who will walk will, as a result, pay to the Transportation Company the same fares as they are now paying, so that the company will not get any more revenue from them, and the only effect will be to discommode them? A. If they want to walk.

Q. Well, you are assuming that they will walk? A. Yes.

Q. Do you think that that scheme, whereby you will compel forty per cent of 5,400 to walk a method which brings a feel of goodwill from the traveling public toward your company? A. Well, I don't know whether it is or not. I suppose about the only way we could get what is commonly called goodwill would be to ride them for nothing, and then I suppose there would be kicks. I have heard of kicks on free elevator service.

By Commissioner Autenrieth:

Q. What is that? A. I say, I suppose the only way to obtain what is commonly called goodwill from the riding public is to ride them for nothing, and I suppose they would kick then.

By Mr. Stewart:

Q. Well, in Philadelphia, by reason of the attitude of the trolley company toward the traveling public, haven't they got the goodwill of the traveling public down there? A. If you lived in Philadelphia, I don't think you would say so.

Q. Well, I was down there a little while ago and from the people I talked to I think they have? A. It depends who you talk to. I know friends in Philadelphia who say exactly the opposite.

Q. It may be a matter of opinion? A. I guess it is.

Q. But you certainly will not get the goodwill of the traveling public by making them walk, will you? A. I wish that we could furnish the same character of service that they are furnishing in Philadelphia today and get away with it.

Q. I have no doubt that if you furnished the same character of service that is furnished in Philadelphia today that you would have no trouble with it? A. We are giving better service today than Philadelphia is getting, a whole lot better.

Q. Now, let's turn to the Clinton Place line? A. (Complies.)

Q. As a matter of fact, on the Clinton Place line there is no point where the bus is in competition with the trolley at an unequal fare, is there? A. Competition on the same street, that is true.

Q. Have you got that? Here it is (indicating on blueprint)? A. Yes, I have it, thank you. That goes out and at the end of the line it competes with the Clinton Avenue line, along that section adjacent to Union Avenue and Chancellor Avenue.

Q. What, it competes with which Clinton Avenue line? A. The Clinton Avenue bus line.

Q. I asked you about the trolley? A. No; in Irvington it is quite aways from the trolley tracks, close to a mile.

Q. How much? A. Close to a mile, 4,500 feet or so.

Q. And at the present time it does not compete with the Clinton Avenue bus line at unequal fares either, does it? A. No, sir.

Q. So that so far as that line is concerned, so far as that particular line is concerned, there is no necessity of including that in your coordination scheme? A. Yes, I think there is.

Q. To avoid competition? A. Yes, I think there is.

Q Why? A. Well, because if the Clinton Avenue line is to be included, this line should be included.

Q. If you shifted your zone point to Irvington Center, as I suggested yesterday, then your competition between these two lines would be very keen, would it not? A. And if you collected ten cents on the Clinton Avenue bus line south of Irvington Center and left this line five cents, going up in that same section, there would be competition between the two bus lines then.

Q. There would be competition between the bus lines for only a distance of approximately two blocks, wouldn't there? A. That is the built up section of Chancellor Avenue, that the line serves. After we get in that section immediately adjacent to the Newark-City line on Chancellor Avenue, it is not as built up as the section further west.

Q. No; from Union Avenue it is built up, isn't it? A. Yes.

Q. But as a matter of fact, you do not think that anybody, or that very many people would walk from Stuyvesant Avenue to Union Avenue to get this five cent bus fare, do you? Do you recollect the grade of that street? A. Yes, it goes up the hill past the hospital and then down again.

Q. You would not find very many people walking that, I was going to say, sixty-five per cent grade?

(Informal discussion.)

Q. No, but that is a good grade there, isn't it? A. Yes, that is part of the cost of operation, running buses up and down that grade.

Q. But you think that that ought to be co-ordinated because it might compete with the Clinton Avenue line? A. That ought to be co-ordinated because it is part of the system that is based on a nickel fare in the City of Newark and the other major municipalities.

Q. In other words, so far as you are concerned, it is just a hard and fast rule that where a trolley or bus crosses a city line, "another nickel, please"? A. Yes.

Q. Now, on page 62 you went into the same process of telling us the number of passengers that were carried on the Clinton Place Line; Newark locals, 4,688; Irvington locals, 14; passengers between Newark and Irvington, 1,460; and there were 87 trips operated. How did you arrive at the fare on that? A. In the same

manner as I explained for Lyons Avenue. All these lines were done in exactly the same way.

Q. And you did not ascertain how many of the Irvington passengers went all the way down to the end of the route, or how many of them finished their trip at some intermediate point, did you? A. No, sir, they were not shown.

Q. The practical working of this co-ordination scheme, so far as it affects the Clinton Place bus line, would mean that practically all your passengers originating in Irvington would have to pay ten cents, because there are only fourteen locals? A. Because there are only fourteen locals.

Q. And what proportion of those 1,460 passengers do you think will walk in order to avoid this additional fare? A. Now, there is a situation where the quarter to half mile walk would affect a comparatively fewer number, because the quarter mile immediately west of the city line is not as well built up as it is further west.

Q. But, as a matter of fact, that section in there is being built up very rapidly, is it not? A. It is being developed now, but the developed portion of that end of the route lies immediately to the east of Union Avenue, right in there, two or three short blocks besides Union Avenue.

Q. In taking that fare up, did you ascertain how many of your passengers came from the industrial section in there? There is an industrial section right in there along the Lehigh Valley, too? A. Yes. No, no segregation was made of that.

Q. What headway do you run those buses on? A. An eight minute headway in the morning rush, and then it goes down, after nine o'clock to fifteen minutes until one o'clock in the afternoon, then it is twelve minutes throughout the afternoon, and it gets down to a nine minute headway in the evening rush between 8:00 and 9:00. Eight buses on that route are operating in the rush hour, and in the middle of the day there are six.

Q. You operated 87 trips and carried 1,460 through passengers between Newark and Irvington; that would figure, I think, about 17 passengers per trip, wouldn't it? A. Those are round trips; you want to multiply the number of trips by two, because the passengers are both-way movements and the trips are round trips.

Q. When you say 87 trips operated, you mean round trips? A. Yes, sir.

Q. And the through passengers between Newark and Irvington are what you call— A. Both ways.

Q. You divide 1,460 then by 174? A. 174, yes, sir.

Q. That would be eight passengers, about eight and a half passengers per trip then on this .73 of a mile. Does that indicate a very large use of the buses? A. In that section, no, it does not.

Q. Very scant? A. Well, I would say it was hopeful; I wouldn't say it was scant.

Q. Isn't the real reason why the small number of persons use that line at present from that neighborhood because it is a more circuit-

ous way of getting down to Newark, and they can get better service on the line that runs out Union Avenue, going down to Clinton Avenue? A. For the people living at the outer end that is true.

Q. But you think that line will build up as that territory builds up? A. I hope it will, yes. The western section of Chancellor Avenue in Newark and the Chancellor Avenue section through Irvington, is being developed.

Q. Do you expect to extend this line out Chancellor Avenue to Stuyvesant Avenue, and so on, to Forty-third Street, or some other terminus? A. It is there to be extended whenever it is necessary for it to be done.

Q. Well, the establishing of this zone on this line at the junction of the two municipalities is not with the idea that it will bring increased revenue then to the transportation company, but merely to carry out a general scheme; is that it? A. We hope to get an increased revenue out of it, too.

Q. You cannot expect to get very much of an increase in revenue out of 1,460 passengers, forty per cent of whom will walk? A. I said I did not think the 40 would apply there, because most of them come from that section beyond, a quarter of a mile.

Q. How many of them will walk, in your opinion? A. I don't know.

Q. When you say they will come from beyond that section— A. Beyond the quarter mile section, because the quarter mile beyond the city line there is not as well built up as the section out Union Avenue.

Q. What is the distance there? A. Three quarters of a mile.

Q. And those people— A. If they use the Clinton Avenue line they will pay ten cents.

Q. Yes, they will use the Clinton Avenue line? A. Perhaps, quite largely. Every little bit helps, though, in a case like that.

Q. Well, now, turning to the Springfield Avenue bus line, how does the travel on that route compare with the travel on the other bus routes involved in this proceeding, both as to volume and density of traffic? A. There is a great deal of short haul business in Newark on that line. It is quite a heavy line at all times of the day. There is a great deal of short haul business along Springfield Avenue in Newark, from the section immediately east of the city line, on and off along Springfield Avenue. And Springfield Avenue, when you get east of Tenth Street, Newark, it is a shopping district, and when you get away from Springfield Avenue on the back there is a very heavy residential section—I would say medium class residences—all of which conduces to a very heavy short haul business.

Q. In Irvington, what is the character of the traffic, as to long or short hauls? A. Most of it comes through Newark.

Q. And as compared with the other bus routes that are involved in this proceeding, is the density of traffic along the Springfield Avenue route greater or less? A. I would say it is slightly greater in density than Clinton Avenue, the next to it in density, and does a great deal more short haul business in Newark than

any of the other lines, possibly more than any of the other lines operating in Essex County.

Q. So that the Springfield Avenue and Clinton Avenue lines are the two lines on which you have the greatest density of traffic, among those concerned in this application? A. Yes.

Q. And with regard to the volume of passengers carried? A. By far the greater.

Q. By far the greater? A. Yes, sir.

Q. And as a matter of fact, the Springfield Avenue line carries the largest volume, or almost the largest volume of any line that you have in your entire transportation system? A. No, I think there are two or three lines a little heavier.

Q. Where are they? A. Well, the Newark-West Orange line.

Q. And the Clinton Avenue line being next in volume, then there are only three or four that are larger than the Clinton Avenue, two or three being greater than Springfield, and Springfield makes one more bigger than Clinton Avenue, is that it? A. Yes.

Q. Are these other lines that you speak of, do they have as much short haul traffic on them as Springfield Avenue? A. I would say, no. I would say Springfield Avenue, as a line, has probably more short haul business in the City of Newark than any other line operating in Essex County.

Q. Well, it is the best short haul line that you have in the system, isn't it? A. Well, I won't say it is the best; it is one of the best in the system.

Q. All right, we will let it go at that. How

many lines have you got in the system? A. Ninety odd, now.

Q. And there are only two, I think, independents running on the Springfield Avenue line now, aren't there? A. Four.

Q. Four independents running now. And will four independents be a thorn in your flesh, where two on the Clinton Avenue line would not? A. I don't think they will be an insurmountable obstacle.

Commissioner Autenrieth: What do you mean by "a thorn in your flesh"?

The Witness: That is what I would like to know.

Mr. Stewart: I think he knows what I mean, all right.

Commissioner Autenrieth: He may know what you mean, but I think the Board would like to know also. You mean, a change in fare?

Mr. Stewart: I am speaking of what they complained about before they began to buy the independents out, that they could not get them to operate on a schedule—

Commissioner Autenrieth: You mean, they were making a general nuisance out of themselves so far as they were concerned?

Mr. Stewart: That is the idea exactly.

Commissioner Autenrieth: All right.

Q. Now, the Springfield Avenue, as operated at present, disassociated from the other lines,

is that a profitable line? A. The Springfield Avenue line is a good line.

Q. What about your Clinton Place line, is that a good line? A. That is not much to brag about, no.

Q. Does it more than pay its way? A. I would say it is hardly more than carrying itself at the present time, but it is developing. As I said a short time ago about that line, it is hopeful.

Q. And the Lyons Avenue line, does that more than pay its way? A. That is in about the same position as Clinton Avenue; it is carrying itself and possibly a little more. It is hard to say, applying system figures to any particular line, it is hard to say whether it is operating at a profit or not. About the nearest I can get to it would be to say whether it is carrying itself or not. Now, there are matters of operation on those lines—for instance, the operation of those buses on that grade that you spoke of, as compared to operation on a flat grade, that means an increased cost of operation, so that when you take system figures and apply them to a certain line—you have a definite revenue, you know what the line is taking in, but you don't—

Q. Yes, but you have no doubt that that Springfield Avenue line is making money, have you? A. Yes, but it is not making money from what it gets from Irvington, but from its short hauls.

Q. I am not interested in where it gets it from. It is making money, how much per cent over all costs and operating charges, etc.? A. I don't know.

Q. Well, you have estimated Clinton Avenue at five to eight per cent? A. Yes, I said five to eight per cent on that line, and on the same basis I will say, for the Springfield Avenue line, possibly double, possibly fifteen per cent over cost, but if it had to operate without the Newark short haul business, it would be losing money.

Q. What is the fare on the trolley for a trip from Irvington Center, down Springfield Avenue, down to the Market Street Station? A. Ten cents, two five's.

Q. Now, on the Springfield Avenue line of trolleys you have two separate routes, I believe, one of which goes to the Terminal Building, and the other one of which goes down McWhorter Street, or somewhere down that way, and eventually ends up in South Street; that is right, isn't it? A. Yes, sir.

Q. If a passenger wants to take a jitney bus at Irvington Centre and go to the Market Street Station, can he do so for one fare now? A. No, sir.

Q. He goes down Springfield Avenue, Branford Place, Broad Street— A. He can go to the Park Place Station, but he cannot go to the Market Street Station for one fare.

Q. That is what I say, he cannot go to the Market Street Station for one fare? A. No.

Q. Likewise, if he wants to go down by jitney bus to some other point that your Springfield Avenue line reaches down along McWhorter Street, down in that section, he cannot do it for one fare, can he? A. No, no bus runs down there.

Q. Is there any bus that anywhere near parallels that Springfield Avenue line? A. No, sir, not even an independent.

Q. Not even an independent? A. No, they have left that for the trolleys to take care of.

Q. What is your headway on the Springfield Avenue trolleys, during the rush hours? A. In the morning rush, a two and a half minute headway; base schedule, five minutes; and in the evening rush it is down to a minute and two-thirds.

Q. Wait a minute. Your morning rush is from what time to what time? Eastbound? A. It starts at 6:30 from Forty-third Street and continues on a two and two-third minute headway until after 7:50 and then it goes to a three until 8:30, leaving Forty-third Street, Irvington.

Q. And then it goes to what headway? A. To a five.

Q. For how long? A. And then it continues on a five until, leaving Newark, at 4:00 o'clock in the afternoon, and then it goes to a four and then to a three, and then it gets down to better than a two, a minute and two-thirds at the top of the rush.

Recess from 1:00 to 2:00 P. M.

After recess.

ARTHUR T. WARNER resumes the stand on behalf of petitioners.

Mr. Shafer: If the Commission please, the interest of the Township of Lyndhurst is entirely different from any other municipality, and Judge Stewart has kindly consented that I may ask Mr. Warner a few questions, and I hope the Commission will consent.

Commissioner Autenrieth: That is all right; go ahead.

Cross-examination by Mr. Shafer:

Q. Your official position? A. Traffic manager in charge of traffic of Public Service Railway & Transportation Company.

Q. Will you please explain the difference in the lengths of the routes as set out on the legend on the top of this map; at present 10.915 miles, and the proposed eight— A. You are referring to Exhibit P-3?

Q. Yes, Exhibit P-3. What causes the difference. A. The overlaps on the present fare zones cause the difference.

Q. What is the present fare by trolley to Rutherford? A. Fifteen cents.

Q. By bus? A. Fifteen cents, through fare from Newark to Rutherford of each is the same.

Q. What is the distance, please, from Valley Brook Avenue to the Lackawanna Railroad station on Ridge Road, about? A. I should say less than a quarter of a mile. It is a block or two.

Q. The proposed bus zone is to end at Valley Brook and Ridge Road? A. Yes, sir.

Q. Should the change be permitted, a passenger on a bus going north after reaching Ridge Road and desiring to enter the station of the Delaware, Lackawanna & Western Railroad, would have to pay an extra fare, would he not? A. After reaching Valley Brook Avenue?

Q. Yes. A. Yes, sir.

Q. Suppose the same passenger desired to go to Rutherford, would there be an increase in fare, from Valley Brook Avenue, I mean? A. From Valley Brook Avenue there would be no increase in fare.

Q. So that from the terminal in Newark to the Rutherford Station, there would be no increase in fare? A. No, sir.

Commissioner Autenrieth: Did you draw the zone line at Valley Brook Avenue because it was the city line?

The Witness: No, because it was the end of the second zone on the trolleys out of Newark. The first zone is the Belleville Pike, and Valley Brook Avenue is the second zone and the end of the third zone is the Rutherford Station.

Q. There are a great many commuters take that station on the Lackawanna Railroad to New York? A. It is a station patronized by commuters. I suppose there are a number.

Q. A commuter returning home, living and desiring to go south of Valley Brook Avenue, and wishing to take a bus, would have to pay two fares, would he not? A. Unless he walked to Valley Brook Avenue.

Q. About a quarter of a mile or thereabouts? A. Or less.

Q. Or less.

Commissioner Autenrieth: A person desiring to go south of the station, within only two blocks away, would undoubtedly walk to the zone point?

The Witness: If he walks he has the choice of either the trolley or the bus. If he does not walk, he would only have the bus because the trolley turns off on Valley Brook Avenue.

Q. You state on page 60 of your original testimony that the elimination of this first overlap would affect 290 persons. Assuming that those persons would ride, after the new zoning is in effect, they would have to pay an extra fare, would they not? A. They are the maximum number who would pay an additional fare under the proposed rate.

Q. 884 per day are affected by the second overlap, and they, if they rode, would have to pay two fares, would they not? A. On what page is that testimony?

Q. Page 61, commencing at 60 and continuing on 61. A. Yes, sir; that is correct.

Mr. Shafer: That is correct. That is all.

Commissioner Autenrieth: You say the trolley road turns off at Valley Brook Avenue?

The Witness: Yes.

Commissioner Autenrieth: The trolley don't go to the railroad station?

The Witness: No. The railroad station is at this point (indicating on map), a little over one thousand feet from Valley Brook Avenue.

Commissioner Autenrieth: I suppose the objection to extending the bus zone to the railroad station would be it would not equalize the opportunity to get either facility at a given point, is that your position?

The Witness: Yes. There are two over-laps on this line, one in Kearny—the Rutherford Bus Line; one is the extension in Kearny, from Midland Avenue to the Belleville Pike; the other one is in Lyndhurst from Jauncey Avenue to the Rutherford Line.

Commissioner Autenrieth: A person getting on in Lyndhurst beyond Jauncey Avenue could go through to the railroad station?

The Witness: Yes.

Commissioner Autenrieth: Coming south if he rode beyond Jauncey Avenue, he would have to pay an additional fare.

The Witness: Yes.

Q. A person today getting on the bus at Jauncey Avenue or just north of Jauncey Avenue, desiring to go to the railroad station, pays how many fares? A. Just north of Jauncey Avenue, one fare.

Commissioner Autenrieth: Not to the Rutherford Station?

The Witness: Yes, to the Rutherford Station. The over-lap is at the end of that zone.

Q. If the new zoning takes effect, there will be two fares? A. Two fares, if he boards south of Valley Brook Road.

Mr. Shafer: If the Commission please, our request is going to be that the ending

of the zone at Valley Brook Avenue be extended to the D., L. & W.

Commissioner Autenrieth: In Lynd-hurst?

Mr. Shafer: Yes, sir, that is all. I thank you. We will have some testimony to present.

Commissioner Autenrieth: You will have some testimony to present; you will or will not?

Mr. Shafer: We will have.

Commissioner Autenrieth: All right; we will take that up later.

(Last question and answer before recess read.)

Further cross-examination by Mr. Stewart:

Q. What are your headways on the bus systems for those eight periods? A. One and a quarter minute headways during the morning rush; three minute headways during the base, and one and two-thirds during the evening.

Q. Of these trolley cars that run on the Springfield Avenue, what proportion of that goes to the terminal? A. Approximately one-half; one-half during the base period and less than half during the evening rush. During the rush hours there is a five minute headway from the terminal, in the rush hour, and the balance we bring up the main line to one and two-thirds minutes from the Pennsylvania Station and Down Neck.

Q. Do any of these Springfield Avenue trolleys have their terminals at the Pennsylvania Railroad Station? A. Yes, sir; in the rush hour; tripper service in the rush hours.

Q. In other words, on the east bound portion of your line there are three terminals, one at the Terminal Building, one at the Pennsylvania Railroad Station at Market Street and one at South Street, Newark? A. That is correct.

Q. And the west bound cars, do they all have their terminals at approximately the Irvington-Maplewood line, that is, the Hilton car barn? A. No. About half the service goes through to Maplewood.

Q. About half of it? A. Goes through to Maplewood.

Q. Have you a schedule of that which goes through to Maplewood? A. Yes.

Q. During the given hours? A. During the base period, with a five minute main line headway, a ten minute service goes through to Maplewood; during the rush hour that is, during the morning rush, more than half the service is from Maplewood and during the evening rush, well, it is between a six minute headway or a five minute headway—

Q. Is it because— A. On the operation approximately fifty per cent goes through to Maplewood.

Q. Is it because of this traffic you get from Maplewood you are able to profitably maintain a better schedule on Springfield Avenue than you do on the Clinton Avenue line? A. You mean— we don't.

Q. You do maintain a better headway on the Springfield Avenue line than you do on the Clinton Avenue line? A. No. The main line headway on the Broad line is better than four minutes.

Q. I am talking about going through Irvington. A. Simply as to Irvington?

Q. Simply as to Irvington. A. It is because of the through business.

Q. On the Springfield Avenue line you have no terminal or turn-back— A. We are also handicapped at the present time by the absence of a turn-back point at the city line on Springfield Avenue.

Q. If you had a turn-back would that turn-back— A. If we have a loop or a Y at the city line we would probably turn back short service at the city line.

Q. Would you still maintain the same service you are now furnishing Irvington and Maplewood? A. Still maintain the same service we are furnishing Maplewood.

Q. But you would cut off some cars that go through only to the Hilton car barn then, or start at the Hilton car barn? A. I would say we would; in the non-rush hours, anyway.

Q. If you ran your Clinton Avenue—Nutley line through beyond Elmwood Loop to the Hilton car barn, the Maplewood-Irvington line, wouldn't you attract a considerable number of passengers over what you now get? A. With the fare situation as it is now, no.

Q. What is the distance from the Elmwood Loop to Forty-third Street, the Irvington-Maplewood Line? A. Approximately two-thirds of a mile.

Q. From your knowledge derived as traffic manager of the largest bus company in the world, how many cents per bus mile are required to meet operating expenses and yield a fair return on the investment, do you know? A. What is the question?

Q. You say that is the question? A. What is the question?

Q. (Question read.) A. No, not unless you give me a specific instance and tell me what the investment is.

Q. Take the Springfield Avenue line, for example. A. I don't know what we have got invested in the Springfield Avenue line.

Q. Do you know what on your whole system you have invested? A. Approximately twenty million dollars.

Q. How much per bus mile is required to meet the operating expenses, and yield a fair return on the investment, on your entire system?

Mr. Blake: Let us first agree what is a fair return on the investment.

The Witness: Yes.

A. We have never made it, consequently I never figured it that way, because we never made it.

Q. Unless you do figure it you don't know what to ask for.

Mr. Blake: We are not asking for it in this case.

Mr. Stewart: I am asking for it now. I want to know how they arrived at what they asked for.

Mr. Blake: I think we have to know the number of miles operated and the cost per mile operated.

Mr. Stewart: I am asking on this system.

A. On the basis of a fair return on our investment, I would say, we ought to have pretty close to thirty-five cents a bus mile. If I am going to use that figure, I will correct my statement that the Clinton Avenue line and the Clifton Place line carry themselves, because they don't on that basis.

Q. What did you figure was the fair return, in per cent, on your investment? A. Well, I took seven per cent on twenty million dollars.

Mr. Blake: Where did you get seven per cent as the return on bus operation?

The Witness: Let me see. That is what I say. I never figured it this way at all. I have always figured on operating costs and not on any matters of return on investment.

Q. What do you think is a fair return on the investment, after this coaching from the side lines? A. I don't know.

Q. Who, in your company, would know? A. I suppose Mr. McCarter would know, or Mr. Young, or possibly Mr. Boylan.

Q. Of course, I hate to discommode Mr. McCarter and bring him down.

Mr. Blake: You can ask me, and I will say fifteen per cent.

The Witness: When you get talking about fair return on that estimate, there are a lot of things

enter into it, fair return on buses, on the capital invested in bus operation, there are a lot of things enter into it, that can be made the subject of considerable discussion.

Q. Your company has had occasion to ask for a fair return on the investment, haven't they? A. In this bus operation, no.

Q. Have you had occasion to consider it? A. Well, I haven't personally.

Q. Do you know who has? A. Some of the gentlemen I mentioned.

Mr. Blake: I think Mr. Young can give you that information.

Q. Of course, your company don't want more than a fair return on the investment? A. I don't think we would be bashful about taking it, if such a thing ever happened.

Q. Do you know what the receipts per bus mile on the Springfield Avenue line were in 1926? A. The revenue per bus mile on Springfield Avenue, that is, from our operation, twelve months of 1926, forty and a half cents per mile.

Q. What was it on the Clifton Avenue line, do you know that? A. 33.9.

Q. With regard to the advantages of equalization of traffic between the trolleys and buses, on the Springfield Avenue line: Could this equalization of traffic be gained by shifting the trolley zone from the Newark-Irvington line to the Irvington-Maplewood line? A. A lot could be, but unfortunately we are not in a financial position so that we could start giving away anything.

Q. Would it increase the company's operating expenses, that is, the trolley company's operat-

ing expenses to shift the zone from the Newark-Irvington line to the Irvington-Maplewood line? A. I believe it would, ultimately.

Q. Why do you say "ultimately"? A. Because I think the traffic would adjust itself so that more car service would be operated.

Q. In other words, on the present service operated it wouldn't increase the operating expenses? A. The present service operating? If you run the same service, the operating expenses will remain the same.

Q. That is what I said. And then you run your cars empty, you say, if you shift that zone, you would still run the cars, but you would take in some nickels. A. I think we would run more cars. I believe we would. We would at first anyhow, as far as I am concerned.

Q. It would equalize the traffic? A. The traffic should be given an opportunity to equalize itself.

Q. It would equalize the traffic by doing that? You say it would? A. Yes, I think it would.

Q. Therefore, you could run fewer buses? A. I don't know whether we could run fewer buses or not.

Q. Your idea is by taking some of the passengers off the buses, through this scheme, there would still be other persons who now don't ride, who would go on the buses to take the place of those who would go on the trolleys, is that it? A. There might be.

Q. Where will they come from? A. I will cite the Kearny case again: We increased the traffic, due to better service, due to equalized service,

due to more room on the facilities for those who wanted to ride.

Q. In other words, those who now neither use the trolleys or the buses, if this scheme went into effect, would suddenly discover they had business in Newark and they might use these facilities? A. They might have been driving their own private automobile to Newark; they might have been using their private automobile rather than the car or the bus and with the change in service, with the co-ordinated service that the equalized fare would give, would use one or the other of the facilities.

Q. If you change these zones from what they now are on the buses is it proposed to reroute any of the buses also? A. Not a part of this plan.

Q. It is not part of this plan? A. No.

Q. In other words, the system would run along just as it is at present? A. As far as the application now before the Board is concerned.

I think, as long as you bring up the subject, I think there ought to be some rerouting done, but we haven't brought it forward as part of this plan.

Q. You couldn't very well reroute the Springfield Avenue line, could you? A. I don't know. Perhaps we could.

Q. I beg pardon. A. Perhaps we could.

Q. Isn't it a fact that owing to the peculiar way the streets run out of Newark into Irvington, that there isn't any parallel street on which you could operate the Springfield Avenue line? A. That is true. There are no streets directly parallel, that is, geometrically parallel to Spring-

field Avenue. There would be the Avon Avenue, lying between Springfield Avenue and Clinton Avenue, and it might be used in part—this isn't part of this plan at all; you simply asked of the possibility of rerouting, and Avon Avenue is there and is a street which might be used, in part, for the rerouting of perhaps some of the Springfield Avenue buses.

The Irvington Street program, as I remember, calls for the extension of—

Q. Madison Avenue? A. Madison Avenue, and I think it would be a very good plan to have in use Madison Avenue, as far as Irvington is concerned—

Q. Avon Avenue couldn't be used for the Springfield Avenue buses; that would take them a mile and a half away? A. Don't take it down Avon Avenue so far as to get a mile away.

Q. Then take it a little distance and bring it back to Springfield Avenue? A. Bring them back to Springfield Avenue, get it into the kind of territory where it can really serve, not duplicate the car tracks on the same streets throughout.

Q. On the Springfield Avenue line, because of the same peculiar working of the streets you couldn't do it? A. Nye Avenue is available from Irvington Centre to Newark, to Clinton Place; Nye Avenue is parallel to Clinton Avenue.

Q. You would have to bring them back at Clinton Place to Clinton Avenue? A. Yes; eventually get them back; but there are possibilities of rerouting out in that section, that could be considered. If you are going to—I don't know whether you want this on the record or not; it is

not part of the case— You are going to serve the community better if you spread the service out on the available avenues, where they are available, rather than pack it. When you start to spread it out, you can't move the rails and the trolley tracks very well; what is left to move is the bus service. You want to get it over in territories where it will really serve the community, on its own feet, and not duplicate, in a large part, service which is already there.

Q. Do you know how long the independent operators whose buses you purchased, had been operating those buses, case by case, so to speak? A. I would say most of them since prior to 1916, most of them. I don't know whether the same owners or not, but the number of buses operating.

Q. When you say the same number of buses, do you mean the same number of buses or the same permits? A. The same number of buses on each route, approximately.

Q. The same number of buses on each route? A. Approximately.

Q. Do you know whether any of the bus owners had operated their buses for the last five or six years before they purchased? A. I guess some of them had.

Q. Presumably they had been making money if they had been operating five or six years before you purchased? A. I don't know whether they were making money. I don't believe they knew. I don't know that anybody in the world knew.

Q. Most of the bus operators had very little

capital to start? A. Yes; they finished with very little capital, too.

Q. Do you think a person with very little capital could operate at a loss a utility for five or six years, and not go under? A. The way they ran it, yes.

Q. In other words, there was some magic about the way they ran it that permitted them to run it five or six years and not make money? A. No. It was typical of the man who was on the stand yesterday. He stored his bus in his open yard. That type of operator was not responsible or anything else; all they did was go out and get a car and cart people from one place to another. There were individuals who, when we bought them out and searched the title to the bus, their obligations were surprising, the money they borrowed and the bills they hung off and hung off. I am talking about men who were independent bus operators. There might have been a little profit here and there, but as a whole, there wasn't. They got a living out of it because they did all the labor, instead of hiring drivers, etc. That is all they did get out of it.

Q. In other words, storing the cars in the car barns, as you do, saves the life of the bus? A. I think we do not only that but insure service.

Q. You accomplish economy by that? A. I think so; having a bus where it starts on a winter morning, and we don't find it frozen up. If an independent has a bus frozen up on a winter morning, he is just out a day's receipts. There is no responsibility there to continue the service; nobody is going to him and hold him to furnish the service. If we have forty buses on

the line and store them in the open and they are all frozen, on the 22nd of December, or something like that there are people who can demand we furnish service.

Q. Your theory is that the independent operator hadn't yet gotten to the point where he would— A. Where he had any responsibility.

Q. Where he had to fail because of his method of storing buses and operating? A. As a matter of fact, some of them had, where their actual finances—I can cite several lines that actually had to stop.

Q. And yet for a bus which had actually failed your company paid in some instances three and four times the physical value of the bus you purchased? A. I don't know anything about this bus buying business. I didn't have anything to do with it. I don't know any of the details.

Q. If your sheets show the physical value that you charged up to the operating equipment (I think that is what you call it), it was five thousand dollars, and that bus owner was losing money every day he ran it, and you paid him twenty thousand dollars for that bus and losing business, you were paying a very excessive value for what you got? A. I don't know—

Mr. Blake: The witness says they didn't all lose money; many did.

Q. I will ask you this: How many instances were there you discovered that the bus operator was making money? A. I don't know.

Q. How do you happen to know about these losing money? A. There were occasional instances that came to my attention.

Q. Those that were making money weren't brought to your attention? A. Yes; some were. I couldn't tell the number that were losing money and I couldn't tell the number that were making money.

Q. You couldn't tell the proportion between the two? A. Out of the one thousand odd buses we bought?

Q. Not out of the one thousand odd buses you bought, but out of the few instances of each and that came to your attention, you can't tell what proportion was making money and what proportion was losing? A. No, I don't think I could. I don't believe you will ever find out the true story of the independent bus operation until a uniform system of bus accounting charges is promulgated for the use of the state. Then you will have some uniform system. Some of these fellows don't charge any depreciation at all, don't know what it is.

Q. Have you any idea, Mr. Warner, what the earnings per bus mile will be on the Springfield Avenue route, if the fare is doubled, as you propose, in this scheme? A. No, sir; I haven't. I haven't attempted to work out any such figure, for the simple reason I don't know how the traffic will adjust itself after the change. I don't believe anybody else knows, either, and anybody's guess would be as good as anybody else's.

Q. I am going to admit our guess will be as good as yours. Do you know how many passes are issued on the railway company? A. How many what?

Q. Passes. A. What do you mean by "passes"?

Q. It has been testified here by Mr. Young that if the passes, passenger passes, were eliminated that would be one thing that would help keep the fare at five cents, all passes and reduced rate tickets of every kind and description should be abolished; that is what he recites on page 11 of this petition. A. Police and firemen, and those things, are passes.

Commissioner Autenreith: They don't carry passes; they ride free by virtue of their uniform.

The Witness: They ride free on their badge, if they are in uniform. There are for plain clothes men, detective passes issued, and the city inspectors' passes. I think that is the extent of the free tickets. In the year 1926, there were two and one-third million free tickets to the policemen, firemen, city inspectors, etc., ticket passes. In addition to that, there were employee passes five and a half million and about five million school tickets at three cents.

Mr. Blake: We couldn't abolish the employees' passes, could we?

The Witness: I believe that is in our contract now with the union, the agreement with the men for free transportation.

Q. Free transportation? A. Yes, sir, which is the employees' pass.

Q. The carrying of these policemen and firemen wouldn't materially interfere with your carrying of the normal load, would it? A. No, if we were functioning so we were obtaining

enough revenue, I don't think it would. It is simply a question of that much more burden, carrying it at a time when we really can't afford to do it.

Q. As a matter of fact, it don't cost you a cent more to operate cars where there are passes? A. Only the additional stopping and starting cost. It costs money to stop and start.

Q. That is very small as compared with the entire cost, isn't it? A. I suppose, if you want to go into it, you could blame most of the cost of operation on stopping and starting; certainly a large portion of it. You push a wheelbarrow, the effort comes in starting, not keeping it rolling after you get it going.

Mr. Blake: We are not asking here for that relief.

Q. How many reduced rate tickets were sold? A. School tickets, about five million.

Commissioner Autenreith: You are not asking for any relief in that respect, either.

The Witness: No.

Q. You cite that in your petition as a reason why you have to have the change? A. That is brought up as part of the burden we are carrying at the present time.

Commissioner Autenreith: Part of the inequalities that do exist and can't be changed, perhaps.

The Witness: Carrying these pupils at far less than cost as part of our public duty, if you want to call it that. If there is anything

unreasonable, from an economic point of view, it is the school ticket rate. A school child is far more of a hazard to carry than a grown person, far more nuisance on the car, the accident feature is considerably larger with a child of school age.

Q. I think you said yesterday, or this morning, you have no check up on the number of passengers that originated in Maplewood on your trolley service, and got off at points in Irvington? A. On the Springfield line?

Q. Yes. A. My testimony was it is about a fifty-fifty division; of the people that ride beyond the Newark city line into Irvington, just about half that number go through Irvington and into Maplewood.

Q. The reverse is true in the morning hours, coming in from Maplewood, and Irvington into Newark, is that it? A. Yes. That is, the number that enter Newark from Irvington, about half that number have come from west of Irvington, from Maplewood.

Q. How many that start in Maplewood and get out in Irvington, that you don't know? A. No. Yes; wait a minute. I can give you this—you mean, who ride locally west of the Newark-Irvington line? Now, I can't divide those between purely Irvington local and on in Irvington and off in Maplewood, but I can give you the number that board, that finish their entire journey in the second five cent area, that is, west of the Newark-Irvington city line. I can give you that.

Q. I think you did that on the original day. A. I think I did. 3,784.

Q. You have testified, I think, that the granting of this petition in this case, will permit either the railway or the transportation company or both of them to operate more economically, haven't you? A. I think both of them can.

Q. And that it will result in an equalization of traffic between the trolleys and the bus? A. I believe it would.

Q. And as a result that will mean, as far as the Irvington situation is concerned, that more people will use the trolley than at present? A. I would say the tendency would be in that direction.

Q. But you do admit some of them— A. (Continuing.) But if the same number of people, if the Irvington people continue to ride exactly as they do now, that is, using the buses nine out of ten, that would mean economic operation because then we could know exactly what the riding habit was, and we could lay our plans for any future rerouting with that idea in mind, that we may have in mind, with exactly that fact in view, with those facts in mind. If the Irvington habit is fixed with the two facilities operating under equal and equivalent conditions.

Q. You said in the course of your statement just now something about nine out of ten people using the buses; I didn't quite get that. A. Whatever the present habit was, if that is continued.

Q. That is, you mean, if nine out of ten people who travel now use the bus, should continue to use the bus? A. Yes, there is no change in the riding habit from what it is at present.

Q. What will be the result if there is no change from the riding habit? A. I say then we have got these facts in mind, we know exactly what we have to deal with, when it comes to any future change we make as to rerouting, etc., we know exactly what service we have to provide.

Q. You expect a change from the present riding habit? A. I believe they will.

Q. Those people who go to the trolley will naturally be the people you get off the bus? A. I believe some of them will, yes.

Q. How will you accomplish any economy for the railway company then? A. The railway company will get some revenue for its mileage.

Q. It won't accomplish economy, it will provide an income rather than accomplish economy? A. At the end of the operation you will have something of economy instead of waste; "economic" probably would be the more proper word instead of economy.

Q. It will reduce merely some of the income in the transportation company? A. Possibly, gross.

Q. What that amounts to is practically a diversion of money from one company to the other, isn't it? A. As far as the gross is concerned.

Q. In turn, that additional income that would be derived from this diversion of passenger traffic from the bus to the trolley, would help make up the deficit of the trolley company? A. If there is enough of it to give you any net.

Q. It would help do it, in any event? A. I would hope so.

Q. Whether net or not; every passenger you carry would help reduce the deficit? A. If there is any net.

Q. Mr. Warner, can the trolley company run cheaper on a five minute headway than the bus? A. Do you assume that five minute headway is on the base schedule and a corresponding increase in the service is necessary in the rush hours?

Q. I would say we will leave the service in the rush hour, as it is. A. What do you mean "as it is"?

Q. You have testified to it; whatever you are running on, on Clinton Avenue line, we will say, and decreasing your headway on the non-rush hours; by decreasing I mean making them run at less than a fifteen minute headway? A. Trolley service is cheaper on such an operation than bus operation.

Q. Then the only reason you don't run a shorter headway on the Clinton Avenue line, is because of the difference in the fare from Irvington to Newark at present, is that it? A. The only reason is they don't want a shorter headway. Nothing would please me better than to run a car every minute on Clinton Avenue, if the people would use it.

Q. The only reason they don't use it, you say the people won't patronize it, is because you have a bus fare at five cents? A. Yes. I think that is the main reason. I think I have something here I can give you, as to rendering the same service with cars and buses. The point is, for purely mass transportation problems, you can operate a great deal cheaper with cars than

you can with buses, largely because of the larger capacity per unit of the car. I am speaking of mass transportation. I mean a case where capacity is essential rather than frequency. For instance, you take Springfield Avenue, as a main artery leading out of Newark to the westward. If all the traffic which now presents itself on Springfield Avenue was to be handled by cars alone, it would be necessary to operate four hundred and twenty-six trips per day. If the cars were wiped completely off Springfield Avenue and all the traffic was to be handled by buses, and buses alone, it would be necessary to operate 839 bus trips a day, or practically twice as much bus service and practically twice as many bus miles as would be necessary with cars.

Q. May I interrupt you just there. You are basing those figures you have just given on a car capacity of what? A. On a car capacity similar to present cars we operate, we are operating.

Q. Which is what? A. (Continuing.) And a bus capacity similar to the present buses we are operating.

Q. Will you tell us what those capacities are? A. The capacity of the cars, 47 seats per car.

Q. 47 seats per car? A. Per car, trolley car.

Commissioner Autenreith: Somehow or other, we have a regular calendar on for tomorrow.

Mr. Blake: Very extensive?

Commissioner Autenreith: Seventeen different matters on; while we might adjourn to a separate room, I don't think

we would be able to get a hearing under way with any satisfaction.

Mr. Blake: I have at least fifteen or twenty of those things tomorrow.

Commissioner Autenreith: We have a number of cases on tomorrow; I am wondering how we can split this up.

The Witness: I will probably be involved in most of those cases.

Commissioner Autenreith: Shall we carry this over until Friday?

Mr. Stewart: Carry it over to Friday is perfectly satisfactory to me.

Mr. Blake: I think it would be very unsatisfactory for me to get in and out tomorrow.

Commissioner Autenreith: We will adjourn, then, until 10:30 Friday.

Let me ask one thing more. Do you want to go on next week?

Mr. Stewart: As far as I am concerned next Tuesday I won't be able to go on.

Commissioner Autenreith: It would have to be Wednesday or Friday of next week.

Mr. Stewart: Next Tuesday the Court of Errors starts.

Commissioner Autenreith: Do you want to reserve now next Wednesday and Friday?

Mr. Stewart: That is satisfactory to me.

Mr. Blake: Yes, I should think so.

Mr. Stewart: As far as possible I have shoved everything aside to take care of this.

Mr. Blake: May I ask, without undue curiosity, about how much longer you expect to take in this case?

Mr. Stewart: I am frank to say I thought I would be through with Mr. Warner this afternoon.

Mr. Blake: I suppose every other municipality wants to examine as to their particular local situation?

Mr. O'Connor: Yes.

Mr. Blake: May I ask, how many witnesses have the combined defense?

Mr. Stewart: Unfortunately, I can't answer. I can't answer for Mr. Evans, and I can't answer for Mr. Lindabury.

Mr. Blake: The suspension date is up the 1st of June. We have only three weeks left.

Mr. Stewart: The 1st of June?

Commissioner Autenreith: When was this filed?

Mr. Stewart: Filed December 14th, according to the petition.

Commissioner Autenreith: Then it would be the 14th of June?

Mr. Stewart: It would be the 14th.

Mr. Blake: I think we ought to specify the 1st of June.

Commissioner Autenreith: I don't recall. Six months is the limitation of the statute.

Mr. Stewart: Except it is suspended by consent, as was done in the gas case.

Commissioner Autenreith: Yes.

Mr. Blake: I now give notice to counsel I will not consent to any further suspension; so don't count on that.

Mr. Stewart: I am not counting on that. You are no more anxious to get through with this than I am.

Commissioner Autenreith: I will set it for May 18th and 20th also. If anything further should arise, we will have to have some other date.

Adjourned until Friday, May 13th, at the Industrial Building, Newark, N. J., at 10:30 o'clock A. M.

Further days fixed for hearing of this case: Wednesday, May 18th, at the Industrial Building, Newark, N. J., and Friday, May 20th, at the Industrial Building, Newark, N. J.

BOARD OF PUBLIC UTILITY COMMISSIONERS,

Newark, N. J., Friday, May 13th, 1927.

PUBLIC SERVICE TRANSPORTATION COMPANY and PUBLIC SERVICE RAILWAY COMPANY. Application for adjustment of fare zones and other relief.

Before the following Commissioners:

Jos. F. Autenrieth, Esq., President.
Charles Browne, Esq.
H. C. Eddy, Esq., Sr., Transportation Engineer.

For Petitioners appears George H. Blake, Esq.

For Irvington appears Charles H. Stewart, Esq.

For Hawthorne appears W. W. Evans, Esq.

For Roselle Park appears M. P. O'Connor, Esq.

For Clifton appears Wm. B. Gourley, Esq.

For Lyndhurst appears Luther Shafer, Esq.

For Elizabeth appears John J. Griffin, Esq.

For Kenilworth appears Joseph F. Lindabury, Esq.

ARTHUR T. WARNER resumes the stand.

Cross-examination by Mr. Stewart continued:

Q. Mr. Warner, do the trolleys on the Clinton Avenue line, taken as a single unit, operate at a deficit at the present time? A. I don't know without going back over the Clinton Avenue figures.

Q. And with regard to the Springfield Avenue line, would your answer be the same? A. Yes. When you say "a deficit" you mean as to operating costs or what?

Q. No, not as to operating costs, but operating costs and above operating costs, so that you would have something to pay a return on your investment. A. I would rather look that up.

Q. And your answer would be the same with regard to the Springfield Avenue line? A. Yes, sir.

Q. Now, if the trolleys were taken off and more buses were put on the Clinton Avenue line would you then lose money on the buses, the service remaining the same as it is today? A.

I don't know whether it would come down to a question of losing money or not. I would say that we would, yes, because the operation of such mass transportation by buses, and by buses alone, would involve a great many difficulties which would lead to very costly operation.

Q. And your answer would be the same with regard to the Springfield Avenue line? A. Yes, even more so on Springfield Avenue.

Q. Since the Public Service Transportation Company has taken over the operation of the buses on the four lines entering Irvington has the competition between the bus and the trolley been intensified by the transportation company? A. Well, we have tried to operate them as far as we could so as to avoid as much duplication as possible.

Q. Well, have you succeeded so that the competition has not been intensified? A. I don't think the competition has been intensified, no. We know this, that the buses do not deliberately drag the cars as they did when they were entirely independently operated.

Q. And that same answer would hold good with regard to the Springfield Avenue line? A. With regard to all of our operation.

Q. All of your operation? A. Yes, sir.

Q. On the Springfield Avenue trolley line, as disassociated from the balance of the Public Service Transportation system, in the Springfield Avenue line making money above operating expenses? A. I said that I would not want to answer that without referring to the figures.

Q. That was with regard to the buses. Now I am asking you with regard to the trolleys. A. The same answer would apply. In the first place, it would be practically impossible to disassociate one line from the system, to reply to such a question.

Q. In other words, taking the Clinton Avenue line, when operated by independents, it was possible to ascertain then whether that line was making money or not, was it not? A. I don't know that it was.

Q. You don't know whether it was? A. I don't know that it was.

Q. If they had kept their books properly it would have been possible to do so, would it not? A. If they had kept their books in accordance with any standard classification of accounts, yes.

Q. But since the Public Service Transportation Company took it over and put it into a part of its entire system it then became impossible to tell whether that line was making money or not? A. Yes, that would be my reply, not being an accountant, but being generally familiar with our methods. If an independent owned one bus he might know whether, operating that one bus, he could make a living or not, but we could not take one bus out of, say, the Clinton Avenue line and say that that one bus was operating at a profit. The line itself might or might not be, and one bus might or might not be, but you couldn't tell.

Q. If the Clinton Avenue line were operating on a schedule would there be any reason why one bus would make money and another one

would not? A. There might and there might not be, it depends on how the schedule broke and what one bus had to do in comparison with what the rest had to do.

Q. If the independent operators pooled the proceeds of their operation and parceled it out on some basis of bus miles run, would it then be possible to tell whether they were making money or not? A. Not merely by the pooling of proceeds, no.

Q. And the keeping of accounts? A. If they kept an entire cost and revenue statement I presume it might be.

Mr. Stewart: That is all.

CROSS-EXAMINATION by Mr. O'Connor:

Q. Mr. Warner, I wish to call your attention to the Elizabeth-Roselle Park line. The total distance of that line is 5.79 miles? A. Yes, sir.

Q. What is the distance from the Roselle Park terminal to the intersection of West Grand Street and Broad Street, Elizabeth? A. Between three and three-quarter and four miles.

Q. It is nearer three and three-quarter than four miles, is it not? A. If you want a more definite reply than that I would say it is about 3.8 miles.

Q. And the distance from the Bayway Terminal of the company to Caldwell Place and Broad Street is what? A. Just about two miles.

Q. Two miles? A. Two miles.

Q. The Roselle Park line is practically two separate routes which you operate as a through

line, as a matter of economy, is it not? A. No, I wouldn't say it was two separate routes. There has always been through service in Elizabeth from Bayway out toward Westfield Avenue; not two separate routes; it is a through route as far as the traffic center of Elizabeth is concerned.

Q. I appreciate that, but it is really susceptible of division into two routes, is it not? A. It might be so operated.

Q. Of the two ends of the route that I have called your attention to which is the better, from the earning standpoint? A. The westerly end would bring more gross than the easterly end; it is longer, and there is more population out there.

Q. The westerly end could be identified as the Roselle Park end? A. The Westfield Avenue portion.

Q. Yes. Can you give me the earnings per bus mile on the Roselle Park end? A. Separated from the other end?

Q. Yes. A. No, sir.

Q. You have never analyzed that route by reference to the divisions that I am speaking about? A. Not to produce the figure that you have asked for; no, sir.

Q. The Bayway end of the route is largely industrial, is it not? A. After the route leaves Broad Street and turns into Bayway it goes into an industrial section; the Standard Oil and the Simmons Bed and other large plants are down there.

Q. The wire works and other industries? A. Yes.

Q. And the other end is largely residential, is it not? A. Largely residential; yes, sir.

Q. And that residential end or branch yields midday and evening traffic, does it not? A. Yes.

Q. And the Bayway end of the branch is much more of a rush hour traffic? A. There are very heavy peak loads on there; yes, sir.

Q. Can you tell me what is the average length of haul from the westerly branch, or on the westerly branch? A. I haven't that figure; no, sir.

Q. Could you give me the average length of haul on the Bayway branch? A. No, sir.

Q. Is there any general common interest between the Bayway section or branch and the westerly branch? A. The employees, the workers in the plants in the Bayway section who would live in the westerly end of Elizabeth and along Westfield Avenue.

Q. That is the only common interest between those sections? A. Between the two extremities of the line.

Q. And the reason that this line runs to Bayway is because it is a most economical way for the company to serve the Bayway section? A. No, I don't think so.

Q. You don't think so? A. No, I don't think that that is the reason the line runs to Bayway. The reason it runs to Bayway is because we bought certain independent bus operations whose route called for operation over the route as it is now.

Q. You have never made any application to change the route, have you? A. No, sir; we haven't as yet.

By Commissioner Autenrieth:

Q. You mean, your local permits defined the route? A. The local permits defined the route and it has been approved by the Board and the route was defined not only locally, but by the Board also.

By Mr. O'Connor:

Q. Could you suggest a more economical way to serve the Bayway end? A. Not without further study as to the needs of that section when considered by itself.

Q. If the Roselle Park route were simply operated from the center of Broad Street, Elizabeth, it would be just three and three-quarters or 3.8 miles, to be exact, would it not? A. If it turned back at West Grand and Broad Street; yes, sir.

Q. What is the length of ride which you consider the company can give profitably for a single five cent fare? A. It depends entirely upon the density of traffic and the individual location concerned. There is no general reply with regard to that or figure which can be given for that.

Q. Now then, you know all those factors with regard to this particular line. Now, what sort of a haul or ride would you say the company can give on this particular line for a single five cent fare? A. I could not reply to that without further analyzing the line, separating the traffic between the east and west end and allocating to each end exactly the revenue that belongs to it.

Q. Mr. Warner, have you studied the east and west bound loads on the buses between the intersection of Broad Street and West Grand Street and the intersection of Broad Street and Caldwell Place? A. You mean just in those two blocks?

Q. Yes. A. In those two blocks, no, I don't think I have.

Q. You never have? A. No, sir. I have a number of checks on that line, taken at other points, but not in that particular section.

Q. If I were to say to you that there is a complete change of load in that area you would not deny it, from the studies you have made, would you? A. I would say at certain times of the day you were right, but at other times, no. There is not a complete change at any time but there is a substantial one at certain times of the day.

Q. But there is a substantial change in that section at certain times of the day? A. At certain times of the day in that section; yes, sir.

Q. So that the company is really getting now, from the time the average bus leaves the Bayway Terminal until it arrives at the Roselle Park Terminal a ten cents fare, by reason of that substantial interchange of the load in that area? A. No more than is true on any line that has interchange, has short riding.

Q. You say there is and I think it is absolutely correct, that there is a substantial interchange of load in that area. If that is so, it necessarily follows that for a bus, from the time it leaves the Bayway Terminal until it reaches the Roselle Park Terminal, it collects a ten

cents fare? A. No. It does not collect a ten cent fare.

Q. Taking into consideration— A. May I take a group of—

Q. One moment. Taking into consideration the interchange of load? In other words, taking it per seat. A. I still don't think it collects a ten cent fare.

Q. Well, by reason of the substantial interchange of load on Broad Street, Elizabeth, between the streets I have mentioned, it practically carries no passengers through the entire route? A. There is a very small percentage of the load that goes the entire route, that is true.

Q. Then you agree with me? A. As to that reply, yes.

Q. When you say, a very small degree, you mean just what I mean, that practically it does not carry passengers through the entire route? A. That is true; a very small number of passengers get on in Bayway and ride to the end of the line in Roselle Park.

Q. So that it really carries no passengers from one branch or zone, as I call it, into the other? A. A comparatively small number.

Q. So that the length of the route has really nothing to do with the average passengers? A. No, sir. I wouldn't suppose it would, practically.

Q. What is that? A. I don't suppose it would, practically.

Q. So from all practical standpoints, both on the part of the company and the riding public, you have now really two zones on that route? A. No. I wouldn't put it that way, Mr. O'Con-

nor. I would say that the riding largely divides itself half way from the traffic center of Elizabeth, which is practically Broad Street, at Jersey or Grand, but there is some riding through, some riding through the City of Elizabeth itself.

It is a question in my mind; as I say, I haven't studied it; it is a question in my mind. I have been thinking over the practical operation of that line, whether it would be economical at the present time to try to short-service that line when you consider the traffic situation in the center of Elizabeth and the difficulty and confusion there would be in attempting to turn back or short-service any facilities at such a point.

Q. The reason it does run through, Mr. Warner, is because it would be more economical than a short line service and a turn-back? A. What was that question.

(Question read.)

A. If the operation of that line was to be started now, as a new line, without the route being definitely defined as to permits which call for through operation, I don't know. It is a question in my mind whether it would be economical to turn it back shorter or not because of the operating difficulties inherent in the center of Elizabeth.

Q. Have you made any observations from which you could state an opinion as to the amount of revenue which the company would receive if buses were zoned in the center of Elizabeth, Broad Street, as I have referred to,

and not at the city line between Elizabeth and Roselle Park? A. No, sir.

Q. In your opinion, as an expert, would not the communities now served be better served if the lines were zoned in the business district of Elizabeth and not as they are now operated? A. No. I don't think it would be, because, largely because of the port and the port industries, as well as the Bayway industries and the necessity of cross town service to reach those industrial sections.

The port is building up pretty fast, the port section, not only industrially but commercially, and from a retail point of view, and there is considerable demand, and I believe it is increasing, for what may be termed cross town service through the center of Elizabeth.

The Bayway section at this time has a comparatively small mercantile, local shopping section there, but with the development of that section which will follow the bridge to Staten Island, it is reasonable to suppose that that kind of a development should follow such an improvement in that section.

Q. In answering this last question, have you in mind, had you in mind, the division of that route into two zones, with turn-back service? A. With or without turn-back service. I didn't consider it from the point of view of turn-back in the center of Elizabeth. I considered it from the point of view of fixing the fare zones in the City of Elizabeth.

Q. Do you know that the Bayway section is making greater strides towards progress and development than the section of Elizabeth that

you refer to? A. It may comparatively, because there is so much open undeveloped territory down there, where a development can take place, but I speak of the development in the port section rather, taking along Elizabeth Avenue and First and Third Streets.

Q. The port section has been deevloped for years? A. It is built up, but the character of the business there, there is a great effort being made to develop that from a local trade view.

Q. What development or change has there been in the last five years? A. Along Elizabeth Avenue in the neighborhood of Union Square.

Q. That is served by another line? A. Yes. This line don't serve the port at all.

Q. When you referred to Union Square you were not speaking now of the port. The port is not at Union Square? A. It is down toward the port.

Q. Towards that way, yes; I am confining my question to conditions in the port, say, in the last five years. A. In order that we may both be talking with the same locality in mind: When you say the port section, you mean what?

Q. I mean east of Union Square that you refer to, that is commonly known as the port. A. My impression was Union Square was considered the western edge of the port.

Q. I guess you are correct in that. A. That is why I started at Union Square.

Q. Yes. A. In that neighborhood there is, there has been considerable development of local business. The changes in routes we put in in Elizabeth recently at the request of the Eliza-

beth Civic Club Association and the Board of Works were all designed to give service down through that section and on further into the port to meet the demand for access from other sections of Elizabeth in there for shopping purposes.

Q. Not only access in there from other parts of Elizabeth, but also access in there from other parts of the county, isn't that right? A. Yes, other parts of the county.

Q. Doesn't this Kenilworth bus line, as recently rerouted, go into this territory? A. It does.

Q. Doesn't that Kenilworth bus line parallel, in part, that Elizabeth-Roselle Park line? A. Yes, on Westfield Avenue, from Gallopping Hill Road to Chestnut Street.

Q. If that is so, how does it affect this Roselle Park and Elizabeth route, running down Bayway? A. In what respect?

Q. Any respect, that demands service. A. I don't understand your question as you put it. Now does what affect it? The rerouting of the Kenilworth line?

Q. Sir? A. The rerouting of the Kenilworth line is your question?

Q. The rerouting of the Kenilworth line now serves the Union Square portion you spoke of? A. Yes.

Q. The Kenilworth line runs through Kenilworth, Roselle Park and parallels in part this Elizabeth-Roselle Park line, doesn't it? A. Yes.

Q. So that the Union Square business section, which you say required attention, is being taken

care of by reasons of the rerouting of the Elizabeth line? A. Yes.

Q. What bearing has that business condition down there, which is now taken care of, what bearing has that on the Roselle Park-Elizabeth route? A. It has no bearing at all.

Q. None at all? Now, getting to the Bayway section; isn't the Bayway section growing very rapidly? A. You mean industrially?

Q. Both, Mr. Warner. A. It is growing very rapidly industrially, I know that. It is developing yes, it is developing.

Q. Very rapidly? A. Very rapidly, along all lines. I believe that will continue.

Q. That Bayway Highway is designed, rather the bridge is designed to intersect this Bayway Avenue? A. Yes.

Q. The bridge from Staten Island to Elizabeth? A. Yes. Just to the port.

Q. Is there any trolley service in Roselle Park? A. Yes.

Q. Will you just define the service you give there? A. At the present time, there is tripper service being operated in the rush hours only.

Q. Is that every day? A. I don't think there is any Sundays.

Q. What time in the morning does the tripper service start? A. There are five trips, as I recall; three in the morning and two in the afternoon, being operated regularly.

Q. Within what hours, Mr. Warner? A. The tripper service is not on the schedule. I would have to look that up to give it to you.

Q. Mr. Warner, when you say there is tripper service in the morning and also in the afternoon,

on what do you base that? A. I base that, on the five trips, from information I had here of checks taken at the time the case was opened at the time I testified on direct-examination.

Q. If I should say there was no tripper service on that line on certain days or times, would you deny it? A. Not until I looked it up. If you will give me the specific dates you have in mind I will look it up.

Q. So you are not positive that there is daily tripper service on this route? A. As of today, no.

Q. So you say there is no tripper service as of today? A. No; I didn't say that. I said I wasn't positive there was daily service there.

Q. When I speak of today I am using it as a sort of figure of speech. A. I see. At the time I stated and the day before I testified.

Q. Yes, surely. A. I won't swear to it.

Mr. Blake: Chemically speaking, is there a tripper service?

The Witness: There is a tripper service; chemically speaking, there is a tripper.

Q. What do you want to co-ordinate that with? A. I would like to have a chance to have the cars go out and do something. When we ran them out there for ten cents nobody used them, so there was no use cluttering up the Roselle Streets with empty cars, so we turned them back at the city line. People in Elizabeth used them.

Q. To go back a little, for instance, how long has it been since there has been a full day's service? A. Full day's service was continued up to the latter part of last summer; I think

that was about the time. I know just about a year ago we made a check of that line and in the middle of the day I think they were carrying sixty-two people to Roselle Park, and after that check we made a material cut in the service, turned back at the city line, the car service I am speaking of.

Q. The trolley cars carried sixty-two people a day? A. Yes, sir; in Roselle Park; an average of something like one and a half passengers per trip.

Q. Were there interzone passengers? A. That was through business; yes, sir.

Q. Through business? A. Yes, sir.

Q. Do you plan to resume trolley service to Roselle Park if your prayer for relief is granted here? A. I would say yes.

Q. You then plan, of course, to reduce the bus service? A. Not necessarily, at the start. I think what we would do in Roselle Park would be the same thing as I tried to describe on Springfield Avenue and Clinton Avenue, put both facilities out there; assuming the fare is equivalent, the same, and let the people decide what they want, in what proportion, and then after a reasonable time adjust the service to meet the riding habit then developed.

Q. Which means, of course, the reduction of one or the other of the two facilities? A. Not necessarily.

Q. Well, not necessarily, but practically? A. One may be increased, and the other may be reduced ultimately. It depends on how the traffic adjusts itself.

Q. Do you believe in this kind of economy of service? A. Yes, it ought to be, as far as I can see at the present time; taking Elizabeth as an industrial centre, with its tremendous peak load, its large factory business, I can't foresee, with the art of transportation as it is now, any time when bus operation will be cheaper in Elizabeth, as a whole, than car operation. In other words, the mass transportation element is there, a very powerful factor, of the peak load kind and cars can certainly handle mass transportation today cheaper than buses can.

Q. Then your thought is, in view of that condition prevailing in Elizabeth, to get all the travelling public back on the trolleys? A. No. That is not our thought. If that was our thought we wouldn't have done what we did do in Elizabeth within the last two months.

Q. Are you taking into consideration that the trolleys are the more economical means of transportation, rather, do you mean to say that the trolleys are the more economical means of service, when you take into consideration, for instance, the renewal of track, rebuilding of your road, and reconstruction? A. It depends entirely on the mass transportation factor; I will put it that way.

Q. I am saying now, taking conditions as they exist in Elizabeth, would you say that the trolleys are the more economical means of service when you consider your reconstruction of tracks and various other equipment? A. Taking Elizabeth as a whole?

Q. Yes. A. As it stands?

Q. Yes. A. Yes.

Q. And taking it in the light, when it comes to the reconstruction, do you say that, too? A. It would depend on what the circumstances would be at that time and what the particular reconstruction you have in mind would be, as the whole bus situation is in such a situation of flux at the present time, the development of the bus business is changing so rapidly that it is impossible to think very far ahead. We have a bus today that seats 31 people; five years ago there wasn't a bus designed, and bus designers five years ago told us they couldn't build such a bus like that without a prohibitive cost and prohibitive operating expenses, unless they went to double deck buses.

Q. Are you conducting trolley service to the Bayway section of Elizabeth? A. Yes, sir.

Q. What kind of service? A. Trippers to the plants.

Q. What? A. Trippers to the plants.

Q. All tripper service? A. All tripper service, no base service down there.

Q. But you are operating the buses to the Bayway section? A. Yes, sir. If we had put—right there we can continue that mass transportation matter more fully—if we had to cover the Bayway plants with buses in the rush hours, it would be a much more difficult matter than putting down the trolleys as trippers, because a car will come down there to meet a factory load and carry off one hundred passengers, and it would take two to three buses to carry the same number. When you figure the cost to run three buses or two and a half buses against

the cost of operating one car, there is no comparison.

Q. What is the seating capacity of those trolleys on this tripper service to Bayway? A. I don't know exactly what the cars seat down there for the tripper service; somewhere between forty-five and fifty, forty-four or forty-seven.

Q. Are they what you call one man cars? A. All our cars are now operated by one man.

Q. I know that. Are they the single truck, or what do you call those? A. No. I don't think they are.

Q. You send down the larger cars? A. That is my impression, there are large cars assigned for that.

Q. What is the seating capacity of the larger cars? A. That is what I gave you, between forty-five and fifty, about.

Q. How many cars do you send down there during tripper service? A. I don't know that.

Q. What period of time does that tripper service cover, about? A. Covers the time to get the employees to the plant, and the time they start, and be there to take them away as they finish.

Q. You don't know the period? A. The exact time, no, sir.

Q. Couldn't you approximate it? A. I would say between 7:30 and 8:00 in the morning and 5:00 and 5:30 in the afternoon.

Q. Could you approximate the trips? A. The number of trips, no. I can get it for you; I haven't it here; I can get it for you.

Q. How long since you discontinued the regular trolley service in the Bayway section? A. At the time we made the other rerouting changes in Elizabeth.

Q. That was about a month ago? A. About a month ago, early in April, I think it was.

Q. Where do those trolleys that leave Bayway on the tripper service go to? A. Some go out Jefferson Avenue, some go out Westfield Avenue to the city line.

Q. Can you give me the proportion that goes out to Jefferson Avenue, Elizabeth? A. No, not without looking it up.

Q. Could you give me the number that goes to the city line? A. Not without looking it up.

Q. That in a measure establishes the fact that Elizabeth has a greater community of interest industrially in the Bayway section than the Roselle Park branch? A. The regular buses on this line go out into Roselle Park.

Q. I am speaking now of this tripper service to carry this rush hour from the Bayway section? A. I would say that most of those employees down there live within Elizabeth, if that answers your question, yes.

Q. So that the community of interest of people residing in Elizabeth is greater in the Bayway section, they have a greater community of interest in the Bayway section than the Roselle Park people? A. I believe that is true, yes, sir.

Q. When these proceedings first began, you were running the trolley service from Bayway to the Elizabeth-Roselle Park line in competition with the bus service. A. I would turn the thing around.

Q. What was the reason for making these changes? A. The changes that we made in Elizabeth last month? Largely at the request of the Elizabeth Civic Associations and the Board of Works. We had had a long series of conferences, negotiations with them dating back to sometime early in the fall, as to certain changes in routes and service that they wanted. They started off with a list of two or three pages, and the outcome of that series of conferences were the changes that we put into effect last month.

Q. These changes, of course, affected the Elizabeth-Roselle Park route, did they not? A. The bus route?

Q. And that trolley. A. Yes.

Q. What effect have these changes had upon the earnings of the Elizabeth-Roselle Park bus line? A. The Elizabeth-Roselle Park bus line, very little, not noticeable.

Q. Not noticeable? A. Not noticeable.

Q. You have only one facility operating there where formerly you had two; it eliminated the competition; it surely must have had some substantial change upon the bus earnings? A. No noticeable change on that line.

Q. It is the only means of getting out of Roselle Park, is it not, that is the bus? A. It was the only means before that, too.

Q. No, you had the trolley service. A. Not in April.

Q. You had the tripper service in the morning and you had the tripper service in the evening? A. We had tripper service but those

five trips were only carrying about 52 or 53 people. They were all patronizing the buses.

Q. Can you furnish me with the car mile revenues of the trolley lines involved in these changes, by days?

Mr. Blake: All the changes in Elizabeth?

Mr. O'Connor: No, this particular change.

A. What particular car mile figures do you want, and for what period?

Q. That is on this particular route, Mr. Warner, the Elizabeth-Roselle Park line. A. Car miles, trolley car miles?

Q. Both. I want to get the car mile revenue of the trolleys by days, say for a period of thirty days prior to the change and I want to get it for a period of thirty days after the change. A. Thirty days proceeding the change, the cars that go out Westfield Avenue?

Q. On this line, yes. A. I just want to have it clear in the record exactly what service you want, because the line was of course, changed. you mean the car service that went out Westfield Avenue, thirty days before the change and thirty days after the change?

Q. I will tell you what to do, Mr. Warner. I will withdraw the previous request and make it the buses instead of the cars, thirty days before and thirty days after the change.

Mr. Blake: Bus mile receipts?

The Witness: Receipts per bus mile?

Q. No, I want the car mile revenue. A. You just said bus.

Q. The bus mile revenue, thirty days before and thirty days after the change. A. The receipts per bus mile for thirty days prior to the change in route and thirty days after?

Mr. Blake: Has it been in thirty days yet?

The Witness: I don't know whether it has been in thirty days. It has been in about thirty days, somewhere near that.

Commissioner Autenrieth: You can furnish what you have.

Q. You testified on page 62 of your original examination, that 5,399 passengers per day rode from Elizabeth to Roselle Park on the bus line? A. 5,399, yes, sir.

Q. If the proposed changes go into effect, of course, these 5,399 passengers daily will be affected? A. Yes, sir.

Q. In what way will they be affected? A. They will either pay an additional five cent fare or will walk to Galloping Hill Road and the city line.

Q. The zoning point? A. Yes, sir.

Q. How did you reach the figure 5,399? A. In the same way that I explained to Judge Stewart yesterday as regards the Irvington lines. We actually rode approximately twenty-five per cent of the trips operated on these lines and noted where the passengers got on and got off. In that way we divided the traffic into three parts, that which was entirely local within Elizabeth, that which was entirely local within Roselle Park, and the balance was the through business from Elizabeth to Roselle Park. We knew from our auditors' records that the total passengers

carried on the entire day were 13,960 and we applied the percentage of the passengers observed in each one of those three classes on the trips actually ridden, to the total passengers for the entire day and arrived at those figures which I read in the testimony.

Q. Now, then, assuming that these 5,399 people pay an additional fare of five cents, that would be a little more than $80,000 per year? It is a mere matter of calculation. A. Yes, sir.

Q. Assuming that these 5,399 people follow that course, which your company desires, the annual revenues of this line will be increased from $160,000 to $240,000 per year? A. What is the $160,000 that you start with?

Q. That is the 1926 revenue. A. That is not the complete revenue from the entire line for 1926.

Mr. Blake: That is just for the buses we owned.

Q. In other words you took in $160,000 in 1926 on the buses that you operated; that is right, isn't it? A. Yes, sir.

Q. And the additional fare would bring that up to $240,000? A. Adding $80,000 to $160,000, if they all continued to ride exactly as they do now. That would not be the final figure because the $80,000 would be the entire traffic of the line.

Q. That is the entire additional? A. And the $160,000 was what our buses took in last year and we did not own the entire line for the entire year.

Q. I am only speaking about what your company took in on your buses last year. A. All

right, if you understand it. I simply want to make it clear to you.

Q. I do. I understand that to be so. You said you did not own them all then. A. No.

Q. You own them all now? A. We own them all now.

Q. Would you say on the assumptions now owning all the bus lines, that your gross earnings would approximate $240,000 or more for the year 1927? A. No.

Q. What would it be? A. Almost half of 1927 is gone, and then this traffic has got to adjust itself after the change.

Q. Now, then, the increased revenue which you propose to obtain, that would be taken in on the buses without any increase in operating expenses? A. It may come on the buses and may come on the cars.

Q. Let us confine it first to the buses, we haven't any cars. That would be an increase to the company without any increased operating expenses? A. I don't know whether it would or not. Assuming that it all stayed on the buses, it is very possible that more service would have to be run out there.

Q. Take the same people, to carry these same people; you are now carrying them on the buses and they have in the past shown a preference for the buses, haven't they? A. Due to the fare differential they have.

Q. Assuming they will continue their riding habits, selecting the buses, this $80,000 will come to the company without any additional increased operating expenses? A. It may or it may not.

Q. Well, the probabilities are that it will. A. It is fair to assume that if the revenue responds and the line will justify it, that more service will be operated.

Mr. Blake: It would not be a net figure anyway. You have the taxes.

The Witness: Yes, we have the five per cent taxes that come directly out of it.

Q. You would not say the five per cent tax comes directly out of the $80,000; you would not say it is five per cent of $80,000? A. What else is it?

Q. Do you not calculate it that way? A. We certainly do.

Mr. Blake: Five per cent of your gross.

The Witness: I do not calculate it, but that is the law as I understand it.

Q. I will come back to that. I do not think you calculate it that way. Now, then, the total receipts on the Roselle Park line, the Elizabeth-Roselle Park line for 1926 were $160,000. Is it not true that there was a great increase in the monthly receipts on this line during the present year? A. Without the months before me I cannot very well reply to that. If you have it by months there—

Q. Mr. Warner, will you take this, please (handing witness paper)? A. Yes, sir. The receipts—

Q. Just one minute. Will you just answer the question?

(Question read.)

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A. To our company, yes, sir. We had an increase in miles also.

Q. Can you give me the receipts for the month of January of the present year? A. For the present year?

Q. Yes. A. $21,536.

Q. How much? A. $21,536.

Q. Will you give me the earnings of January, 1926, the receipts of January, 1926? A. The receipts for January, 1927, is the figure I just gave you, all the buses on the entire line.

Q. Now, 1926? A. The receipts that came to our buses, only the ones we owned in January, 1926 were $11,523.

Q. What were they in June, 1926? A. $12,622 on the buses owned by Public Service Transportation Company.

Q. What were they in December, 1926? A. $22,008, which was the total buses on the line.

Q. When you say total number of buses on the line, you are confining yourself to the buses then owned by the transportation company? A. Well, in December, we owned them all.

Q. Did you? A. Yes, sir.

Q. What is the difference in the number? A. There were fourteen total. I think in the beginning of the year we had eight or nine, the beginning of the year, and during the year we purchased the remaining five or six, whatever it was.

Q. Can you tell me when the additional buses came in? A. No, sir.

Q. You say you started off with five or six or seven or eight? A. We started off with eight or nine I think at the beginning of the year.

Q. Can you tell me when those additional buses came in? A. No. The last came in in November.

Q. Can you give me the total receipts now in January, 1927? A. $21,536.

Q. What were they in February? A. $19,751.

Q. And in March? A. $21,495.

Q. And April? A. I haven't April.

Q. Now, for the year 1926, the receipts per bus mile were 25.72 cents? A. Yes, sir.

Q. It is true that the receipts per bus mile increased substantially during the year? A. Well, they increased some. I would not call it a particularly substantial increase. You cannot take December as any criterion, because of the Christmas service.

Q. It increased nevertheless? A. There was an increase, yes. It was not enough.

Mr. Blake: It was only twenty-five cents for the year.

The Witness: 25.7 for the year.

Mr. Blake: That is not the cost of operation, is it?

The Witness: No.

Q. Then the receipts per bus mile in January, 1926, were 24.7? A. Yes, sir. In other words we were losing on straight operating expenses, about five cents a mile there.

Q. Just one minute. The bus receipts per bus mile for January were 24.7 as against 29.6 in December? A. Those are the figures. Of course, December as a revenue month is always high on account of the Christmas situation.

Q. Let us take the figures for January, 1927. A. The receipts per mile you want?

Q. Per bus mile? A. Twenty-eight cents exactly. That shows the result of better scheduling.

Q. Give me February and March of this year. A. February was 28.24 cents, March was 26.79 cents.

Q. So the increase per bus mile has been about three to four cents? A. About what?

Q. Three to four cents. A. Over the corresponding period of a year ago, well, in January it was 3.3 cents, in February it was approximately three-quarters of one cent and in March it was three cents. The service, you will notice the miles operated is practically double.

Q. Now, then, the bus miles in 1926, were 620,740? A. Yes, sir.

Q. And the bus hours 68,144? A. Yes, sir.

Q. This is equivalent to an average speed of about 9.1 miles per hour? A. Divide the hours into the miles, whatever that division is.

Q. This is slightly better than the average for the entire bus system, is it not? A. Very slightly better; the difference between about nine miles and 9.1 miles.

Q. Isn't it true that the average speed maintained has increased materially during the year? A. The speed has increased during the year.

Q. Isn't it true that in January the average speed was only about 8.6 miles? A. Are you talking now of this line or talking system figures?

Q. I am speaking now of the Elizabeth-Roselle Park line. Isn't it true that in January,

1926, the average speed was only about 8.6 miles an hour while in December it was ten miles an hour? A. Yes, sir. I say that result of increased earnings per car mile, after we had acquired all the buses, is one result of better scheduling. Now, comparing the speed in January, 1926, with December, 1926, the weather conditions in January, 1926, were much worse than December, 1926, because we had considerable snow which slowed up operation in January, 1926, and December was practically an open month.

Q. You remember—at least I do quite distinctly—that there was lots of snow and storm in December, 1926? A. Snow and storm in December, 1926?

Q. Yes. A. One snow storm as I remember it. That was not particularly heavy.

Q. The records show seven inches of snow on December 6th? A. Yes, and that was all.

Q. We had very early snow storms in that month? A. Yes, that was all. In January, 1926, as I remember it, there were two or three snow storms, but the schedule has been changed and improved materially on that line, which we were able to do as soon as we had all these buses. It is like pulling teeth to get an independent bus owner to adopt an efficient economic schedule. I don't know what their idea is.

Q. A considerable portion of your operating expenses is dependent upon the speed maintained in operation. A. I would not say a considerable portion. I would say certain elements vary with the speed. Wages is the most important.

Q. This applies particularly to bus operation? A. Yes. I say wages are the most important, wages of operators.

Q. And interest also is important, isn't it? A. What?

Q. Interest on investment, in other words, the higher the speed, the fewer the buses. A. For a given service, yes.

Q. I am now speaking on this line. The higher speed, the more speed you make, the less buses you have got to have? A. Within certain limits.

Q. Well, that necessarily follows, isn't that so? A. Yes.

Q. That also applies to maintenance, the higher speed? A. You get to a point where the high speed costs you maintenance, it costs you gas, it costs you operating. There is a certain fixed point beyond which if you go with speed you run the cost of operation up higher.

Q. You have not exceeded that though? A. I hope not.

Q. You take these gas-electric— A. I say a certain fixed point; I do not mean you can pin your finger right down and say 10.5 miles an hour; I say there is a certain point beyond which, if you increase the speed, it costs you money.

Q. You have not reached that point? A. I don't think we have.

Q. Consequently it is not material here. A. You were saying the more you increase the speed the more you lower the cost.

Q. That is true up to a certain point. A. Up to a point. I do not believe we have reached that point.

Q. When you go over that point your maintenance goes higher? A. Yes, sir.

Q. You have not gone over that point? A. I don't think so.

Q. Take these gas-electric type buses; you have got to keep that motor speeded up all the time, haven't you? A. Not speeded up, no. The motor is moving all the time; there is probably a higher motor speed continuously maintained with the gas-electric than with the gas-mechanical, but it is not speeded up all the time.

Q. Mr. Warner, could you give me the speed on this line during the months of January, February and March, 1927? A. January it was about 10.3.

Q. February? A. 10.1. March about 10.3. I have taken the nearest tenth of a mile.

Q. So that this year it has maintained 10.3 practically as against nine last year. A. Yes, sir, against an average of nine for the year.

Q. The average of nine for the year 1926, with a beginning of eight and a half in January, 1926. A. Yes, sir. That is better service for Roselle Park, as the result of some degree of co-ordination.

Q. I am not criticising, Mr. Warner. A. It is a part of what you are paying for.

Q. Mr. Warner, this line is in what you call the central division? A. Yes, sir.

Q. Altogether there are eighteen lines in the central division? A. Bus lines?

Q. Yes. A. Nineteen, as we classify them. That is an operating assignment as to where they are operated from. For instance, the two Newark-Elizabeth lines, we call those central

division lines, although the actual mileage of the line is half of it in Essex County.

Q. Do you know the average length of routes in this division? A. About six and a half miles.

Q. The distance from the Roselle Park terminal to West Grand Street, Elizabeth is considerably less than the average length of routes in the entire division? A. Yes.

Mr. Blake: The distance you are giving is not the route.

The Witness: The distance you gave is part of the route. The entire length of this route is less than the average for the division.

Q. Now, then for 1926 the total passenger receipts of the division amounted to $1,153,648.76 and the number of bus miles were 4,485,242. Is this not equal to an average of 25.72 cents per bus mile? A. I suppose the figures you gave me are a matter of arithmetic. I have not checked it up. About 25.7, I make it.

Q. This is exactly the same as the receipts for the Roselle Park line? A. Yes, sir.

Q. Is it not true that you have a number of lines in this division whose receipts per bus mile are considerably less than the Roselle Park line? A. Yes, sir.

Mr. Blake: That just illustrates for counsel that this is not an application for an increase in fare or we would begin to raise all of them down there. We are just trying to co-ordinate zone points.

Q. On these other lines has there been that

same corresponding development of traffic? A. Development of traffic?

Q. Yes. A. What same corresponding development?

Q. Roselle Park has had an increased development, a greater development than these other lines, has it not, in traffic? A. I do not think so, no.

Q. Well, greater increased earning per bus mile than the other bus lines show. A. Well, some of them have improved, some have not. For instance, Kenilworth did not improve hardly at all; others were in the same condition. It depends on the individual line.

Q. Well, this line here has made exceptional progress. A. No, I would not say exceptional progress.

Q. Well, substantial progress. A. It has made some progress. I would not say it was exceptional, I would not say it was substantial.

Q. Hasn't it been better than the average? A. I don't think it has been better than the average.

Q. Do you mean by that, that you do not think, that you really do not know? A. No, at the end of the year we made some changes in schedule which brought about a higher speed, better operating conditions which showed better receipts per mile. Now, in that way it improved substantially but it was not a development of traffic.

Q. In other words the traffic was there, all there was for you to do was to go out and get it? A. It was applying scientific methods to the operation of the line. Other lines we had

done that to some extent before, so that improvement was already obtained.

Q. Well, then, the results on this line were better than the results on the other lines? A. No. Take the entire increase, I don't know they were better than any other line, I don't believe it was.

Q. Well, the general results on this line were better than on the average line of the division? A. I think that still is too general a statement to say yes to.

Q. I will let you coin your own speech; what would you say? A. I would say the line had responded to scientific methods of operation.

Q. Now, then, has it responded better than the average? A. No, I do not believe so. The average is a hard figure.

Q. You probably have not used the same methods. A. Take the ninety odd lines we have and the period over which we have been trying to apply some degree of scientific operation to, and it is hard to figure out what the average response is.

Q. Have you applied the same methods on the other lines that you applied on the Roselle Park line? A. Not entirely. Any more than you would give the same medicine for a toothache than you would give for dandruff, something like that.

Q. (Question read.) We have applied the same methods.

Q. Did you get the same results? A. In some cases. We have gotten an improvement; sometimes the degree of improvement was more, sometimes less; it depends what we had to start with.

Q. Not as great an improvement as you got on the Roselle Park line? A. Some greater.

Q. Where? A. Well, I can point to one line I have in mind, the first one that comes to my mind, operating out of Camden.

Q. I am speaking now of the central division. A. Are you sticking to the central division?

Q. Oh, yes. A. The New Brunswick situation showed a great deal more improvement than Roselle Park did, degree of improvement.

Q. Is that the only line, Mr. Warner, that you can refer to, the New Brunswick line in the central division? A. Two lines in New Brunswick. When we took those over and scheduled them properly they showed practically 100 per cent improvement in bus mile receipts, as I recall it now.

Q. Those are the only two lines out of eighteen or nineteen lines? A. No. That was a very fine example. I cannot recall all the details of the other lines. The South Amboy line showed a material increase, material improvement, better proportionately than Roselle Park. I believe the First Street line in Elizabeth will show a great deal better proportion than the Roselle Park when we have a comparable period.

Q. Mr. Warner, is that improvement during this year? A. Well, it was improved when we applied scientific methods of scheduling. No, they were not this year, because that New Brunswick change took place a year and a half ago.

Q. That First Street line has always been a good line. A. Well, it depends on the point of view.

Q. Mr. Warner, you studied these bus lines before they were purchased by the transportation company? A. Yes.

Q. Referring to the Elizabeth-Roselle Park line, you knew the length of that route? A. Yes, sir.

Q. You knew the number of passengers it carried? A. Yes, sir.

Q. And the rate of fare charged? A. Yes, sir.

Q. You came to the conclusion that it was a paying route for the Public Service Transportation Company to own? A. No, sir.

Q. You bought it then with the knowledge of the fact that it was a losing route? A. I did not buy it, had nothing to do with the buying of that line.

Q. From the study and examination that you made of it, as I understand Mr. Boylan to say that you were the man that studied that before the company bought it, what were your conclusions as to whether or not it was a paying or losing proposition? A. As I remember that particular route, our conclusion was that as it was then operating and with the business it was then doing, it was not making money, but that it could, properly co-ordinated and properly operated as part of the system, be developed into a paying proposition. That was not the angle with which we approached the purchase of that particular line. It was part of the competitive situation.

Q. Then, Mr. Warner, will you just tell me how the Public Service Transportation Company approached the purchase of that particu-

lar line? I say, the Public Service Transportation Company. A. Then you better refer that question to Mr. Boylan, because he can probably answer that better than I can. I can tell you what we knew about the line before we started to buy it. I know that. I have told you.

Q. That was your duty in connection with the line, I suppose? A. Yes, sir.

Q. Will you tell us that? A. I just said that a minute ago. The result of my study of the line was that the line as then operated was not a paying proposition but that it could be co-ordinated with the system and developed so that it would be.

Q. Then standing on its own feet, that line was not a paying proposition when you bought it? A. At that time; it has not been since.

Q. And there was no chance of making it a paying proposition when you bought it? A. Yes, we thought there was.

Q. Just a minute. There was no chance of making it a paying proposition when you bought it, unless you could co-ordinate that line with the Public Service Street Railway Company? A. That applies not only to that line but many other situations.

Q. Then when you bought it and you contemplated this co-ordination, you, of course, had in mind the additional fare? A. That was part of the co-ordination program. I don't know whether we first had it in mind, but that is part of the co-ordination program, yes, sir.

Q. Now, then, can you tell me on this particular line, of the two facilities, which is the more expensive to operate? A. I don't know.

I could not answer that; nobody could, I do not believe, without a long, long study.

Q. Well, is your inability to answer it due to the fact that they are so close together? A. Some lines you could say one way or the other. But that approaches the mean, if you want to put it that way. I do not know how close together they are, but it approaches the mean. For instance, on Springfield Avenue I could say right off, immediately that the car operation is cheaper than the bus operation. On some other line I might say that bus operation was cheaper than car operation. Somewhere in between is the mean where the two come together. This more approaches the mean. I do not know how close it is, but it is too close for me to answer that question without a great deal of study.

Q. I suppose when the transportation company was considering the purchase of the buses on this route that it had in mind that element of ruinous bus competition that it speaks about in its petition? A. Yes, it had that in mind. It was part of the competitive situation.

Q. Now, then, since the Public Service Transportation Company has acquired all the buses, how has it eliminated that ruinous bus competition. A. Because the competition has not been ruinous. Down there we have not eliminated bus competition as much as we have taken off car service, to go back to the Roselle Park end of it; we have reduced the car service to whatever is left.

Q. So, really it is not the buses that were the ruinous element after you bought them? A.

It was the buses that were the ruinous element as they were then operated and owned.

Q. Ruinous upon what? A. Ruinous to the railway.

Q. Are you operating fourteen buses there now on that line? A. Yes, sir, the schedule calls for fourteen buses.

Q. Were there fourteen buses there in January, 1926, Mr. Warner? A. There were fourteen permits on the line. I cannot tell you now whether there were fourteen buses operated every day, a year ago, a year and a half ago, or not.

Q. Could you tell me how many buses were operated in January, 1927? A. I think it was substantially this same schedule.

Q. Would you say there was the same number in November, 1920? A. There were the same number of permits in existence.

Q. I am speaking now of buses in operation. A. I think so.

Q. You don't know positively? A. No.

Q. But anyway, there have been no buses taken off of that route? A. No, there are still fourteen buses scheduled to operate.

Q. Have any been added at all? A. To that route?

Q. Yes. A. Not during 1926 or so far in 1927. The type of bus has been changed, the capacity per bus has been increased largely. The gas-electrics are on there now with a capacity of thirty-one seats, and they replace buses that were much smaller, had a capacity, I should say, possibly of twenty-one or twenty-three, so there is an increase in capacity of possibly thirty-three per cent.

Q. So that these fourteen buses now are carrying all the people who formerly rode on the buses and the trolleys? A. Yes; to carry additional ones, it wasn't an awful strain, on them, as far as Roselle Park is concerned. Of course, the cars are still running. Let them do a local business in Elizabeth.

Q. I am speaking of this particular route? A. Yes.

Q. To the Bayway section no cars are run on this route, are there? A. No, but from the center of Elizabeth out Westfield Avenue there is car service there.

Q. Well, is the seating capacity of the buses larger than the seating capacity of the trolleys? A. No, because the safety cars seat 32 or 33 and the larger cars seat 44 or 47 to 50.

Q. You did not run any larger trolley cars on that route, did you? A. I don't think so, unless they may run some trippers to the Singer plant in the rush hours, that are larger cars. I don't think any of that equipment is larger. The seating capacity of a bus and a safety car is practically the same.

Q. But they are larger than the independent buses, aren't they? A. Yes, sir. I don't know any independent in the state which seats 31, that are as large as the gas-electrics.

Q. So that from that standpoint alone you could carry passengers more economically than the independents? A. That gas-electric bus is a much heavier bus than the ordinary independent bus, and that brings in the element of operating costs, which does not make it com-

parable. To hear the average independent talk, he can run his bus for a mere song.

> Mr. Blake: I think the experience of 25 years will show that the transportation game produces very few millionaires, as operators.

Q. You have a fare zone, have you not, in the Township of Hillside? A. Yes, sir.

Q. Could you just explain to me where those cars or buses come from and go to? A. That operate into Hillside?

Q. Yes? A. Well, there are several routes. The car routes or the bus routes?

Q. The bus routes to which this zone is applicable? A. It is applicable to all of them.

Q. All of them? A. What routes are you speaking of now?

Q. You have a bus zone in the business section of the Township of Hillside, have you not? A. Yes, sir.

Q. What buses are affected by that zone? A. Why, the Hillside bus line which operates from Hillside to Newark. Is that the one you mean?

Q. Don't that run to Elizabeth? A. No, it does not; that runs to Hillside. You want the Newark-Elizabeth Line that operates through Hillside?

Q. Yes, give us that? A. You can ride from Elizabeth to Grumman Street, which is the line between Hillside and Newark. It is on Elizabeth Avenue, Newark; it is the southern end of Elizabeth Avenue, Newark. Then you can ride from Newark, from the Hudson &

Manhattan tubes in Newark, to Coe Avenue in Hillside, which is opposite the northern end of the cemetery on the corner of Coe Avenue and North Broad Street, Hillside. There are two big shops there where they make gravestones.

Q. What is the distance from Coe Avenue to Brunt Avenue? A. To where?

Q. To Brunt Avenue. You said Brunt Avenue, didn't you? A. Grumman Avenue?

Q. Grumman Avenue? A. About two thousand feet; it is a little less than two thousand feet, I think. We asked when we took that line over that that zone be made at Hillside Avenue and North Broad Street, which is coincident with the zone on the other transportation. It then had an overlap of all the way from King Street to Hawthorne Avenue, Newark, which is over two miles, and the Board left in the short overlap of approximately two thousand feet which I have described.

By Mr. Blake:

Q. That was not our application, was it, Mr. Warner? A. No.

Q. In fact, it was over our objection? A. Our application was that it be made at Hillside Avenue and North Broad Street.

Commissioner Autenrieth: Mr. Warner does not agree with the Board, that is what he means.

The Witness: That is it.

By Mr. O'Connor:

Q. With regard to Roselle Park, you know that that municipality has no real well developed

business section, do you not? A. Well developed what?

Q. Business section? A. Except the local stores that are around in the neighborhood of the station there and the vicinity of Chestnut Street and Westfield Avenue.

Q. You know those stores are purely of a neighborhood type? A. I would say they were.

Q. And it has no theatres, has it? A. Isn't there a moving picture house there on Chestnut street right around the corner from—

Q. There is one building, but there is none in operation? A. I thought I had seen it when driving by.

Q. It is purely a residential town? A. It is largely of a residential character, yes.

Q. It has no industries of any kind, has it? A. No, I don't believe it has.

Q. The means of getting out of the city are what? What means have the people got of getting out of the city? A. The Central Railroad and the transportation on Westfield Avenue.

Q. Transportation on your company's lines? A. Yes, and there is a bus line that runs up Chestnut Street and comes into the south end of Irvington and connects with facilities for Newark and that way.

Mr. O'Connor: That is all, Mr. Warner.

CROSS-EXAMINATION by Mr. Lindabury:

Q. Mr. Warner, where are both terminals of the Kenilworth line? A. As it is operating now,

or as it was operating at the time the application was filed?

Q. Well, both, previous and as it is now operating through Elizabeth? A. In Kenilworth, there are two termini. The service in the rush hour goes to the westerly end of Kenilworth, and stops at Eighth Street; in the non-rush hour the service stops at Twentieth Street and the Boulevard. This line then operates through Kenilworth to Chestnut Street, Roselle, south on Chestnut Street to Westfield Avenue, and east on Westfield Avenue to the Elizabeth city line; it then turns off of Westfield Avenue to the north and operates through the residential or Elmora section of Elizabeth. If you asked me to go into details as to streets, you would go into every street in the world in that section; it doesn't miss any of them; then finally, after coming out of the easterly end of Elmora, it hits Bayway, Elmora Avenue, as it is called there—

Q. Yes— A. —and operates south on Elmora Avenue now to Murray Street, east on Murray Street to Chilton Street, to Grand Street, to Broad Street, to Elizabeth Avenue, and east on Elizabeth Avenue to the Port.

Q. Right through to the Port? A. To First Street and Elizabeth Avenue. At the time the application was filed the line did not run any further than Grand Street and Broad Street, Elizabeth, stopping at the arch, practically.

Q. What is the distance from Grand Street and Broad Street in Elizabeth, to Eighth Street, Kenilworth? A. A little less than seven and a half miles.

Q. A little less than seven and a half miles? A. Yes, sir.

Q. How much will this new extension put on that route? A. The extension has added to the route close to two miles, less than two miles.

Q. Less than two miles? A. Yes.

Q. In adding that extension, Mr. Warner, do you contemplate that it will pay? A. It is very evident that it is going to help the line materially.

Q. It is? A. Already. When you get down to saying whether it will pay or not, I don't know, but it has already increased the receipts of the line from about fifteen cents per bus mile to something about twenty-two.

Q. It has already done that? A. It has already done that. Now, that just shows how a short haul traffic in a congested center will build up the receipts of a line when, if it did not have such short haul traffic, the line would be absolutely worthless.

Q. You are naturally taking passengers from the First Street Line, I suppose, in Elizabeth, are you not? A. We are taking anybody who wants to ride down in that section.

Q. I mean this increase that is shown on the Kenilworth line is coming, you are sure, from that end of the route? A. Some of it is coming from that end of the route and some of it is coming from the fact that we go down there to Murray and Chilton Streets, over south of Jersey Avenue. There is a development of short haul business within Elizabeth on both ends of the route.

Q. So that so far, since this extension has been added, your bus receipts per mile have increased? A. Have increased.

Q. To approximately twenty-two cents? A. I think that is about the last figure, something over twenty cents.

Q. That is almost a fifty per cent increase, isn't it? A. Over what it was, yes. In other words, if we got enough people riding in Elizabeth, we can carry the Kenilworth people for nothing.

Q. I just had that thought in mind. Is there any trolley service to Kenilworth? A. No, sir.

Q. No trolley service at all? A. No, sir.

Q. Then there is really nothing to co-ordinate this line with, is there? A. Well, I suppose from this line's point of view it is a case of saving the line; it is a case of getting revenue enough to save this line.

Q. Then the application made, so far as this line is concerned, does not fit in with the general petition as filed in this case? A. Yes, it does, because it is part of the system, and there is a co-ordination proposition entering into the operation on Elizabeth Avenue and on Westfield Avenue, and as this operates on Elizabeth Avenue it is a matter of the co-ordinating of Elizabeth Avenue with the other facilities that are there.

Q. But that only compromises a small part of the route? A. The whole route is pretty well compromised, using that word.

Commissioner Autenrieth: Compromised?

Mr. Lindabury: No, sir, I don't mean that.

Q. Wherever this line parallels a trolley, taking the entire mileage of the route, over the major portion of the route there is nothing to co-ordinate, is that true? A. Well, if it will answer your question to say that the major portion of the route is off trolley tracks, I will say that, but I won't say that the line cannot be co-ordinated, because it can.

Q. As a matter of fact, Mr. Warner, it does not parallel anything along the major portion of its route; isn't that true? A. Along the major portion of its mileage, I guess that is true.

Q. That is true. So that, figured on your petition, there is nothing to co-ordinate it with? A. Oh, yes.

Q. So that it does not fit in with the general petition as filed in the case? A. Yes, it does, most decidedly.

Q. In what way? A. In its operation on Westfield Avenue and giving a service between Elizabeth and Roselle Park, as being part of the service given between Elizabeth and Roselle Park.

Q. And that is a small portion of the line, is it not? A. No, that is the good big portion of the line.

Q. On Westfield Avenue? A. The service it gives between Elizabeth and Roselle Park. Never mind whether it is on Westfield Avenue or where it is; it is rendering service between Elizabeth and Roselle Park, and on that portion of the line it is a very material portion.

Q. Now, do you know just how many fares during the year are Elizabeth fares? A. No, sir.

Q. You don't know that? A. No, sir.

Q. Then why do you say that is very material then? A. Why do I say what is very material?

Q. That particular portion in Elizabeth, between the starting point in Elizabeth, to the Elizabeth line. You say that is very material? A. The statement I just made was applied to distance. You asked me if I knew the Elizabeth fares for a year.

Q. Last year, 1926? A. I can give you them for a day and state the proportion, by direct testimony.

Q. All right? A. At that time, that is, as of January on the whole route.

Q. Yes? A. The line was carrying 3,399 passengers per day, of which 954 rode into Kenilworth, and of which 1,856 were Elizabeth fares.

Q. That is, just riding on that line— A. Within the City of Elizabeth entirely.

Q. —within the City of Elizabeth entirely? A. Yes.

Q. Now, that portion of the line which is in Elizabeth is a small portion of the line, considering its entire distance, isn't it? A. The portion that this 1,856 came from?

Q. Yes? A. At the time the line ended at the arch that was the smaller half of the line. In other words, sixty per cent of the traffic came from about forty per cent of the line.

Q. How did you obtain those figures, Mr. Warner? A. Well, I think I told that story about six times already.

By Mr. Blake:

Q. I don't think Mr. Lindabury was here? A. Oh. We put observers out who actually rode the buses. They checked where the passengers got on and off and we were that way able to divide the traffic between the different municipalities. We actually checked in that way twenty-five per cent of the trips, and on the Kenilworth it was more than twenty-five per cent because of the short headway; I should think it was fifty per cent; I think every other bus was ridden. We then applied the percentages of the division of traffic obtained from the trips ridden to the total passengers carried on the line during the day, as obtained from the auditor's reports.

By Mr. Lindabury:

Q. Now, Mr. Warner, how do you regulate the buses so as to tell at what times a bus will stop at Eighth Street, and at what times a bus will stop at Twentieth Street? A. The schedule calls for the buses to run to Eighth Street from 6:30 in the morning to and including 8:50, and in the afternoon they go to Eighth Street from 5:10 to 6:50. The rest of the time they turn back at Twentieth Street.

Q. What headway is there on those buses? A. Twenty minutes in the rush hour and thirty minutes during the middle of the day.

Q. Who has charge of superintendence in Elizabeth? A. That is vested in the division manager of the Central Division.

Q. What is his name? A. Phillip F. Maguire.

Q. How, under this proposed increase, a person boarding a bus in Kenilworth, and going to Roselle Park Centre, how much will he pay? A. Ten cents.

Q. What is the distance from Twentieth Street to Roselle Park Centre? A. From Twentieth Street to Roselle Park Center?

Q. Yes? A. About three and a half miles.

Q. For ten cents? A. Yes. I want to put in what I promised you, so that this Eighth Street business don't come into the picture, as to this ride for ten cents.

Q. All right. That is agreeable to me.

Recess from 1:00 to 2:00 P. M.

After recess.

ARTHUR T. WARNER resumes the stand on behalf of petitioner.

Further cross-examination by Mr. Lindabury:

Q. What was the last question? A. You asked me how far it was from Twentieth Street to Roselle Park Centre. I replied it was three and a half miles, but if this fare increase doesn't go through, the Kenilworth end of the line will not be Twentieth Street; we will, if satisfactory to the Borough of Kenilworth, operate all service to Twentieth Street, if a reasonable fare adjustment is obtained on this line.

Q. You will operate all service to Twentieth Street? A. To Eighth Street.

Q. What kind of buses are you employing on this route now? A. Gas-electric, I think; largely if not entirely.

Q. How many buses are employed on the route? A. Seven permits on the route. We are operating six at the present time, at the top of the rush.

Q. On an average, based on all day, how many buses are you really operating? A. There are five that go through to Kenilworth and two in short service within the City of Elizabeth out through Elmora, which is the city line.

Q. You have five buses constantly employed at Kenilworth? A. No. Four in the middle of the day and five in the rush hours.

Q. Four then is the minimum during the day, four buses employed? A. Up to half past one in the morning.

Q. Have you provided any additional service, as far as Kenilworth is concerned by adding to or increasing the route going through the City of Elizabeth? A. The same service has been run to Kenilworth; there has been no additional service run to Kenilworth, the same service.

Q. You haven't put any additional buses on? A. Yes, we have put additional buses on because the route was extended; the same number of trips into Kenilworth, as we did formerly.

Q. With the same time, the same headway? A. Yes; about the same headway, and within approximately the same time.

Q. You say there are four buses employed there on an average throughout the entire day, and five at the rush hours? Do you know what

type bus they are? A. I don't know what they operate on that line every day. The equipment assigned to Elizabeth traffic is some gas-electrics and some that are others. Whether the gas-electrics are used entirely on the Kenilworth Line every day I don't know.

Q. Isn't it a matter of fact, that the gas-electrics have been taken off the Kenilworth Line? A. They may have been. They operated on that a while, and it was the only line I recall in the system that didn't respond by increased traffic to the installation of gas-electric buses. There are many other places we could put them on where the traffic would respond. There was some discussion as to taking them off; whether that was done or not, I don't know.

Q. What is the length of the distance in the Elmore section, where you go off Westfield Avenue and go through Elmora? A. The length of the route?

Q. Yes, sir? A. From the corner of Westfield Avenue and Galloping Hill road to where the line crosses Westfield Avenue again on Elmora Avenue?

Q. That is right? A. This will have to be approximate because it is rather difficult to scale it on account of the fact it is so crooked. About 11,000 feet.

Q. That is a little over two miles? A. A little over two miles; two and a quarter miles.

Q. The total receipts from the Kenilworth line in 1926 were how much? A. For the year?

Q. Yes? A. $38,132, which includes the receipts from the short service in the Elizabeth, the Elmora short service.

Q. That would average up, as I figure it, about $3,200 per month? A. If you divide that by twelve.

Q. Yes. During the past year, 1926, you showed a substantial monthly increase, in your receipts, isn't that true? A. No. One of the former independent bus operators through Elmore was purchased during the year and its purchase increased the receipts at the time it was taken over. But you will notice that the receipts per mile on the line remained just about the same throughout the year. In fact, the first three months of 1927 was lower than the first three months of 1926.

Q. I am talking about net figures now? A. Talking about net figures? The net figures were red, as big as a barrel.

Q. Monthly receipts in dollars and cents? A. Gross?

Q. Yes? A. Monthly receipts at the end of the year were higher than they were at the first of the year.

Q. What were the receipts in January, 1926? A. $2,647.

Q. Have you the figures for last March, just past? A. $4,082.

Q. That was quite an increase, wasn't it? A. Yes, sir; and the mileage increased from fifteen thousand to twenty-eight thousand, so that the car miles in March, 1926, the receipts per bus mile in March 1926 were 15.6 cents and in March, 1927, 14.5 cents.

Q. When did this Elmora Loop go into effect? A. I don't remember. It was more than a year ago, I would say.

Q. More than a year ago? A. Yes; I think so.

Q. Did the figures you gave for January, 1926, include that loop? A. I don't think it did.

Q. You don't know the exact date it went into effect? A. No; I don't know the exact date it went into effect.

Q. So that when that went in naturally the bus miles increased? A. Yes; but the revenue increased, too.

Q. I ask you, correspondingly, if it has proven profitable? A. I don't know.

Q. You don't know? A. No; unless you tell me what you mean by "profitable"?

Q. I mean, has the increased mileage added to the route, as compared with the receipts, proven that the extension of the route through Elmora has been profitable to the company? A. I don't know. It is hard to segregate any portion of a route like that and determine whether a comparatively small portion of the route is profitable or not—

Q. So we have, then, a condition where a route has been lengthened and the receipts have increased, but you can't determine whether or not there has been a profit to the company? A. No.

Q. You don't know? A. No. A profit is a very elastic word.

Q. Then you don't know whether the extra receipts cover the additional cost? A. I don't know that. I don't believe it does. I don't know.

Q. What is the average speed for this entire system? A. For what period?

Q. 1926? A. Buses or cars?

Q. Bus? A. The average speed for the system for 1926 was 8.97 miles an hour.

Q. 8.97, practically nine miles? A. With the bus transportation company buses.

Q. On this particular line, that is, the Kenilworth line, the total number of bus hours in 1926 were how many? A. 19,299.

Q. The bus miles? A. 233,099.

Q. What would that make the average speed per hour for this particular route? A. About 12.1 miles per hour.

Q. That is a good bit faster than your— A. That is faster than the average. That is due to the fact they have nothing to do out there but go over the line at speed.

Q. That is about thirty-five per cent faster? A. That is about thirty-five per cent faster.

Q. To some extent, or maybe we will say, to a large extent, the operating expenses depend upon the rate of speed, don't they? A. To some extent they depend directly proportionate to the speed, or rather, inversely proportionate to the speed.

Q. That is especially true of the bus operation, the rate per hour? A. That applies to the wages of the operators.

Q. And also to maintenance? A. No, it don't apply to maintenance.

Q. In no instance at all? A. It is not inversely proportionate to maintenance.

Q. When you say— A. (Continuing.) Because you get to a point in this—

Q. Wouldn't you say the fewer stops you make as you go along the route, that there would be less consumption of gas? A. That is true. If you don't stop you don't get people, and if you don't get people you don't get any revenue at all.

Q. I know, but you are going off the point. A. All right.

Q. In this way, for instance, there would be less wear and tear on your motor? A. Up to a certain point. When you reach an excessive speed then there is more wear and tear on the motor and reduces the equipment.

Q. In view of this exceptional speed on that route— A. That is not exceptional; it is higher than the system average, but not exceptional.

Q. Isn't it true that the direct expenses attributable to it per bus mile, are considerably less than the average for the system? A. That will work out this way: We pay operators sixty-five cents an hour. If for that sixty-five cents we get twelve miles the wages per operator per mile would be five and a half cents. If we only got nine miles, the wages per operator per mile will be a little less than seven, so that in the matter of operator's wages, the difference in cost between twelve and nine miles per hour speed will be slightly less than one and a half cents.

Q. The same would apply also to to the consumption of gas? A. No, not in direct proportion. Of course, your operators, it is in direct proportion inversely, but the other factors that do change will not change in direct proportion.

Q. Has the speed increased any during the last year, that is, part of 1927? A. May I see that a minute?

Q. (Counsel hands witness statement.) A. Yes; increased slightly.

Q. What is it? Can you determine now what the average speed is for 1927? A. For 1927? I will tell you what they were doing in March; fourteen miles per hour.

Q. These factors, when you say receipts per bus mile, figuring on the other end of the stick, those factors must be considered too in this? A. Yes; likewise they must be considered in the opposite way, where the speed is less than the system average. In other words, you can't take system costs and apply them to any particular line.

Q. I am only trying to get what merits cards we are entitled to. A. This line is a high speed line, comparatively speaking.

Q. Turn to the price of the buses on this line. There is one thing I would like to ask you: I notice from the slip I have that every bus on that line was bought for the maximum of four thousand dollars, most of them three thousand dollars, and thirty-five hundred dollars; one bus was bought for twenty-eight thousand dollars. A. That bus is not on the Kenilworth line at all.

Q. It is under the head of Kenilworth. A. Not on the Kenilworth line at all. It is a short service operation in Elizabeth, in the Elmora section. When the two lines were combined and operated as one line, it was on the Kenilworth-Elmora; that is the reason it got in there. It shouldn't be in there at all; it never went over Kenilworth.

Q. This fellow, Henry Fisher, never operated a bus to Kenilworth? A. No.

Q. That is an Elmora bus? A. That is an Elmora bus.

Q. I notice too, that Fisher had two other buses evidently that he sold on the Kenilworth line under the name of Henry Fisher? A. I told you the twenty-eight thousand dollar bus I am referring to never operated to Kenilworth. Those two I don't know anything about; I don't remember the details of the other two.

Q. So that the conditions in Kenilworth, when you purchased those buses didn't enter into it at all? A. No.

Q. This had nothing to do with Kenilworth? A. Not that particular bus, the twenty-eight thousand dollars.

Q. Are there any other buses in your central system, I think that is what you call it— A. Central division.

Q. Central division, that had less bus earnings per mile than Kenilworth?

Mr. Blake: Less earnings per mile?

Mr. Lindabury: Yes.

A. I don't think there are any lines that have less than the Kenilworth line. There are two other lines that may be fairly close to it.

Q. What are they? A. Netherwood and the line from Metuchen, to Plainfield.

Q. How about the New Brunswick and Jamesburg? A. That is merely a short service on the New Brunswick and South Amboy line, and as far as the schedule of operation is concerned, it is operated as part of that line. I didn't realize the receipts were even kept that way.

Mr. Blake: One part.
The Witness: One part, part of the day.

Q. There hasn't been any attempt to include those lines in this petition? A. No; they have all higher fares than Kenilworth.

Mr. Blake: Have they fixed zones?
The Witness: Yes.
Mr. Blake: No difference in the zone point?
The Witness: No difference in the zone point.

> Mr. Blake: I told counsel this morning that these instances are illustrative of the facts we are not attempting a fare increase here, because if we were, naturally we would ask for an increase in the rate of fare so we could get our operating expenses. There are only seven or eight places where we are asking for these changes.

Q. Is it the purpose of this application to get operating expenses— A. I don't think—

Q. (Continuing.) —or co-ordinate the entire system? A. It is to get points where there are unequal zones at present, get them equalized so as to proceed further along with the co-ordinated program.

Q. I am trying to find out whether the purpose for including the Kenilworth line in this application is because it is a poor paying line or because you are attempting to co-ordinate it with the rest of the system? A. Both, as far as Kenilworth is concerned.

Q. Then, as far as the Kenilworth line is concerned, this is a rate case? A. I don't know

what you call it. If it was a rate case, we would be applying for more than fifteen cents for Kenilworth; we ought to have about a quarter rather than the rate we have, to get anything like what might be termed an adequate return.

Q. Figuring on the distance? A. Figuring on the revenue of the line, on the cost of operation, and what we have been losing on it for the last two or three years.

Q. Assuming then, say, taking your statement, if it was a rate case, wouldn't you expect to take the whole system, as a whole, a rate and— A. If it was a rate case applied to that line?

Q. To bring in the entire system? A. No. You said applying it to the Kenilworth line, is this a rate case?

Q. The usual rate case involves the entire system, doesn't it? A. That is what we usually interpret it. That is why we say it is not a rate case.

Q. Throughout the entire system, Mr. Warner, aren't there a great many, or a number of lines, we will put it that way, that earn less per bus mile than the Kenilworth? A. I wouldn't say there are a number, no.

Q. Keeping in mind what you have just said, that the Kenilworth line is now producing twenty-two cents? A. There are a number that are earning less than twenty-two cents a mile.

Q. Yes; and most of those buses, if not all of them, operate at a much slower speed. A. I think the Kenilworth line, as a matter of operation on the route produces twenty-two cents at a lower speed than fourteen miles; that is evidently so below Elizabeth where they can't go

fourteen miles, which slows up the speed. I don't believe you will find the line is now operating at fourteen miles an hour. The result at the end of May—for instance, this schedule which went into effect April 18th, shows a speed of 10.6.

Q. 10.6? A. Yes.

Q. That is above the average? A. Yes, above the average.

Q. The saving on wages, how much did you say it was on this line because of its high speed? A. I said it is based on the difference of nine miles and twenty-two cents a mile, the saving in wages is slightly less than one and a half cents a mile. With approximately 10.6 about half of that, two-thirds of a cent a mile.

Q. Yet us go the other way, nine and fourteen? A. They are not running fourteen. If you want to credit twenty-two cents on the line, take a speed that will produce the twenty-two cents—

Q. Are you now giving credit to Kenilworth for twenty-two cents, that line? A. No, Kenilworth-Elizabeth.

Q. I mean the Kenilworth-Eliabeth line? A. Whichever way you want it.

Q. Are you going to charge us with a reduction in speed? A. Charge you for the reduced speed?

Q. Yes. A. No.

Q. If you get one, we get the other; if you are going to get twenty-two cents a mile bus earnings, then we know our speed is reduced? A. Yes.

Q. If we are going to only get sixteen cents a mile, then we know our speed is increased? A. Yes.

Q. Which are we going to get? A. Whichever way you want.

Q. You are in charge of that. Considering it the old way, fourteen miles an hour, what would that be as a saving in operators' wages? A. Almost two cents a mile.

Q. Wouldn't it be more than that? A. Fourteen miles an hour at sixty-five cents, 4.7; nine miles an hour at sixty-five cents is 7.2; two and a half cents a mile.

Q. All right. How many passengers go into Kenilworth a day; you testified to that before, I think. A. 954 in a week.

Q. These 954 will have to pay an additional fare, won't they? A. In and out, both ways.

Mr. Blake: The question was "in."

The Witness: I haven't it directly separated. This is a two-way movement; that will be forty-seven and a half dollars a day.

Q. How much is that a year? A. About fifteen thousand dollars.

Q. As I make it, I think it is seventeen and a half. A. What did you do? Multiply by 365?

Q. Yes. A. There are not 365 average days in the year.

Q. All right; make it fifteen thousand dollars.

Commissioner Autenrieth: You mean your days?

The Witness: Average revenue days.

Q. What were the total receipts for the line in 1926? A. I read it in the record once; $38,142.

Q. So that if this proposed increase goes through, the passengers going in and out of Kenilworth will pay approximately forty per cent of an increase over your last year's total revenue, isn't that true? A. At the ratio of fifteen to thirty-eight, which would be forty per cent, yes.

Q. Are there any other means of going to Kenilworth, other than your buses? A. Does the Railway-Valley still run passenger trains? I don't know of any.

Q. These 954 passengers going in and out of Kenilworth, you are mighty sure, you are sure none of them walked in this particular instance? A. I don't believe very many of them would walk.

Q. It is too far? A. Because they would have to walk quite a distance.

Q. So that practically every person going in and out of Kenilworth would be affected? A. The only people who might walk would be two or three; as I remember there are a few houses near the junction of Chestnut Street and Galloping Hill Road; those are the only ones would walk.

Q. So practically every passenger going in and out of Kenilworth would be affected by this increase? A. I would say a very large number, a very large percentage.

Q. The only thing to be co-ordinated here is from the Elizabeth line through, back into Eliza-

beth? A. Any service that is now or may later be rendered between Roselle Park and Elizabeth.

Q. That is it. The rest of the route there is nothing to co-ordinate; it is a solely distinctive service by itself? A. By itself.

Mr. Lindabury: That is all.

CROSS-EXAMINATION by Mr. Evans:

Q. Mr. Warner, are you now maintaining trolley service into Hawthorne? A. Into Hawthorne? No, sir.

Q. When was it discontinued? A. The last service that was run into Hawthorne was sometime in February. It was at the time that the borough discontinued the school contract with the independents who had the contract prior to that.

Q. Do you refer to February, 1926? A. February, 1927, this past February. I can fix the date in your mind by that; that the school contract with some independent bus men was discontinued by your borough for carrying school children from Hawthorne to Paterson; my recollection is it was in February; and we were told that the next day we would be expected to carry these school children.

Q. When was the regular service discontinued? A. Last August, the last regular service was discontinued last August.

Q. 1926? A. Yes.

Q. On the Hawthorne line, what is the length of the Paterson zone which is proposed in your petition? A. To the Paterson city line, 1.3

miles. You are speaking now of which line, Mr. Evans?

Q. The Hawthorne line, the regular Hawthorne line. A. The regular Hawthorne line, yes, 1.3 miles.

Q. That is a rather short distance, is it not, Mr. Warner? A. Well, it is 1.3 miles. It is short or long depending on the standard of comparison.

Q. I say, for a five cent ride, 1.3 miles is rather short, is it not? A. That depends on the density of traffic too.

Q. How does that compare with the average zone? A. It is shorter than the average five cent zone.

Q. A shorter zone? A. Yes, sir.

Q. What is the average zone throughout the system, approximately? It would be over three miles, wouldn't it? A. No, it was not three miles, it was not as high as three miles.

Q. Two and one-half? A. I worked that out once. I do not remember. It was less than three miles; two something; I do not remember.

Q. It is in excess of two miles? A. It was over two miles.

Mr. Blake: Doesn't the density of the traffic enter in?

Mr. Evans: Never mind; you have a good witness and he does not need any assistance.

Q. How did you happen to hit upon the figure of 1.3 miles as the basis of your zone? A. I did not happen to hit on it. It is the length of the line when you get to the Paterson city line.

Q. You simply established it on the basis of the Paterson city line? A. The Paterson city line, yes.

Q. So if it would have been a half mile you would have given it the same length?

Mr. Blake: Not the same length. There would have been a second zone.

Q. You would have fixed the same zone? A. The Paterson city line would have been the zone.

Q. Or a quarter of a mile the same way? A. If you get down to something ridiculous, I don't know.

Q. I am asking for your basis? A. The basis of chosing that point is the fact that it is the Paterson city line, that is the basis of it.

Q. No matter how small the distance between the starting point and the Paterson city line, it would have been the same zone, there would have been a zone? A. I don't know what it would have been. The question is in this case, the Paterson city line was chosen because it was the Paterson city line.

Q. Will you answer my question? A. I don't know; that is my answer.

Q. You don't know? A. No.

Q. So if the starting point on this line had been only a block removed from the Paterson city line you would have charged a nickel for that one block? A. I said I don't know.

Q. You can answer that question, can't you; you have had enough experience. A. No, because there is no similar situation as the one you outlined, as the hypothetical case you out-

lined. We have never established a zone that is a quarter of a mile long.

Q. It did not make any difference as to the length of the zone; you simply established the distance between the beginning point and the city line? A. In this case the Paterson city line was taken as the zone limit asked for because it was the Paterson city line.

Q. What is the minimum zone that you have? A. About seven tenths of a mile.

Q. What is the maximum? A. Over six miles, just about six miles.

Q. Just about six miles? A. Yes.

Q. So in the one case you get a nickel ride for seven tenths of a mile and in another case you give a nicket ride for six miles? A. If you want to ride six miles, yes, it is available.

Q. Ten times difference? A. The difference between seven-tenths of a mile and six miles. But the traffic density on the six miles—

Q. Wait a minute. You have answered the question. Where is the six mile zone? A. I was thinking of the Jackson line in Jersey City.

Q. What are the receipts per bus mile on that line? A. There are no buses on that line. That is a car line, a good line.

Q. Is this matter of locating zones a scientific method of fixing distances? A. It is a matter fixed by the Board of Public Utility Commissioners October 1st, 1923. I do not think I want to characterize it, whether it is scientific or not.

Q. As a matter of fact wasn't that agreeable to you? A. It was accepted by us.

Q. Did, as a matter of fact, the Commission fix it? A. The Commission suggested it and we acceded to the suggestion and filed rates in line with that suggestion.

By Commissioner Autenrieth:

Q. You applied for a ten cent fare? A. Yes.

Q. The Commission suggested this as an experiment? A. Yes, sir.

Q. And you put aside your ten cent fare pending the experiment and that experiment was afterward continued? A. Yes, we went along with your suggestion.

Q. That is what I mean; that experiment was afterwards continued? A. Yes.

By Mr. Evans:

Q. The Commission has never set this as the method of bus zones? A. I don't know as any method of bus zones was ever set by anybody.

Q. So this is your own arbitrary idea then, is it not? A. It is not our own idea, and I do not think it is arbitrary.

Q. What is the length of the Madison Avenue-Hawthorne line, that is the zone, the entire line? A. The entire line?

Q. Yes. A. The line operates further out in the rush hour than it does in the middle of the day. For base table operation, that is midday service, the line is 4.2 miles long and goes out a mile further in the rush hour, over to Goffle Road, out Lafayette Avenue and out Lafayette Avenue to Goffle Road.

Q. From the city hall to the Paterson city line is how much? A. 2.8 miles, the point where the line crosses the Passaic River.

Q. So, in the one case you have a zone of 1.3 miles, and in the other case you have a zone of 2.79 miles? A. Yes, sir.

Q. Do you consider this an equitable arrangement? A. In accordance with the system that adopts the municipal boundary lines of the major cities as the first fare limit, yes.

Q. Having no relation to the distance traveled? A. That is true. If you want to take a straight distance basis, the way to proceed would be to go back to the zone system on a mileage basis, as we tried out in 1919, which was probably as technically scientific a method as could be worked out, but practically—

Commissioner Autenrieth: Nobody called that a howling success.

The Witness: But practically was not possible.

By Commissioner Autenrieth:

Q. It was a failure from the practical standpoint? A. Yes.

Q. Fare collections and operating, put it out of business practically. That is a measured service? A. That is a measured service.

Q. That is what you call a measured service? A. Yes.

By Mr. Evans:

Q. What was the extent of the increase in the receipts of the Hawthorne line in 1926 as against 1925? A. I have not the 1925 figures for that line.

Q. Was there any increase according to your

recollection? A. We got more money through larger ownership.

Q. In the Hawthorne line? A. That is my recollection.

Q. Is there any improvement in the net receipts or in the gross receipts from the Hawthorne line, 1926, as against 1927? A. As against 1927?

Q. For the corresponding months of January, February and March. A. Yes, we are receiving more revenue in January, February and March, 1927, than came to us in the corresponding months of 1926, due to the ownership of—

Q. I did not ask what it was due to.

Mr. Blake: Is it entirely fair to leave the answer stand that way when the conditions are not the same?

Mr. Evans: I simply asked if there was an increase. I will deal with that subject later.

Q. It is a fact that Hawthorne is developing very rapidly, is it not? A. Hawthorne is growing.

Q. A very fast growing community, from your experience with outlying development? A. I would say it was developing, yes, quite rapidly.

Q. The purchase of this line, of the Hawthorne line, cost you $134,357.69, did it not? A. I do not recall.

Q. Have you any knowledge of the purchase price of those buses? A. What those buses cost, no.

Q. Were you in charge of the investigation of the Hawthorne bus line prior to its acquisition

by the company? A. Whatever investigation was made.

Q. And what was the purpose of your investigation? A. To determine what the traffic and revenue situation was on the line at the time, what its possibilities were when proper operation was applied to it, what its relation was as a competitive factor to the system.

Q. Wait a minute. A. You asked me—

Q. What investigation did you make, I asked? A. Will you read the last question?

(Question read.)

Q. What investigation did you make? A. Various checks of the line.

Q. Various checks of the line? A. Yes, sir.

Q. What checks were they? A. Checks showing the riding and the service, trips operated.

Q. Directed to each bus on that line? A. Of course, you had to get each bus as it operated in order to get the entire line.

Q. What was the result of your investigation? A. The result of the investigation was ultimately we bought the line.

Q. Did you recommend the purchase of the line? A. I do not recall that I did.

Q. In the ordinary course of events it was encumbent upon you to recommend or disapprove of the purchase of the line, was it not? A. No, sir; it was to report as to the situation I found on the line.

Q. What did you find as the result of your investigation? A. I found that it was a competitive line, that it was operating at that time—

Q. Competitive to what? A. Competitive to railway operation.

Q. To the railway operation? A. Yes, sir. That it was operating at that time in a way, that as far as we knew at that time we did not think was profitable, at that time, but there were possibilities that led me to believe that with proper operation, proper scheduling and co-ordination, as far as it could go, the line could be made, could be built up. The first and most important factor that was for me to determine was whether or not the line was competitive.

Q. You found as one of the elements then that the line was not a paying proposition at that time. A. That is what we determined. It has not paid since.

Q. It has not paid since? A. No.

Q. It paid at no time? A. Since we took it over, no.

Q. Or before? A. That was my belief.

Q. Your belief was founded on practical experience? A. When we started the buses, we did not have much practical experience, in buses. We had a general idea of what we thought they could be operated for. We did not take any independent's word as to what he thought he was doing.

Q. As the result of that you believed it was not a paying line? A. As the result of our own figures we believed at that time it was not by itself paying.

Q. When did you start the operation of buses? A. I don't remember. On that line?

Q. I mean in general throughout the system. A. In general throughout the system, the latter part of 1923, early in 1924.

Q. You acquired, according to the record of data relative to bus purchases furnished by the company, you acquired most of these buses in 1925, did you not, the latter part of 1925? A. Whatever it says. I do not recall for that particular line.

Q. So that represents not less than two years of practical experience in bus operation? A. Well, the determination of what was to be done with that particular line was made before that, as to whether or not it was competitive and as to whether or not we should—

Q. I say, by the time you took that over you had two years of practical experience? A. Yes.

Q. In bus operation? A. Yes.

Q. Wasn't that sufficient for you to determine? A. Those two years were very discouraging, very discouraging.

Q. You could learn in that time whether or not the line was paying or whether or not it was not, by the check-ups you adopted? A. That is true.

Q. You acquired from the Ballone Transportation Company, Permit No. 23, on 9/12/25, for a consideration of $19,796.60; you acquired Permit No. 27 from the Rosewall Transportation Company on 7/27/25 for $17,821.29; you acquired Permit 95 from H. Rothman on 9/14/25, for $19,792.35; you acquired Permit No. 97 from A. & R. Borsky on 9/12/25 for $19,799.10; you acquired Permit No. 93 from the Hamilton Transportation Company on 9/12/25 for $19,797.85. Had you any idea of the actual value of those buses at time of acquisition? A. Had I?

Q. Yes. A. No.

Q. Who obtained that knowledge for the company? A. What do you mean by actual value?

Q. The physical value of those properties. A. In most cases—I do not know whether this applied to this case—some member of the bus maintenance force inspected the buses.

Q. Who would that have been in this case? A. I do not recall. Different people did it at different times.

Q. Is there any record in the company of what the company considered these buses actually worth as a matter of physical valuation? A. I don't know, unless it was on that calculation submitted by Mr. Tuson or Mr. Young.

Commissioner Autenrieth: Isn't that set up on the books of the company according to Mr. Tuson's testimony?

Mr. Blake: Yes.

Commissioner Autenrieth: The difference between the tangible and the actual value.

The Witness: That question was covered by them. I do not know anything about it.

Q. Those are the prices paid for what you considered a losing proposition? A. At that time we did not think it was operating profitably.

Q. You continued to operate those buses so acquired, did you not, from the date of acquisition? A. Yes. I do not know whether those buses are still operating, but the service is being rendered.

Q. A year and two months after those buses

were operated, you acquired Permit No. 37 from the Hawthorne Transportation Company under date of 11/30/26, and you paid $37,350 for that one bus? A. Did we?

Q. That is according to your records. That is a surprise to you? A. I do not think your statement is correct. I do not know. I do not know anything about the buying of the buses, anyway.

Mr. Blake: There were two buses, one permit.
The Witness: Yes, that is it.

Adjourned until Wednesday, May 18th, at Newark, New Jersey.

BOARD OF PUBLIC UTILITY COMMISSIONERS,

Newark, N. J., Wednesday, May 18, 1927.

PUBLIC SERVICE RAILWAY COMPANY & PUBLIC SERVICE TRANSPORTATION Co. Application for adjustment of fare zones and other relief.

Before Commissioner Joseph F. Autenrieth, Esq., Pres.

For petitioners appears George H. Blake, Esq.
For Irvington appears Charles H. Stewart, Esq.
For Hawthorne appears W. W. Evans, Esq.

For Roselle Park appears M. P. O'Connor, Esq.

For Clifton appears Wm. B. Gourley, Esq.

For Lyndhurst appears Luther Shafer, Esq.

For Elizabeth appears John J. Griffin, Esq.

For Kenilworth appears Joseph F. Lindabury, Esq.

Mr. Griffin: If your Honor please, representing the City of Elizabeth, we have been around here for seven or eight days, and the attorneys for the municipalities and Mr. Blake have kindly agreed to allow us to present what we have now at this time, in this case.

Commissioner Autenrieth: All right, if that is agreeable, you may do it.

DENNIS F. HENNESSY, sworn on behalf of objector, City of Elizabeth:

Direct-examination by Mr. Griffin:

Q. Mr. Hennessy, you are a member of the Board of Public Works, of the City of Elizabeth? A. I am.

Q. And you have been for how long? A. Going on three years.

Q. And you are familiar with transportation matters pertaining to the City of Elizabeth and within the City of Elizabeth? A. Yes, sir.

Q. I show you, Mr. Hennessy, a number of letters and ask you if they were received by the Board of Public Works of the City of Elizabeth? A. Yes, sir, they were all received and are all stamped by the clerk of the Board.

Q. And what does the contents of those letters refer to? A. They are in the nature of a protest by the various associations against an increased fare on the Aldene Line, that is, between the City of Elizabeth and Roselle Park, and between the City of Elizabeth and Kenilworth.

Mr. Griffin: I offer those letters in evidence at this time.

Commissioner Autenrieth: Any objection?

Mr. Blake: No, sir.

Letters of protest against increased fare on Elizabeth-Aldene Line, received and marked Exhibit O6.

Q. Now, Mr. Hennessy, I hand you three papers and ask you what those papers are? A. They are applications for permission to run a bus on what is known as the Aldene Line.

Q. And in those applications, is the rate of fare stated, to be charged? A. Yes, sir, in each case, five cents.

Q. By whom are those applications made? A. Patsy Arace—

Mr. Blake: I don't think these have any relevancy, but the City wants to put them in.

Commissioner Autenrieth: We will receive them for whatever materiality they may have, as it develops.

A. (Continuing.) —Charles Montano and Thomas Malenga.

Commissioner Autenrieth: Those names sound familiar to me. They were operating before, weren't they?

The Witness: They surely were.

Mr. Griffin: I offer the applications as now proven by the witness, in evidence.

Three applications for permission to operate on Elizabeth-Aldene Route, by Patsy Arace, Charles Montano and Thomas Malenga, received and marked Exhibit O7.

Q. I hand you a batch of papers and ask you what those papers are? A. They are also applications for permits to run buses on what is known as the Aldene Line.

Q. That is the Elizabeth-Aldene Line, you refer to? A. The Elizabeth-Aldene Line, yes, sir.

Q. Is that the Roselle Park Line, known as the Roselle Park Line, also? A. Yes, sir.

Q. How many applications has your Board received for permits to operate buses on the Elizabeth-Aldene Line? A. To the number of 70.

Commissioner Autenrieth: Seventy?

The Witness: Seventy, which I now hold in my hand.

By Mr. Griffin:

Q. How many of those applications have stated in them the amount of fare to be charged by the applicant? A. The fare stated to be charged on the entire seventy is five cents.

Q. Seventy of them have that fare contained therein? A. Five cents on each one, yes, sir.

Q. I see. You were familiar with the operation of buses in the City of Elizabeth, were you not? A. Yes, sir.

Q. And you are today? A. Yes, sir.

Q. Was there not a schedule of operation maintained on all lines in the City of Elizabeth? A. There was, and there is now.

Q. Was there a schedule of operation maintained on the Elizabeth-Aldene Line? A. Yes, sir.

Q. What was the schedule of operation? A Five minutes in the rush hours, eight minutes in the slack hours, or the middle of the day.

Q. Can you tell us whether or not that schedule was maintained? A. From our reports, it was. To my knowledge, during my term as member of the Board, I never remember receiving a complaint from the patrons of that particular line.

Q. Do you know what would occur if one of the buses on the Elizabeth-Aldene Line should break down, what would happen to the schedule then? A. They would step up; in other words, to fill that gap they would advance that schedule to a little quicker headway on the next bus.

By Commissioner Autenrieth:

Q. Cut down the layovers? A. Pardon me?

Q. Cut down the layovers? A. Yes, sir, and in addition to that speed up a little to make up the lost time.

Mr. Griffin: That is all.

Mr. Blake: No questions.

Mr. Griffin: I offer those applications in evidence.

Applications (70) to Board of Works of City of Elizabeth for permits to operate buses on Elizabeth-Aldene Route, received and marked Exhibit O8.

FRANK J. TRAVERS, sworn on behalf of objector, City of Elizabeth:

Direct-examination by Mr. Griffin:

Q. Mr. Travers, you are president of the Board of Public Works of the City of Elizabeth? A. I am.

Q. And you are familiar with the transportation systems in the City of Elizabeth? A. Yes, sir.

Q. And have been for how long past? A. I have been a member of the Board of Public Works now going on eight years.

Q. Was there or not a schedule of operation of jitney buses in the City of Elizabeth? A. There was.

Q. On the Elizabeth-Aldene Line what was the schedule of operation? A. Five minutes during the rush hours and eight minutes throughout the remainder of the day.

Q. Did your Board, in your time as a member thereof, have any complaints as to the non-operation of that schedule? A. No, sir.

Mr. Griffin: That is all.

Mr. Blake: No questions.

Objector's Witness, Charles Montano, Direct

CHARLES MONTANO, sworn on behalf of objector, City of Elizabeth:

Direct-examination by Mr. Griffin:

Q. Where do you live, Mr. Montano? A. 233 Spencer Street, Elizabeth, N. J.

Q. What is your business? A. Chauffeur.

Q. Were you at one time operating a jitney bus in the City of Elizabeth? A. I was.

Q. On what line? A. The Aldene Line.

Q. How long did you operate a jitney bus on the Aldene Line? A. Six months.

Q. For whom? A. Narse.

Q. Was he an independent owner? A. He was.

Q. You were familiar with the schedule maintained on the Elizabeth-Aldene Line, were you not? A. I was.

Q. What was the schedule maintained on that line? A. Five minutes in the rush hours and eight minutes in the slack hours.

Q. What would happen if one of the buses would break down? A. Why, we would step one ahead. If there were any cars at the end of the line, they would step one car up ahead of his scheduled time, so as to fill up the gap.

Q. Mr. Montano, have you made application to the Board of Public Works of the City of Elizabeth for a permit to operate a jitney bus on the Elizabeth-Aldene Line? A. I have.

Q. I show you an application and ask you if that is your signature? A. It is.

Q. And ask you if you made that application to the Board of Public Works? A. I did, in 1918.

Q. Are you willing now to accept a permit to operate a bus on the Elizabeth-Aldene Line? A. I am.

Q. At what rate of fare? A. A five cent fare.

Mr. Griffin: Take the witness.

CROSS-EXAMINATION by Mr. Blake:

Q. Mr. Montano, when you operated your buses, as you say, on a schedule, did your buses leave every five minutes from the end of the line during the rush hours? A. They did.

Q. And did you have time points along your route where you were operating, or just every five minutes you left and went to the end of your route, and then turned around and came back again? A. No, we had time points.

Q. Where were your time points? A. Five minutes from the corner of South Broad and—from the Bayway Station to South Broad Street, South Broad and Bayway; five minutes from Bayway to Broad and the Avenue; five minutes from there to the Arch; five minutes from the Arch to the Bayway, known now as Elmora Avenue; five minutes to Roselle Park; and five minutes to Elizabeth.

Q. Those were the time points split up in five minute periods? A. Yes, sir.

Mr. Blake: That is all.

PATSY ARACE, sworn on behalf of objector, City of Elizabeth:

Direct-examination by Mr. Griffin:

Q. Where do you live, Mr. Arace? A. 601 Third Avenue, Elizabeth, N. J.

Q. Have you made application to the Board of Public Works of the City of Elizabeth for a permit to operate a jitney bus on the Elizabeth-Aldene Line? A. Yes, sir.

Q. I show you a paper and ask you if that is the application made by you? A. Yes, sir, it is.

Q. And signed by you? A. Yes, sir, that is my signature.

Q. On what line do you want to operate a jitney bus? A. The Aldene Line.

Q. The Elizabeth-Aldene Line? A. The Elizabeth-Aldene Line, yes, sir.

Q. If a permit is granted to you to operate a bus on that line, are you willing to operate on a five cent fare? A. Yes, sir.

Mr. Griffin: Cross-examine.

Mr. Blake: No questions.

Mr. Griffin: Mr. Malenga.

Commissioner Autenrieth: Is this witness going to testify to the same thing?

Mr. Griffin: Yes, sir.

Commissioner Autenrieth: Is there any objection to stipulating on the record that Mr. Malenga will testify to the same things the two previous witnesses testified to?

Mr. Blake: No, sir.

Commissioner Autenrieth: Is that all you have?

Mr. Griffin: That is all I have to offer at this time, but I would like permission to file later a schedule of rates as to jitney buses that were in operation in the City of Elizabeth.

Commissioner Autenrieth: A schedule that the independents operated on?

Mr. Griffin: Yes, sir.

Commissioner Autenrieth: You want to offer it as an exhibit in your case, you mean?

Mr. Griffin: Yes, sir.

Commissioner Autenrieth: Is there any objection to that?

Mr. Blake: No, sir.

Commissioner Autenrieth: All right, you may send that in.

Mr. Griffin: And that is all we have to offer.

ARTHUR T. WARNER resumes the stand on behalf of the applicants:

Mr. Evans: I am through with Mr. Warner. I believe Mr. Eddy wants to ask a few questions of Mr. Warner.

By Mr. Eddy:

Q. In your testimony I think you stated that your count showed that there were 3,784 passengers on the Broad line who got on and off

cars west of the Newark-Irvington City line; is that correct? A. No, sir, that was on the Springfield line.

Q. That was on the Springfield line? A. Yes, sir.

Q. Have you got that corresponding figure on the Broad line? A. Yes, sir.

Q. Would you mind giving it to me, please? It might be in already. A. It is in, but the figure on the Broad and Nutley cars, of the business done west of the city line, was 2,226, of which 337 were local within Irvington and 1,889 rode from Irvington into Newark or vice versa.

Q. Now, have you got the number of passengers out of that total who got on and off between the city line and Irvington Centre? A. No, sir, I have no division of the Irvington traffic between the city line and Irvington Centre.

Q. From your knowledge of the line, do you say or do you not say that the proportion of those that got on and off in that territory is smaller, as compared to the total who got on and off west of the Centre? A. I would say it was a minority, less than half.

Commissioner Autenrieth: What are you speaking of, cars or buses?

Mr. Eddy: Cars.

The Witness: Yes, it is less than half. Considering Irvington, the business originating west of the Centre is greater than what originates east of the Centre.

By Mr. Eddy:

Q. How about buses? A. The same would apply to buses.

Q. The same would apply to buses, too? A. Yes, sir.

Q. That being the case, has it occurred to you that it might be advisable or advantageous to move that zone point from the city line to Irvington Centre? A. I don't think it would be either advisable or advantageous.

Q. It wouldn't be advantageous to whom, to anybody? A. To us, as an operating system. We haven't anything to give away. We can't start giving things away.

By Commissioner Autenrieth:

Q. What is the distance between the city line and Irvington Centre? A. I think that is in the record.

Q. It may be in the record, but if it is I have forgotten it for the moment? A. From the Newark City line to Irvington Centre on Clinton Avenue it is about 3,300 feet, and on Springfield Avenue it is almost 4,000 feet.

By Mr. Eddy:

Q. Your objection to moving that point then is because it would mean a loss in revenue? A. It would mean a decrease in railway revenue at the present time.

Q. In bus revenue, too? A. I don't know. If all the zones were fixed at Irvington Centre instead of where they are now, I don't know what the resultant revenue figure would be without further study.

Q. Now, in your testimony you mentioned, as I recall it, that improved service is usually followed by increased revenue and you cited as

an illustration the service on the Kearny line, that has recently been restored, did you not? A. Yes.

Q. On the Kearny line that was more than improved service, wasn't it? Wasn't it restored service as well as improved service? A. That was a combination of improvements in service. There was a rerouting to more advantageously serve those communities; there was an increase in service, and there was an improved type of service, a combination of those three, so that the result was an increase in riding of some three or four hundred passengers per day.

Q. What I want to do is to clarify the record a little bit with regard to that, because I think it stood a moment ago that it indicated the improved service over there was due to running an improved type of cars and co-ordinating the buses and trolleys together, and I want to show that in addition to that there was a restored service as well. I thought that ought to be made clear, that the service had been discontinued on the Kearny line during the rush hours and then restored again? A. Yes, but the Harrison cars were there, giving service on Kearny Avenue.

Q. Yes, the Harrison cars were there. A. So that if there had been any change in the fare situation it would have been impossible to take place. It was only because the fares were equalized that it was able to take place.

Q. Along that same line, don't you think what you did on the Bloomfield line would be perhaps a little more comparable? For instance, you placed in operation some ten or twelve so-called de luxe cars on the Bloomfield line? A. Yes, we did.

Q. Did that, or did it not, improve the service? A. I think it did.

Q. I beg your pardon; I mean did it not result in increased revenue? A. As far as we can observe at the present time, because other factors entered into it, there was an increase in business on that particular service. Those cars were operated on the Caldwell service entirely, and we have noticed a very great tendency on the part of the people up there to wait for those cars.

Q. People who previously apparently did not use the cars at all? A. Yes, some of that, too, actual cases that came to our attention.

Q. You also mentioned, as I recall it, that some Irvington residents used the Lyons Avenue buses to come down to Newark, and I think the question was asked whether or not that wasn't a roundabout route, compared with the Clinton Avenue bus line, or the Broad line or even the Springfield Avenue line, and I think you said it was? A. Yes.

Q. Why do people use it then? A. I don't know.

Q. Isn't it because they make a little better time, even though it is a roundabout route? I am not speaking of scheduled time so much as I am of actual time? A. There would be a tendency on the part of that bus line to operate with fewer interruptions, because a less proportion of the route operates through the congested territory that the Springfield Avenue buses do. They can make very free running, coming down Lyons Avenue, and of course, some of them come down Runyon Street.

Q. Isn't there another reason? A. And, of course, another reason is that anybody living in the neighborhood of Lyons Avenue and Springfield Avenue has easier access to that bus line.

Q. Don't those people, together with perhaps a comparatively few others, who get on down Lyons Avenue, fill the buses up, in a great many instances, so that when they get down in the neighborhood of Hunterdon Street, they are practically all filled in the rush hours, and the people down there have great difficulty in getting on them, let alone getting a seat? A. A number are filled up when they get down to Hunterdon Street, yes.

Q. They are partly filled with Irvington passengers, who could take the direct Irvington service on Clinton Avenue and Springfield Avenue, are they not? A. No, I don't believe they are filled up with people who could take the other service, no.

Q. I don't mean all of them, but some of them? A. There are some of them who could take the other service, yes.

Q. Quite a good many? A. A good sized number.

Q. Hasn't the Public Service Transportation Company received some complaints about the overcrowding of those Lyons Avenue buses, particularly when they get down around Hunterdon Street? A. That was one reason why we put in the short service, turning back at the Newark city line.

Q. On the Lyons Avenue route? A. Yes.

Q. Has that met the condition? A. I think it has.

Mr. Eddy: That is all.

CROSS-EXAMINATION continued by Mr. Stewart:

Q. Mr. Warner, you said 1,889 people crossed the Irvington line on the Broad-Nutley trolley line, and went beyond the Centre? A. No, I said went into Irvington; I didn't say where they went when they got there.

Q. Do you know where they go to? A. No, sir.

Q. Do you know how many of them were local traffic? A. None of those were local traffic. The 337 figure is the local traffic figure.

Q. You do not know where the 1,889 go to? A. How many of them got off east or west of Irvington Centre, no; I don't know what the distribution of them was.

Q. And you don't know how many people on the buses who crossed the Newark-Irvington city line, how many of them ride beyond the Centre? A. No.

Q. Would there be any advantage in moving the zone from its present location at the Newark-Irvington City line to the Centre, on the trolleys? A. I don't think it would, not from an operating point of view, certainly.

Q. If you carried the zone to Irvington Centre, wouldn't a large number of persons who now use the buses because they can ride that far for a five cent fare transfer their patronage to the trolleys? A. They possibly would.

Mr. Stewart: That is all.

Applicants' Witness, Arthur T. Warner
Re-direct

RE-DIRECT EXAMINATION by Mr. Blake:

Q. At the last hearing Mr. Evans was questioning you about receipts on the Hawthorne line in 1925 and 1926, and you showed the increase in dollars. Was there any increase in the number of buses owned by Public Service Transportation Company in 1925 and 1926? A. There was a larger ownership, practically corresponding to the increase in receipts, that is, the increase in receipts was due to a larger ownership.

Q. There was no large gross increase in business, total business? A. I do not recall that there was.

Q. In answering one of the questions asked, you started to show the part that density of traffic plays in the ability of the company to operate through certain territory for a certain rate, and you were interrupted. Did you wish to add anything, or continue that explanation? A. Density of traffic, the presence of a large short haul business, are two factors which are probably of the utmost importance in the consideration of any rate of fare. Taking the situation for instance between Newark and Irvington as an example, if the lines operating from Newark into Irvington, instead of running through a densely populated section of Newark, and in that distance having the benefit of a very high traffic density and a very large amount of short haul business—if Newark was not here at all, if their operation from the tube station to Irvington extended through, we will

say (using an extreme case), we will say through woods, and there was no tributary population at all, and they did not do any business until they got to Irvington, the operation by anybody would be absolutely impossible.

Q. At what rate of fare? You say the operation would be impossible? A. Take the Clinton Avenue route, for instance; if the Clinton Avenue route business was confined entirely to the business that was taken out of Irvington, the receipts per mile would be approximately twenty cents a mile.

Q. And your operating cost is how much? A. Approximately thirty cents.

Q. In other words, if you were depending on the local business in Irvington on that line— A. In other words, put it this way: Irvington has been living on the transportation that Newark has been paying for, as far as those lines exist, and it is even more so in the case of Roselle Park and Kenilworth.

Q. That is on the Elizabeth business you mean? A. Those operations there have been living on the business that came from Elizabeth. Simply because Roselle Park or Irvington, as the case may be, happen to be adjacent to the very fruitful territory in Newark, that is the only reason that an independent or anyone else could exist this long. You might use an absurd case and show that it would be possible with a large amount of short haul business in Newark, to actually operate service from here to Trenton or from here to New Brunswick for five cents and still perhaps show for the entire line a

reasonable revenue figure, but that would not justify the five cent fare to New Brunswick or to Trenton.

Q. That would be true if the intervening municipalities had a density of population sufficient to carry them, is that the reason; all the short riding? A. Build up a high amount of short riding where the traffic is dense.

RE-CROSS EXAMINATION by Mr. Stewart:

Q. Mr. Warner, let me ask you a question: The other day you testified, as I remember it, that the seating capacity of the trolley cars on the Springfield Avenue line, and the Broad line or Nutley line, running from Newark to Irvington, was about forty-seven, I think you said? A. Yes, sir.

Q. That is figured on an allowance of so many inches for each person to sit in, is that it? A. Yes, sir. I think we figure seventeen inches per seat.

Q. As a matter of fact, however, the trolleys very frequently carry seated more than forty-seven passengers, do they not? A. In the summer time they probably do. In the winter time when people are wearing overcoats, they will run pretty close to the seating capacity.

Q. In the summer time when people are not wearing overcoats you very frequently get seated passengers— A. Possibly two or three more on a side. I can show you how that seventeen inches per seat works out. Overcoats bulge out. That is just about eighteen inches, between

those arms of the chair. Seventeen inches we always thought was a very fair allowance.

Commissioner Autenrieth: Per seat?

The Witness: Yes, seventeen inches per seat. It is eighteen inches between those two arms. If I can discuss that further for a moment. The City of Newark, when they used to measure for the seating capacity of the old independent buses figured on fifteen inches per seat. We always thought that was a little narrow. In fact, standard practice I think pretty generally adopted throughout the country for seating capacity runs from sixteen to seventeen inches per passenger. When you have a cross seat, your cross seats are either thirty-two or thirty-four inches. The new seat we have on the Kearny car is a thirty-four inch seat, cross seat cars. On the other hand it developed in a hearing a week or two ago in Jersey City, that in Jersey City they want twenty-two or twenty-three inches per seat.

Q. Does this seating capacity of forty-seven or forty-eight you refer to include the seats which are provided on the rear platforms in these one man trolleys? A. Yes, sir. The seats on those cars will run from forty-four to fifty and I gave you an average of forty-seven.

Q. When the cars are crowded so that the people are standing and the car is loaded to capacity with standing people, how many do they carry then; do you know? A. We usually figure that on a line with a high peak at the top of the rush, depending upon the character-

istics of the line, that the peak load should not go over between 175 and 200 per cent of the load factor. The variation depends on the length of the ride, the length of the standing and the intensity of the peak. That would mean one standing passenger for every passenger seated as a maximum. If you take an individual car you can get more people on it than that; you can get more people on it than ninety-four or ninety-five passengers.

Q. Very frequently you run those cars on the Broad line and Springfield Avenue line when they are crowded, with as many as 115 or 120 passengers, don't you? A. 115 or 120 passengers on the 2400 type that has a seating capacity of 44 would be an awful heavy load. On the 2600 and 2700 type car, with a seating capacity of 50, you could put on 115 or 120.

Q. The buses, I think you said your largest type buses accommodated seated 30 people? A. Thirty-one.

Q. And your smaller type buses range from 22 to 25 seated. I am now referring to what you run in the City of Newark on your Clinton Avenue line? A. I do not believe we have very many, if any as low as twenty-two now. I think twenty-five up; twenty-five, twenty-seven, twenty-nine, thirty-one.

Q. The crowded capacity at the peak on those buses which seat 30 or 31 would be how many? A. About 55 to 60. Comparatively there is not as much standing area in a bus as there is in a car. There is not the rear platform to use.

Applicants' Witness, Arthur T. Warner, Re-cross

Q. You speak of density of population. How many people to the acre must there be in order to have what you call a dense population, using it in the traffic sense. A. I do not know. I have never figured it out in those terms.

Q. In other words, when you used density of traffic, you did not have any particular number of persons in mind within a given area? A. No. I used it in a relative sense.

Q. It costs how much, did you say, per bus mile to operate your cars? A. Operating cost approximately thirty cents.

Mr. Blake: Buses.

The Witness: For operating buses, yes, sir.

Mr. Stewart: Buses, I should have said.

Q. In the City of Newark, I understood you to say that your traffic paid sufficient per bus mile so as to carry that cost of thirty cents.

Mr. Blake: On what line? You just mentioned those two lines, Clinton and Springfield Avenue.

Mr. Stewart: I am speaking of the two lines he referred to.

A. I would say it did.

Q. Without the Irvington traffic at all, do you say that the Springfield and Clinton Avenue lines operate at merely a bare carrying cost, or do they make a substantial profit? A. Your question now was, if those lines operated merely in Newark and did not go into Irvington at all?

Q. Yes, sir. A. I would say they would make

a substantial profit. That is a hypothetical question but I will answer it that way.

Q. Let us take the reverse of your proposition. Suppose you operated your Clinton Avenue line over the route it now runs and you carried merely Newark passengers and Irvington was a woods, as it is often reputed to be, would your line then make money? A. On the basis of the present traffic it carries in Newark?

Q. Yes, sir. A. And the mileage that would then be operated to handle that traffic, with no change in service and with no change in route?

Q. In the length of route. A. Change in the length of route, surely; it would not go into Irvington.

Mr. Blake: He did not say that. It runs from Newark over the present route, but it does no business from Irvington west; you have to run the mileage but do not do any business.

Q. You have to run the mileage but only are carrying the passengers you now carry in Newark? A. That was not the supposition I started on before when I answered the hypothetical question.

Q. It was the supposition I started on. Suppose we get it answered. A. I don't think it would.

Q. Have you made any calculation to find out whether it would or not? A. It would not.

Q. How much would it fall short? A. It would fall considerably short.

Q. That is a relative term also? A. Yes, sir. It would fall—its revenue would be somewhere between eighteen cents and nineteen cents a mile on that last supposition, if Irvington was a woods, of course, you would not run the mileage when you got into the woods. You would stop with that.

Q. Also if Newark was a woods nobody would want to go down to it except to picnics? A. No. Here is the tube station. I started with the tube station. Then if you did not have population out through there, and had to run the service to get the people from Newark, the tube station—of course, both of them are hypothetical questions.

JOHN BAUER, sworn on behalf of municipalities.

Direct-examination by Mr. Evans:

Q. Doctor, what is your business? A. I am an economist and have specialized in public utility finance and rate making.

Q. What colleges, if any, have you been associated with in that capacity, as an economist? A. I am a graduate of Yale College, and in 1908 received the Doctor of Philosophy in Economics and Finance from Yale University. In the fall of 1908 I went to Cornell University as instructor in economics and finance and was there six years as instructor and assistant professor of economics and finance. During that time I lectured on accounting, corporation finance and

public utilities. In 1914 I went to New York City as statistician for the Public Service Commission of the State of New York, first district. I was there two years and a quarter. Then I went to Princeton University, in charge of a newly created department in accounting, corporation finance and I gave a graduate course in public utility regulation and finance. In 1917 I took a leave of absence from Princeton and went back to the Public Service Commission, first district, New York, as chief of the accounting division of that Commission. In that position I had charge of all the accounting, statistical, financial and general economic investigations in connection with rate cases, security issues and such financial matters. I occupied that position until November, 1919, and since that time I have been in consulting business on finance and public utility rate questions. During this time I have been retained practically all the time by the City of New York in its public utility litigation. I have published a large number of technical articles on valuation, public utility finance, costs, matters of that sort, in economic and technical journals, and have published a book on effective regulation of public utilities in 1925, by the MacMillan Company, New York City.

Q. Is that all, Doctor? A. At the present time I am editor of a department of public utilities in the National Municipal Review. I write that department each month for that publication.

Q. Have you prepared certain statistics for the benefit of the Commission in this particular case? A. I have.

Q. From what sources did you procure the information which was necessary for you to prepare these statistics? A. From the Public Service Transportation Company. The figures were obtained either directly from the records of the company, or were supplied by the company at my request. Some of the figures that were supplied on my request have been checked by me or my assistants. Most of the figures were taken without special checking; they seemed reasonable and conformed with the reports of the company; what appeared to be the facts.

Q. Did you also have resort to the records of the Commission? A. Yes. I have used the reports filed with the Commission as to the Public Service Railway Company, but I obtained practically all of the data that I have used before the transportation company's report was filed, but that report is filed now and many of the figures I am using would now be available from those reports.

Q. I show you Municipalities' Schedule #1, which purports to be the estimated operating results and return for the calendar year of 1927 of Public Service Transportation Company and ask whether that was prepared by you? A. Yes, sir, it was.

Mr. Evans: I ask to have that marked. I offer it in evidence.

Statement of estimated operating results and return for calendar year 1927, Public Service Trans. Co., received and marked Exhibit 09.

Mr. Evans: Any objection to my offering all these exhibits at this time?

Mr. Blake: I do not think so.

Mr. Evans: I offer in evidence Municipalities' Schedule #2, estimated operating results and return for the calendar year 1927, Public Service Transportation Company and ask whether that was prepared under your supervision?

The Witness: Yes, sir.

Mr. Evans: I offer that.

Statement of estimated operating results and return for calendar year 1927, Schedule #2, received and marked Exhibit O10.

Mr. Evans: The same with reference to the operating revenue analysis of Public Service Transportation Company and indicated as Municipalities' Schedule #3. I offer that in evidence.

Statement of operating revenue analysis, Public Service Trans. Co., Schedule #3, received and marked Exhibit O11.

Mr. Evans: That was prepared under your supervision?

The Witness: It was.

Mr. Evans: The same with reference to the statement of operating revenue deductions for the calendar year 1927, Public Service Transportation Company indicated as Municipalities' Schedule #4.

Statement of operating revenue deductions for calendar year 1927, Public Service Transportation Company, Schedule #4, received and marked Exhibit O12.

Mr. Evans: I ask if that was prepared under your supervision?

The Witness: It was.

Mr. Stewart: Does that consist of two sheets?

The Witness: Yes, sir, that consists of two sheets.

Mr. Evans: I think for the purpose of the record it would be better to offer them in consecutive order. Could I have yours, Mr. O'Connor?

Mr. O'Connor: Municipalities' Schedule #5 designated investment in intangible property including going concern, July 1st, 1923 to December 31, 1926, marked Exhibit O13.

Mr. Stewart: Together with 5a?

Mr. O'Connor: #5a designated capital charges for private buses purchased, consisting of three sheets.

Schedules #5 and #5a received and marked Exhibit O13.

Mr. O'Connor: Also municipalities' exhibit designated data relative to private buses purchased and retired. That is marked Exhibit O14.

Statement of data relative to private buses purchased and retired, received and marked Exhibit O14.

By Mr. Stewart:

Q. Doctor Bauer, referring back to this Exhibit O13 entitled capital charges for private buses purchased; how many sheets does that consist of? A. I think there was a change made

in one of the copies. Some of the copies have two sheets and some have three sheets. It is either two or three sheets. The copy I have here in my bunch has two sheets, but it is possible that one of the exhibits has three sheets.

Q. Let us understand this, in Mr. Blake's there are three sheets of carbon; does that correspond with the two sheets of carbon copies that are in mine? A. Yes, sir.

Mr. O'Connor: We offer in evidence schedule marked V. C. for municipalities which will be Exhibit O15, designated comparative balance sheets for the years 1923 to 1926, inclusive, consisting of two sheets, and one sheet marked comparative income statement.

Comparative balance sheets for 1923 to 1926 and comparative income statement, received and marked Exhibit O15.

Mr. O'Connor: I also offer exhibit designated "Bus Equipment as of December 31, 1926."

Statement headed "Bus Equipment as of December 31, 1926," marked Exhibit O16.

Mr. O'Connor: I offer in evidence an exhibit designated "Buses Operated on the Lines Affected by the Petition."

Statement headed "Buses Operated on the Lines Affected by the Petition" marked Exhibit O17.

Mr. O'Connor: And an additional exhibit designated "Data Relative to Bus Purchases."

I have only one copy. You haven't any for distribution?

The Witness: No, sir.

Statement headed "Data Relative to Bus Purchases" marked Exhibit O18.

Mr. Evans: I next offer Municipal Schedule #6 of the Public Service Transportation Company showing the comparative monthly operating results.

Schedule #6, showing comparative monthly operating results, marked Exhibit O19.

Mr. Evans: The same with reference to a chart entitled monthly operating results January, 1925, to March, 1927, of the Public Service Transportation Company.

Chart of monthly operating results January, 1925, to March, 1927, P. S. Trans. Co., marked Exhibit O20.

Mr. Lindabury: I next offer Municipal Schedule #8 showing the estimated operating results and returns on the eleven petition lines for the calendar year 1927, of Public Service Transportation Company.

Municipal Schedule #8 showing estimated operating results and returns on 11 lines for 1927, marked Exhibit O21.

Mr. Lindabury: I next offer Municipal Schedule #9 showing monthly operating results of designated lines for the calendar year 1926, and the first three months of 1927, of Public Service Transportation Company, and this exhibit is composed of two sheets.

Schedule #9, showing monthly operating results for 1926 and first three months of 1927, P. S. Trans. Co., composed of 2 sheets, marked Exhibits O22a and O22b, respectively.

Mr. Lindabury: I next offer Municipal Schedule #10 showing the bus routes operated at less than twenty-five cents receipts per bus mile of Public Service Transportation Company.

Municipal Schedule #10, showing bus routes operated at less than twenty-five cents receipts per bus mile, P. S. Trans. Co., marked Exhibit O23.

By Mr. Evans:

Q. Referring to Exhibit O9 entitled 'Estimated operating results and returns, for the calendar year 1927''; will you please explain the purpose of that schedule? A. The purpose is to show the operating results for the calendar year of 1927 in order to indicate the rate of return that would be earned by the Transportation Company for that year, on the basis of the present level of operations on the investment or fair value of the property.

It is based on the estimated bus miles to be operated at forty-two million. That is given in line one and is supported by a later schedule.

Line 2 gives the operating revenues at thirty-two cents per bus mile for the forty-two million miles at $13,440,000. The thirty-two cents is the estimated receipts for the year and is supported by a separate schedule.

Line 3 gives the operating revenue deductions, which include operating expenses and taxes, with the exception of the Federal Income Tax. The rate is taken at 28.7 cents per bus mile, giving forty-two million bus miles $12,054,000. The 28.7 cents per bus mile as estimated is supported by a separate schedule.

Line 4 is the operating income before Federal Income Tax, giving $1,386,000.

Line 5 gives the Federal Income Tax computed at thirteen and a half per cent of the operating income, giving $187,000. I have based this thirteen and a half per cent on the operating income because there wasn't available a sufficiently definite basis of computing the interest and fixed charges that might be paid by the Transportation Company. I might have made a computation but I wouldn't give a definite enough basis, consequently—

Q. In other words, you gave the company the full benefit of the largest sum possible? A. That is correct.

Mr. Blake: In every instance, apparently.

The Witness: I have computed the income tax on the basis as if there was no interest or fixed charges, there was no obligations, bonds or any obligations outstanding. Whatever the interest may be will result in a reduction in the amount of income tax.

Line 6 gives the net return above all taxes, including Federal Income Tax, available on the investment or the fair value of the property, that is, $1,199,000.

Line 7 gives the net investment or fair value,

including going concern, at $11,600,000. This is supported by another schedule.

Line 8 gives the rate of return at 10.3 per cent, the net return on the amount of the investment as here computed.

Q. Now, turn to Exhibit O10 and I will ask you what that schedule is and what does it purport to show? A. This schedule presents an estimate also for 1927, prepared in a different way. It is supplementary to the preceding schedule. This is based upon the actual results for the last three months of 1926 and the first three months of 1927. This included the last six months for which data were available. Then the results were doubled to give the estimated results for the calendar year of 1927.

I should explain, in general, now, although the explanation will appear in a later schedule, that I have made certain adjustments in the revenue deductions, and operating income, which will be explained in a separate schedule.

On this basis, the revenues, the gross operating revenues, for the year will amount to $12,904,381.78. The revenue deductions $1,131,241.48.

This results in a rate of return of 9.7 per cent on the investment of $11,600,000 used in the preceding schedule.

Q. How, in general, does this differ from schedule #1? A. This merely doubles the result of the last—of the six months designated, and disregards the normal development that may be expected during the rest of the year.

Q. In other words, you are basing your aver-

age for the year upon past performances? A. Upon the past six months actual performance instead of taking into account at all what may fairly be expected to be the development for the year, so it is a more conservative basis of estimate and gives a somewhat lower rate of return.

Q. Which of the two methods of estimating the return for 1927 do you consider the more nearly equal to the actual result to be realized? A. I believe the first estimate will correspond more nearly to the result that will be realized.

Q. Why? A. Because, as I said a few moments ago, the figures show that for this company there is a considerable, a substantial development in business and level of operations the latter part of the year.

Mr. Blake: The six months you picked out here were the heaviest six months, from a traffic standpoint?

The Witness: No; they are not. You can use—

Mr. Blake: I won't interrupt you.

Mr. Evans: That is part of your cross-examination.

Q. Turning to Exhibit O11, which is the schedule of operating revenues, analysis, will you explain this schedule and what facts it purports to present? A. This schedule is intended to support the figure of thirty-two cents per bus mile, which is used in Schedule 1, to support the estimate of return for 1927. For this purpose I have compared on a monthly and quarterly

and annual basis, first, the operating revenues for 1925 and 1926, and the first three months of 1927. Likewise, I have compared the bus miles for the same bus and period. And finally, for the same months and period I have presented the revenue per bus mile.

A comparison of the revenues per bus mile for the months and period in 1925 and 1926 and likewise a comparison of the three months in 1927, with the same months in 1926 shows that there has been a steady rise in the receipts per bus mile. The rise has been at the rate of about two cents per bus mile a year. The increase, comparing the different periods of the year, has developed principally in the latter part of each year.

Taking for that purpose 1925, it will appear that the receipts during the first quarter are just a trifle higher than the second quarter, which again is a trifle higher than the third; but the fourth quarter shows a large lift. So that the latter part of the year indicates or shows the rise in the receipts per bus mile developed during the year.

Practically the same story is shown by 1926. The increase for the year is realized during the latter part of the year. Now, passing, therefore, to 1927 and assuming that the same general line of development will continue, the comparison shows that for the first three months of 1927, the receipts were 31.7 cents per bus mile. This compares with 29.9 cents per bus mile for the same period for the year before. This was an increase practically, not quite, of two cents during that period.

Since, therefore, from the end of this quarter practically no increase can be expected, perhaps a slight drop during the second quarter and the third quarter, but a substantial increase in the last quarter, I have assumed thirty-two cents per bus mile was a reasonable figure, taking the expectations of the calendar year altogether.

Q. That is the figure you have used? A. That is the figure I have used. However, I want to state, even if I took Schedule 1 and figured it through directly on 31.7 cents, what I have for the first three quarters—the first quarter of the year, the results would not to be materially altered. Of course, the return would be lower than any period but it wouldn't make a big difference. But I feel certain that the thirty-two cents per bus mile will be realized during the year, if past developments in 1925 and 1926 are to be taken at all as an approximate guide. There will be enough development in the latter part of the year to bring the average to thirty-two cents and well above thirty-two cents for the year.

Q. Is this a supporting schedule of Schedule #1? A. It is. I have taken, to repeat, the thirty-two cents per bus mile which I applied in Schedule A or Schedule 1 to forty-two million bus miles, as based upon the analysis shown.

Commissioner Autenreith: Will you be good enough instead of calling these things Schedule 1 and so on, to refer to them by the exhibit numbers. I see you have labelled them by schedule numbers, but refer to the exhibit numbers, that will be more direct.

The Witness: I didn't in all cases give them the exhibit numbers.

Commissioner Autenreith: We are going to adjourn in a few minutes and you can check them up. Hereafter, refer to the exhibit numbers.

The Witness: Yes.

Q. Did you consider this, comparatively, at thirty-two cents per bus mile? A. I think so. I think it is a figure that will be well realized during the year, as an average.

Q. Do you believe that the actual results are likely to exceed or will be less than thirty-two cents per bus mile? A. I think they will be somewhat above.

Q. Why? A. Because of the development in the latter part of the year; that I offered a while ago.

Q. Turning to Exhibit O12, will you explain what this schedule represents, and what facts are included? A. This schedule or exhibit supports Exhibit O9 and provides the 28.7 cents used in Exhibit O9 to determine the revenue deductions on the basis of forty-two million miles to be operated in 1927.

The Exhibit O12 is built up by determining the cost per bus mile for each of the individual accounts under the several principal groups of operating expenses. Then for each account the rate per bus mile is multiplied by forty-two million to determine the amount for the year of under that account. The cost per bus mile has been based in each case upon a comparison of the monthly costs per bus mile from January, 1926, to and including March, 1927.

I have taken in each case what appears to be the normal cost at the present time, in some instances where a comparison of the full period would indicate that the summer costs are lower materially than the winter costs, I have made an allowance for that to take that into account; otherwise, these costs represent the present-day level of expenses for material and wages.

I have based, however, the costs for salaries and expenses of general officers, salaries and expenses of general office clerks and general office supplies and expenses, also superintendence of transportation, I have based upon the range of charges that was maintained by the company in 1926.

Beginning with January, 1927, the level of charges under these accounts was substantially increased. This did not represent or does not appear to represent the actual additional cost incurred through additional employees or materials used or higher wages and costs paid, but to the change in the methods of apportioning joint costs that are incurred by the Transportation Company and the Railway Company together.

Now, I have prepared this schedule on the accounting basis that was maintained during 1926, not on the accounting basis for such joint costs as I have stated, that has been put into effect since January 1, 1927, and I have included in this schedule no allowance for Federal Income Tax, because I computed that separately in Schedule 1. The explanations in some detail are given in the attached statement.

Mr. Evans: I will have to ask the indulgence of the Commission on account of the fact I had a very important hearing assigned by Judge Porter in Paterson, which entails my presence in Paterson. I can't go on any further. I would, if the Commissioner would indulge the request, adjourn at this time.

Mr. Blake: I would join in that request because I would like to have an opportunity to go through these schedules and data, and any time I could get, I would appreciate it.

Commissioner Autenreith: This is set for Friday.

Mr. Blake: Yes.

Commissioner Autenreith: Friday morning. If it is agreeable we will adjourn until Friday morning at 10:30.

Mr. Blake: Yes. I think we will save time by it, because it will give me an opportunity to go through the exhibits.

Adjourned until Friday, May 20th, at the Industrial Building, Newark, N. J., at 10:30 o'clock A. M.

BOARD OF PUBLIC UTILITY COMMISSIONERS,

Newark, N. J., Friday, May 20th, 1927.

PUBLIC SERVICE RAILWAY COMPANY & PUBLIC SERVICE TRANSPORTATION COMPANY. Application for adjustment of fare zones and other relief.

Before the following Commissioners:

Joseph F. Autenreith, Esq., president; Charles Browne, Esq.

For the Public Service Railway and Public Service Transportation Companies appears George H. Blake, Esq.

For Town of Irvington appears Charles H. Stewart, Esq.

For Roselle Park appears Martin P. O'Connor, Esq.

For Borough of Hawthorne appears W. W. Evans, Esq.

JOHN BAUER, recalled on behalf of municipalities:

Direct-examination by Mr. Evans:

Q. Referring back to Exhibit O9, which is municipalities' Schedule No. 1, how did you arrive at the figure of 42,000,000 bus miles operated, under Line 1? A. This estimate for 1927

was based upon the actual operation of bus miles during the last three months of 1926 and the first three months of 1927. For October, 1926, the number of bus miles, in round numbers, were 3,260,000; for November, 1926, 3,239,000; for December, 3,450,000; then for 1927, in January the bus miles were 3,475,000; for February, 3,195,000; March, 3,637,000. A comparison of these figures I concluded would indicate that on the average out of the existing equipment and on the basis of the present range of operation, that the average bus miles per month for 1927, would be at least 3,500,000. I multiplied 3,500,000 by twelve, which makes 42,000,000. I believe, however, that the actual operation for 1927 will probably exceed this figure.

Q. Resuming our examination on Exhibit O12, this is a supporting schedule of Schedule 1, or Exhibit O9? A. It is. It furnishes the cost per bus mile used in Exhibit O9 to determine the operating expenses and taxes for 1927.

Q. Is that your explanation of how the facts in this schedule are used in Exhibit O9? A. Yes. In Exhibit O12, I show by accounts, the cents per bus mile that would be incurred on the average for 1927. The total, including the several operating expense accounts and taxes except Federal income tax, amounts to 28.7 cents per bus mile. Then in Exhibit O9 I used this 28.7 cents per bus mile and multiplied 42,000,000 bus miles by that amount to reach the operating expenses estimated for that year.

Q. According to this schedule then, what is your estimate of the average cost for operating expenses and taxes for the year 1927? A. 28.7

cents per bus mile, with the exception of income tax.

Q. Why have you excluded Federal income tax? A. Because I computed the Federal income tax separately after the income was determined.

Q. Do you consider these estimates conservative? A. I do.

Q. Are they more likely to be exceeded by actual results or are the actual results likely to be lower in cost per bus mile? A. I think the costs are likely to be lower per bus mile than the ones given here. I think, however, 28.7 cents is a fair estimate for the year, according to present prospects assuming that there is no increase in prices of materials and supplies and no lift in the range of wages.

Q. Will you explain the principal rates in this schedule and explain to us just how each one was determined? A. I have given the explanations on the second sheet of the exhibit, and I gave the general explanations of just how each one was derived. Do you care to have this read into the record?

Mr. Blake: It is already in.

Mr. Evans: I think the exhibit is very complete. I do not think it is necessary. We are referring now, Mr. Commissioner, to Municipalities' Schedule No. 4, and there is a second page which comprises the explanation of that.

Commissioner Browne: What exhibit is that?

Mr. Blake: Marked O12.

By Mr. O'Connor:

Q. Doctor, will you take up Exhibit O13. What is the purpose of this exhibit? A. To present for December 31, 1926, the investment in the bus properties used in operation, or in more general terms, to present the fair value of the properties used in operation.

Q. Will you just state how you construct this schedule? A. This schedule presents an investment analysis or value analysis for each of the years, 1923, 1924, 1925 and 1926, as of December 31, for each year. It is based upon the balance sheets of the company and is predicated upon the company's own figures as supplied to me.

Q. Will you take the first column for 1923, and explain step by step each line, showing just what it represents and how the computations proceed? A. In Line 1 I have total fixed capital of December 31. This is the gross amount stated in the balance sheet, including all items of fixed capital as reported. In Line 2 there is the other intangible capital. For the end of 1923, there was nothing reported under that account. Other intangible capital is for the other years deducted from the total fixed capital to give the fixed tangible capital. For 1923 this amount was $760,917. Next, in Line 4, I deducted depreciation, $15,900, giving in Line 5 the net fixed tangible capital $745,017. The amount for depreciation I took from the company's balance sheet as given therein under the retirement reserve. It represents the reserve accumulated out of the charges to operat-

ing expenses for retirement. Under Line 6 I have added working capital. This consists of cash, materials and supplies as reported by the company in the company's balance sheet. In Line 7 I have stated the prior going concern value or cost as computed. For the end of this first year, 1923, there had been no prior going concern computed, consequently, the amount here is zero. Line 8 then gives the total capital—

Mr. Blake: Just what do you mean by prior going concern; will you explain that to me; zero in 1923?

The Witness: Prior to this year. The operation began in 1923 for the second half, consequently there was according to the principles that I followed, no going concern for prior years and I computed in this schedule the going concern for that year as I shall explain. The total capital as of December 31 is shown in Line 8, and that includes everything after the exclusion of intangible capital and depreciation as of December 31, 1923, without the addition for that year of the going concern accrued.

Then following Line 8 I compute the going concern for that year. The idea or conception of going concern that I followed is the developmental cost for each of these years. I considered the three and one-half years of operation here represented as a normal developmental period of the business. The idea of going concern is the developmental cost of a normal developmental period incurred in addition to the cost of the plant and equipment. So

I computed in Lines, 9, 10, 11 and 12 the developmental cost for the first year, 1923. For this purpose I took first the average capital for the year without first considering going concern. Since $877,191 were on the average engaged for this first year only one-quarter of the year, I divided the amount by four and that gave me the average capital for the year as $219,298. I then computed seven per cent on that amount as a return that the company was entitled to get for that year but did not obtain. This, therefore, was a development to that extent of going concern, a developmental cost. That is Line 10.

In Line 11 I took the operating deficit for the year. This was reported by the company and is shown in Exhibit O15. The company is entitled to reimbursement of that operating deficit during the developmental period and that is part of the developmental cost of the year. The two sums together, inadequate return or failure to get a return, and operating deficit, amounted to $28,502. This is the going concern or the developmental cost for that year. This figure is shown in Line 12. This is added to the $877,191 shown in Line 8, to give the total investment or fair value including going concern as of December 31, 1923. The sum is $905,693.

Q. Doctor, what is the final figure of net total investment including going concern for December 31, 1926? A. In round figures the sum is $11,600,000. This figure is built up in exactly the same way as the 1923 figures were determined. There is excluded from the total

fixed capital as reported by the company, the other intangible capital, there is deducted the depreciation, there is added the working capital, and then there is added the going concern for the entire three years, including the inadequate return and the operating deficits. The total concern allowed for the entire period was $2,642,840. This is a part of the $11,600,000 as determined in the schedule.

Q. The figure you state, do you consider this a fair value of the property used for transportation purposes? A. I do.

Q. In Line 2 you deducted other intangible capital; will you explain why you made this deduction? A. Because it did not represent a part of the cost or fair market price or value of the buses and other tangible property acquired by the company and used in operation. It was an amount in excess of the fair market price or fair value of the properties acquired and used in the public service.

Mr. Blake: When you say property, do you mean buses? I want to find out what you mean?

The Witness: Yes, I mean buses.

Mr. Blake: Physical buses?

The Witness: I mean physical buses.

Q. Calling your attention to Line 4, why did you make the deduction for depreciation? A. Because the buses were depreciated to the extent of their past use and expired life. I did not make an examination of the buses to determine by inspection what the depreciation was. I did not have time to do that. But I took the

depreciation reserve, which amounted in 1926, to $1,320,769, and deducted the amount from the cost new of the properties. This reserve as stated a few minutes ago, was built up through charges to operating expenses for depreciation. Assuming that the charges for depreciation were properly determined, then the property of the reserve would naturally follow and the amount would be properly deducted from the cost new of the properties.

Q. Referring to Line 6, you added working capital. How did you arrive at this amount? A. I took for December 31, 1926, the cash stated in the balance sheet as well as the materials and supplies stated in the balance sheet, and took that amount as working capital. I made no deductions from the amount for any current liabilities outstanding on account of such purchases. I took just the cash and those items as representing the necessary capital to carry on the business.

Q. In Line 7 you added going concern. On what principle did you compute the value of going concern? A. Line 7 is the going concern for prior years. There is added, however, to keep the record clear, in Line 12, the going concern for that year, so that there is a larger sum than Line 7 in the total value. The idea of going concern is the developmental cost incurred by the company in addition to the cost of supplying plant and equipment. There were three and a half years of developmental period. During that period there were heavy operating deficits incurred and no returns realized. This was additional cost to the company, to put it

into a position of a going and established concern, and this I treated as the going value or going concern cost of the business, to be added to the cost of supplying a physical plant and equipment. That is, the conception is that at this time, to come to the point of a developed business, it cost the company not only for the physical plant and equipment, but also the operating deficits and the lack of return up to that time; and I considered that the business had reached the point of being self sustaining, that the developmental period was over.

Q. Does the principle which you followed, correspond with the proper economic conception of going concern?

Mr. Blake: I think we ought to know what the proper economic conception of going concern is.

Commissioner Autenrieth: Whether it is his conception or somebody else's.

Mr. O'Connor: I suppose that is for cross-examination.

Mr. Blake: Then I object to the question.

Commissioner Autenrieth: I think Mr. Bauer can give his idea of the proper economic conception of going concern. I suppose that will relate to the answer to the question. All right, Mr. Bauer. There might be a great diversity of opinion as to what is the proper economic conception. It will be Mr. Bauer's in any event.

Mr. Blake: He can tell what his conception is.

(Question repeated by stenographer.)

Mr. Blake: I object to it.

Commissioner Autenrieth: I think the discussion will indicate the purpose of the answer.

A. It does, as far as public utilities are concerned. In my conception that applies to what I consider the proper economic conception of going concern for public utilities, but it isn't the economic conception of going concern as applied to other general, unregulated and competitive business. It is limited to the public utilities as public utilities.

Q. This conception and as used, is it regarded as the proper conception? A. I think so, in—

Q. In a case like this? A. In a case like this.

Q. Do you know whether or not this conception that you spoke of and which you applied here corresponds with the legal requirements of going concern? A. I think it does. Of course, I am talking as an economist.

Q. You say you think it does. Upon what do you base that thought? A. I have made for many years, for over ten years a study of valuations for public utilities. During that time I have followed minutely all the United States Court's decisions on going value and other phases of fair value. I have also studied all of the important court cases and the Commission cases dealing with the subject.

As far as the Supreme Court is concerned the matter of just exactly what is to be included in going value has not been precisely deter-

mined. If I may state my conception of what the Supreme Court view is, it is that going value is the difference between the value of a plant that has a connected and established business, and the value of the mere physical plant and structures; it is the additional value added to the physical plant and equipment to make it a going concern.

Now, just exactly, however, what elements are to be included to make that difference has not been exactly defined and set forth. But since rates in general have to be predicated, both as an economic and legal matter, upon the cost of service, and since the cost is the general determinate, inevitably, of rates, the Supreme Court's position comes, I think, virtually to this: That it is the additional cost, whether predicated upon original cost or reproduction cost, that is required to put the business in a self sustaining, going concern basis, on top of the cost, whether original or reproduction, for the physical plant and equipment. It is in a cost category, just as physical value is primarily a cost element.

Q. What is the amount of going concern that you have allowed for each of the years in question? A. For 1923 there was a developmental cost of $28,502; for 1924, $1,002,803; 1925, $2,170,635; 1926, $2,642,840. The aggregate—I beg pardon; I read the wrong column. All of that whole answer I would like to withdraw.

Q. The going concern value—

Mr. Blake: Before you start with the going concern value; you have this headed the going concern cost; is that the cost or the value?

Do you differentiate between going concern cost and going concern value?

The Witness: In this case, as the facts appear here, the going concern cost determine the going concern value.

Mr. Blake: You are using them synonymously?

The Witness: For the purpose of this case, as the facts here appear, I use them synonyously.

Mr. Blake: All right.

The Witness: For 1923 the going concern $28,502; for 1924, $974,301; 1925, $1,167,832; 1926, $472,205. The aggregate for the end of 1926, $2,642,840.

Q. What percentage of the total value at the close of the year does the going concern value represent? A. $2,642,840.

Q. I don't think you got the question. I asked you what percentage? A. The percentage of the total value is 23. That is the going concern at the end of 1926—

Q. Suppose you give it to us by the years? A. At the close of 1923 the going concern—

Commissioner Autenrieth: Isn't this all in the exhibit?

Mr. Blake: Yes; it is all in there. Line 12, isn't it?

The Witness: Line 14.

Mr. O'Connor: Line 14.

Mr. Blake: This percentage.

Mr. O'Connor: Line 14.

Q. How does this correspond with the normal percentage allowed for going concern? A. It is considerably higher. The normal percentage of going concern is about ten per cent, in some instances it runs higher and in some lower. I think a fair average, by and large, would be close to twelve per cent of the total value, for going concern.

Q. Do you think these percentages or allowances for going concern are substantially higher than is ordinarily allowed? A. Yes. Approximately twice as high in percentage as is normally allowed.

Q. Do you know of any case where such a large allowance has been made for going concern value as you have allowed in this case? A. No, I do not. I should state, however, in both cases where going concern is figured there is not such a definite developmental period as appears here and the facts available are not as definite. Here I could make the computation upon definite facts. Usually the developmental costs, while unquestionably incurred, can't be established by a search of the records and an analysis of the facts; they have to be estimated. So that I have here the 23 per cent based on facts and not upon estimates.

Q. Did you consider the other intangible capital as going concern value? A. I did not.

Q. What economic objections are there to the company's conception of other intangible capital as going concern value? A. The economic objections to treating the other intangible capital as going concern is the fact that the amount doesn't depend, and has nothing to do with the

company's own actual experience in operation. The amount is based upon a condition that hasn't anything to do, either with the physical properties that are actually used in operation or with the results of operation during a reasonable developmental period. The amount, as far as the particular transportation company is concerned, represents, in my opinion, from the economic standpoint sheer excessive purchase prices, payments made for physical property in excess of the fair value of that property used in the public service. There is nothing in the property itself that warranted, from a financial and economic standpoint, this additional cost, from the standpoint of a public utility.

Q. How would you treat the other intangible capital, from an economic and accounting standpoint? A. Well, as far the bus company was concerned, the transportation company, I deducted the other intangible capital of $8,414,000 from the total capital reported. I considered that the intangible capital as here reported was not real capital used for bus operations. If the amount is to be explained at all, from an economic and financial standpoint, it would have to be regarded, in my opinion, not as bus capital, but as railway capital.

It was an expenditure incurred, not for the benefit of establishing an economic bus enterprise, but for the purpose of safeguarding the railway investment. The other intangible costs were paid out to safeguard the railway's investment; consequently, the charges should be made to the railway company and as a matter of rail-

way accounting should either go to the railway surplus or deficit account, or might conceivably be charged as a general intangible of the railway but not of the bus company.

Q. Do you consider the total investment, including going concern, as the fair value of the property for rate making? A. For the bus company I consider the $11,600,000 as the fair value and liberal fair value of the bus properties for bus rate making purposes.

Q. Why, in this case, did you take the total investment as the fair value? A. Because in this case the ordinary, very common dispute as to whether the value should be based upon original cost or reproduction cost of the physical property, doesn't appear. All these properties were purchased, acquired since the present high level of prices was established. Consequently, the actual cost and the reproduction cost of the properties become the same. There is no question there at all. So that the reproduction cost or actual cost, less depreciation, plus working capital, plus going concern, would make up in the aggregate the fair value of the property.

Q. In deducting the intangible capital are there any other intangible elements included in the value as shown in Line 13? A. I think there probably is included a considerable sum of intangibles which might be taken out but for which I have no definite basis to make the exclusion. I have taken the capital as reported by the company in the balance sheets and have deducted the other intangible capital as reported in the balance sheets.

In Exhibit O14 also, in the second part of Exhibit O13, it appears that among the buses purchased from the private independents in practically every case of the retirement of one of those buses, there was an additional charge made to the intangible accounts at the time of retirement. When any one of those buses was purchased, the purchase price was at that time divided between the tangible accounts and the other intangible accounts. But at the time of the retirement of any of these buses another substantial sum was transferred at that time from the tangible to the other intangibles account.

On the average, as is shown in Exhibit O14, for the lines there designated, covering seventy-nine buses, that had been retired at the end of 1926, the charge to the intangible account at the time of retirement amounted to $2,224.

Mr. Blake: Wouldn't you prefer to have that statement accurate, that you just gave, that in almost every case that charge was made? Don't you know from your examination of the records that it was only the group of 333 buses when they changed over the fleet, that that charge was made; 333 out of 1126?

The Witness: Yes; of the data, Mr. Blake, that I had in my possession and on which this study was based, I believe I am accurate in saying that in every instance there was a charge made back to the intangible accounts at the time of retirement. However, I had to do with only—the value I had comprised only bus purchases in respect to these eleven lines.

Mr. Blake: I don't think you wanted to say all; that is the data you examined.

The Witness: The exhibit will indicate that, and, of course, I will be glad to say that is what I meant, the data I examined. There may have been other buses retired for which such adjustments were not made; but on the basis of the 679 buses that were comprised in these petitioned lines and which had been retired on December 31, 1926, on the average at the time of retirement, there was charged to the intangible account $2,224 per bus in addition to the charge that was made to the intangible account at the time of purchase.

Now, Exhibit O16 shows that of the total buses for the system purchased from the independents there was still left with the company 418 such buses.

Now, assuming (whether that would be the fact or not, of course, I don't know) but assuming that for these buses at the time of retirement that there should be equitably and appropriately charged to the intangible account $2,224 per bus, there is plainly in the tangible account a substantial intangible figure. I haven't attempted to determine that. I merely bring out that it is there, that element. Of course, that element may be handled subsequently through charges to depreciation instead of through intangible account, as was indicated by one of the witnesses, but if that is done then the public would merely be required to pay that intangible cost in another way instead of through the intangible account as proposed.

So there is that factor, but what it amounts to I wouldn't be in a position to say, and, therefore, I made no exclusion.

Q. In that Exhibit O13, Doctor, you left in certain intangibles that might hereafter be omitted, didn't you? A. Yes; I left all the adjustments that might have been made, as to the buses purchased from independents; that have not yet been retired as of December 31, 1926.

Q. Now, I call your attention, Doctor, to Exhibit O14, what does this exhibit represent? A. I already referred to that exhibit a few minutes ago. It shows data relative to private buses purchased and retired for the specified lines. The schedule gives for each of the lines the total cost of the buses that have been purchased for that line, and retired up to December 31, 1926. There is various data given, and the data is given for per bus on the average.

This statement shows the amount of the intangibles charged at the time of the retirement to the intangible account. It also gives the total intangibles charged and other factors relating to these buses. On the average for all the 79 buses it shows that, in round figures, the intangible was three times the tangible capital.

Mr. Evans: Which individual line has the largest ratio?

The Witness: The Hawthorne line; the ratio there was, in round numbers, 7 to 1; that is, the intangible to the tangible was 7 to 1, in round figures.

Q. Would you explain the significance of this average charge to the intangible account on the

retirement, as far as your computation of the value is concerned? A. If I carried out or applied the average charge made to the intangibles at the time of the retirement of the buses, I should compute, I should multiply 418 buses by $2,224, which would bring us close to one million dollars, and substract the amount from the investment. But as I said a while ago, I feel that the data are not sufficiently definite to warrant the exclusion. There is doubtless an important element there, but I made no effort to determine what it amounts to.

Q. Can you say how many buses there are left in the capital account on the basis of the average shown in Exhibit O13? A. 418 of the buses purchased from independents.

Q. What would be the total overcharge which is now included in the value? A. It would be something under one million dollars. I haven't the exact figure here.

Q. Will you turn, please—I haven't got the exhibit number, but it is marked on your schedule here Exhibit BC; I don't know the official exhibit number; I think it is the balance sheet. A. (Witness produces statement.)

Q. That is it. What is the exhibit number? A. The exhibit number of the balance sheet which, however, includes also a comparative income statement for the four years, is Exhibit O15.

Q. Taking that up, taking up Exhibit O15, what does this represent, and how did you use it in your estimate? A. Exhibit O15 first, contains the balance sheet; I used the balance sheet for each of the years covered, for the total

fixed capital and other intangibles and depreciation reserve and the working capital; all of those elements are based upon the balance sheet. Then I used the income statement to determine the operating deficit that entered each year into the going concern cost. So the entire Exhibit O13 is based upon this balance sheet and upon the income statement.

By Mr. Evans:

Q. Will you explain the purpose of Exhibit O16 entitled "Bus Equipment as of December 31, 1926"? A. This is merely a statement of the equipment owned by the Transportation Company as of December 31, 1926, and the data was furnished by Mr. Tuson, auditor of the company.

Q. The purpose of Exhibit O17? A. That shows the number of buses operated on the eleven petitioned lines. In the first column appears for each line the regularly scheduled number of buses, and in the second the estimated reserves or spares, and the third column the total buses on each line, on the eleven lines, is 195 buses scheduled and reserved.

Q. What is the purpose of Exhibit O18 entitled, "Data relative to Bus Purchases"? A. This exhibit presented facts as to the purchases from the independents pertaining to the eleven—to the petitioned lines. The more important data for each purchase was set forth, the data there presented I used in the further analysis of the tangible and intangible charges, and so forth.

Q. Referring to Exhibit O19 entitled, "Comparative monthly operating results"; will you

explain in general what this schedule is and what it is intended to show? A. This schedule is intended to show on the basis of monthly comparisons the operating results from January 1st, 1925, to March, 1927, inclusive.

In the first columns there is a comparison of operating revenues by month and by year. The figures are taken directly from the company's records without any change. The figures show the development in gross operating revenues during the period by months. The schedule comparisons have to do with the revenue deductions, the operating expenses, and taxes. The comparison is likewise by months for the period covered.

Mr. Stewart: Also from the company's books?

The Witness: These figures also are taken from the company, except there were certain adjustments made and I shall explain those adjustments; first, as for 1926, for the months for 1926, and then for 1927. For 1926, the revenue deductions in the aggregate in the year are the same as reported by the company, so that for the years 1925 and 1926 the figures appear directly as reported by the company. For the months for 1925, the figures are as reported by the company, but for the months in 1926 I made adjustments in order to maintain a general comparability during the period.

By referring to the monthly expense and revenue deduction figures I found that for December, 1926, a large amount was charged as a December adjustment, as a year's adjustment, I should say, for injuries and damages.

Q. That is negligence claims? A. Various expenses incurred in connection with injuries and damages.

Q. How much was that? A. I found that the charge for December was $162,844.20. The normal charge during the year for the prior months ranged—I haven't the exact figures before me—from nearly forty thousand to fifty-five thousand as the maximum. The adjustment for the year was, therefore, thrown into December, which, of course, increased very decidedly the December charges, and resulted in a poor showing for December, when, as a matter of fact, those charges belong more or less evenly over the year.

Consequently, to maintain a comparability for the various months over the year, I made an adjustment on that account and a similar adjustment for the Federal income tax, the two items together. For the two items together I took out of the December account $126,000. That is, I deducted from the total December charges $126,000 in round figures, and then apportioned the $126,000 evenly over the year, divided the amount by twelve and then added $10,500 to each month during the year. In that way, I maintained a comparability, through the year for the different months, as to the charges for these two accounts.

For the whole year, therefore, the charges are the same but there was special charges in December, representing the annual adjustment, thrown into December. Those excessive or extraordinary December charges I have pro-

rated over the year, that is the adjustment amount for 1926 and for 1927, the three months.

For 1927, the three months I made this adjustment, I again maintained the comparability with the preceding year. I computed the charge for overheads on the same accounting basis as had been maintained in 1926, as I stated in connection with another exhibit. At the beginning of 1927, the overheads were materially increased. This did not represent an actual addition to the cost, but a change in the basis of apportioning between the two companies, the transportation and the railway company. The figures that I have given here for 1927 represent the same basis of charging overhead as was maintained during 1926, so that the charges through 1926 and 1927 maintain the same methods of accounting and preserve the monthly comparability. Then, of course, I made the same adjustments that are made in the revenue deductions for 1926 and 1927 in the corresponding operating income for the months of 1926 and 1927; the adjustment of revenue deductions required a corresponding reduction in operating income, so that the operating income maintains a comparability by months through the period.

Q. Turning to Exhibit O20, which is a chart of the monthly operating results January, 1925, to March, 1927, will you explain this exhibit and tell us how it is related to Exhibit O19? A. This chart presents in the form of graphs the same data that was presented in Exhibit O19. It presents visually the development of the transportation company's operations by months for two years and one-quarter from

January 1st, 1925, to March, 1927. The upper curve represents the operating revenue, the gross receipts by months and shows the monthly fluctuations and the development over the period. Near the bottom of the line there is a zero straight line across; all of the figures above that line are positive and all the curves below represent negative figures. The lower curve represents the operating income as adjusted in Exhibit O19 and it shows the development for the company of the net operating results on a comparable basis during the period.

Q. There appears to be a drop in the operating income during the winter months of 1925 and 1926. Will you explain the significance of this fact? A. There seems to be a regular winter drop in operating income. It is due in part to a drop in operating revenues for the winter months as is indicated by the upper curve and is due in part also to the higher range of operating expenses, costs, during the winter months because of the more difficult operation. The chart is divided by years, the vertical lines are drawn by years and the curves show a remarkable similarity by years. It shows the low period in the winter, recovered rapidly for April and May and then a drop in operating income during the summer and then a rapid development in September and the latter months of the year, and a drop again during the winter months. The greater financial development appears during the latter part of the year.

Q. On the basis of this chart what would be your estimate of the future development of the transportation company's net operating income?

A. Taking the first three months of this year, all the figures are available, and comparing the curve for the three months, with the corresponding curves of the two years before, the indications are that for the next two months there would be a fairly substantial increase in operating income; then during the two summer months or possibly three summer months a drop, and then a very decided development during September and the latter part of the year. So that in general the net earning power or the net operating income for the rest of the year would be on a substantially higher level than during the first three months here scheduled. That is indicated, if I may just add, if the picture of 1926 and 1925 were just imposed or connected with the curve at the end of March, 1927.

Mr. Blake: The same condition in each year would have to apply.

The Witness: Generally speaking, if the same conditions develop, the same traffic changes take place, there would be some drop in operating income during the summer and then a rapid development during the fall of the year. That, I think corresponds with the traffic conditions prevailing in this section.

By Mr. Stewart:

Q. Doctor Bauer, will you turn to Exhibit O21 and explain the exhibit and what it represents in general? A. Exhibit O21 presents the estimated operating results and return for the 11 petitioned lines for the calendar year 1927.

It gives the estimated returns for the petitioned lines for 1927. Then the estimate is based upon the actual result of October, November and December, 1926, and January, February and March, 1927. I have taken for the 11 petitioned lines, the actual receipts for those six months and the actual bus miles for those months and have multiplied them by two, as representing what may be expected at least for 1927. I have bus operating revenues of $2,550,000 in round figures. Then the revenue deductions I computed on the basis of the bus miles, 7,468,812, multiplied by 27.8 cents per bus mile, the same figure that I used for Exhibit O9, and it was set forth in detail in Exhibit O12. I got, therefore, total revenue deductions, except Federal income tax, $2,144,000 in round figures. This gives an expected operating income for the 11 lines, $406,000. Then I computed the Federal income tax at thirteen and one-half per cent, which gives $55,000, leaving a return on the investment or property used on the 11 lines, $351,000. This is equivalent to 17 per cent on a capital value of $5,000,000, as compared with a total system value of $11,600,000. I found that the average receipts on this line are over thirty-four cents a bus mile.

Mr. Blake: Are or will be?

The Witness: They are and will be over thirty-four cents per bus mile, as compared with the estimated thirty-two cents per bus mile for the system as a whole.

I made another slight study—I made another study of the same data that is not in-

cluded in the schedule, that I would like to add. On the basis of Exhibits O16 and O17, I find that the total buses scheduled and reserved for the entire system as of December 31, 1926, are 1,097 buses. The number scheduled and reserved for the petitioned lines was 195. The percentage of the total, therefore, employed and reserved for the petitioned lines amounted to, in round figures, eighteen per cent. Now, if eighteen per cent is applied to the total investment or fair value of $11,600,000, the apportionment of the value to the petitioned lines would amount to $2,100,000 in round figures. The estimated return, therefore, for the petitioned lines for 1927 amounts to $350,000 or to seventeen per cent return on this allocated investment to those lines. Considering the probable improvement in earnings for the rest of the year, this return would easily reach twenty per cent on the allocated investment.

Mr. Blake: What are included in those lines? Do you mean all the 11 lines?

The Witness: All the 11 lines. The detailed earnings are brought out in the following schedule. If on top of that a further computation is based as to what the results would be if the petition in this case was granted, the return on these 11 lines would run well over forty per cent, or about forty per cent on the allocated investment of $2,100,000 to those lines. This, of course, would assume that all of the additional revenues received by the transportation and the railway companies together, were to go to the transportation company alone, that is, it is additional revenue that is furnished

by the present transportation passengers and the return as I say would be about forty per cent.

Q. Is it a fact, Doctor, that these 11 petitioning lines are earning a return on nearly one half of the total fair value of the property of the company as a whole? A. It is correct, yes, at the present time, without considering the probable lift in earnings during the rest of the year.

Q. What have been the average receipts per bus mile on these lines during the last six months? A. 34.14 cents.

Q. According to your studies would you say that these 11 lines are now self-supporting, paying for all operating expenses, taxes and a fair return on the property used for transportation? A. Very decidedly.

Q. Turn now to Schedule O22. A. In my previous answer, I of course meant to state that the 11 lines taken together as a unit are very decidedly self-sustaining. I did not mean to make that answer say that each line, every individual line was self-supporting at present.

Q. Will you turn to Exhibit O22 and explain this schedule in general. A. This exhibit gives the principal operating results for each of the 11 petitioned lines by months from January 1st, 1926, to and including March, 1927. It gives the figures also for 1926. The data given are for each line, the bus receipts, bus hours, bus miles and receipts per bus mile. Then in the second sheet of the exhibit the total results are given for all of the lines together.

Q. Now, Doctor, will you please state for the record what the developments have been on each of the 11 lines here in question. A. Just summarizing the results and the developments: For the Clinton Avenue line the receipts for the line have developed since January, February and March, 1926, to the corresponding months in 1927, from $28,073 in January, 1926, $24,553 in February, 1926; $27,836 in March, 1926 to $38,030 in January, 1927; $34,938 in February, and $38,892 in March. Generally speaking there has been a lift of about $10,000 per month.

Mr. Blake: The same number of units operating the same schedule?

The Witness: Definitely as to that I do not know. I do not think so. I think there has been an increase in the number of units during the year 1926.

Now, as to the receipts per bus mile, which eliminates the matter of increase in units, the result for the same period was 33.08 cents for January, 1926.

Q. And for January, 1927? A. 35.20 cents.

Q. That is an increase of— A. Of over two cents per bus mile.

Q. About 2.18? A. Well, 2.12 cents for that one month.

Q. For February, 1926? A. 34.40 cents.

Q. And for February, 1927? A. 34.66.

Mr. Blake: Isn't that all in the exhibit, everything he is reading? He is just reading it into the record.

Q. And for March, 1926? A. 33.32, and in March, 1927, 33.95. There was on this line a slight but not a marked increase in receipts per bus mile during the year.

Q. Take Springfield Avenue and make the same comparison. A. For Springfield Avenue, the gross receipts for the three months in 1926 were respectively $35,152, $29,996, $34,143, compared with the same three months of 1927, $39,473, $37,298, $40,624. There was roughly an increase of five to six or seven thousand dollars per month.

Mr. Blake: How many more units operating in 1927?

The Witness: That I do not know.

Q. Will you take the receipts per bus mile, which you say eliminates the question of units, and give the comparison by the month, giving January, 1926, and then January, 1927. A. That is, you want me to give January and January and February and February?

Q. That is the idea exactly. A. All right. January, 1926, 38.53 cents per bus mile compared with 42.32 cents.

Q. That is an increase of about 3.8, is it? A. That is an increase of—yes, of a little under four cents per bus mile.

Mr. Blake: Did you make any study in connection with the weather conditions for the various months?

Mr. Stewart: Just a minute, Mr. Blake; you can ask him on cross-examination, if you don't mind.

Mr. Blake: That is true. I was trying to do it now so I would not have to refer back to it.

The Witness: I can answer that readily. I took the figures as they appeared in the monthly records without any study of weather conditions or any other conditions.

Q. It runs over the whole year, the comparison so that probably the average— A. The same thing is true of every month, so there might be a distortion, for all I know, in the January figures, there might be a distortion in the February figures, there might be in the March figures, but the distortion is not likely to appear in every one of the three months, so I think the average will appear fairly clear.

For February, 1926, the receipts were 40.35 and 41.11 in 1927, an increase of less than one cent. For March, 1926, the receipts were 39.10 compared with 40.28 in March, 1927, an increase of over one cent. So that for the period there was a lift perhaps over one cent per bus mile.

Q. Take the Lyons Avenue line and make the same comparison.

Mr. Blake: Do we have to go through this line by line? Isn't this merely reading the exhibit?

Commissioner Autenreith: The witness has indicated the scheme of it. The rest is on the paper here.

Mr. Stewart: Exactly, but it is very much easier, when it goes to the Commission, to read that in the testimony with-

out having to go over all these different exhibits. I anticipate Mr. Blake's anxiety. I did not notice he had it when he had Mr. Young on the stand, when he read the petition page by page.

Mr. Blake: I took a half hour to do it and you took six days cross-examining.

Commissioner Autenreith: I do not care about Mr. Blake's anxiety, or counsel or anybody else. I was having some interest in the Board's requirement to sit here and listen to what is obvious before us.

Mr. Stewart: I think it will be easier to have the testimony, where you can make the comparison than it will to have the pages of exhibits, and the book of testimony and then go back and look, and go back to the testimony.

Commissioner Autenreith: I should think this exhibit would be a composite of about 150 pages of testimony, to read it in.

Mr. Stewart: If I were to ask on the whole twelve months. I was merely giving an example.

Commissioner Autenreith: Go ahead. I imagine we can save time by going on rather than discussing it.

Mr. Stewart: I will confer with other counsel.

Mr. O'Connor: If your Honor please, the only thought I had in the matter was that it would be to the advantage of the Board and for the information of the

Board to have the person state it that way, and I am only doing it for that purpose. If the Board feels, however, that presenting it that way is no particular advantage for the Board, I am willing to let the exhibit speak for itself.

Commissioner Autenreith: It is customary in rate cases, when a witness produces an exhibit which has computations, to illustrate the scheme of the exhibit, citing one circumstance, and then simply say all the rest of it is developed on the same basis and will be found in the exhibit. That saves considerable time. If you want to put it in the record, I do not want to stop you.

Mr. Stewart: If that is the theory of the Board all right. I suppose Mr. Blake will not examine on each one of these items when he comes to it.

Commissioner Autenreith: He may select such items as will illustrate a particular question about the item. I do not suppose he will go through the thing piece meal. If you want to put it in the record, if you think it is advantageous for any purpose, go ahead.

Q. Were these totals used by you in computing the estimate shown on Exhibit O21? A. They were.

Q. Turning to Exhibit O23, will you explain this Exhibit O23? A. It is a statement of the bus routes operated during 1926 by the transportation company at less than twenty-five cents

receipts per bus mile. The lines and data were taken from information supplied by the company at my request and now the schedules are filed in the annual reports with the Commission. I have taken for each division the lines on the division that reported for 1926 less than twenty-five cents per bus mile.

Q. I note that there are six divisions here. A. Yes.

Q. How many divisions does Public Service Transportation Company operate under; six? A. I believe that is correct. I believe I have all the divisions here, but I am not certain.

Q. How many lines other than those that you have mentioned here were operated at less than twenty-five cents, that the transportation company is running? In other words, does this include all other lines or are there some that are operating at much more than twenty-five cents? A. No, this includes all the lines operated at less than twenty-five cents. It does not include the lines that were operated at twenty-five cents and over. So that there are many lines, a good many lines that are not here included; all of the lines that have twenty-five cents or over.

Q. Are there any Irvington lines in this list? A. I do not believe so, no.

Commissioner Autenreith: That would be in the Essex division, wouldn't it, if there were any?

The Witness: There are no Irvington lines in here.

Mr. Blake: Parker Avenue is in Irvington.

Mr. Stewart: Yes, that runs from Irvington to South Orange. It does not go to Newark, however.

Mr. Blake: No.

The Witness: I took the question to mean the Irvington lines in this petition.

Q. Assuming that the fares and the zones on these lines that you have just referred to in this schedule are not to be changed, would you say there is any financial and economic justification for changing the fares and zones on any of the lines included in the petition? A. I should say not, that there would be no reason for changing them.

By Commissioner Autenreith:

Q. Do you mean by that that all these lines in this exhibit should be changed if the petitioning lines are to be changed? A. If the petitioning lines are to be changed, it seems to me, if there is any thought of changing the petitioning lines, then all of these lines in the entire system ought to be gone into as a system proposition, so that the fares and zones could be taken together, all as a system in order to establish a systematic—

Q. You think the system should be readjusted in preference to readjusting particular lines? A. That is correct. That is what I mean.

By Mr. Stewart:

Q. Have you given any consideration to the

problem of rates for utilities which in general supply the same wants that are different in character of plant and mode of furnishing service? A. I have.

Mr. Blake: Has counsel finished examining on the exhibits?

Mr. Stewart: I have finished examining on the exhibits.

Mr. Blake: And other counsel also have finished examining?

Mr. Stewart: I do not know.

Mr. Blake: In order to keep the record straight I move that the Exhibits O9, 10, 11, 12, 13, 14, 15, 19, 20, 21, 22 and 23, and the testimony covering the same, insofar as they relate to valuation or rates of return, be stricken from the record, on the ground that such testimony is irrelevant, and is incompetent and is immaterial.

Commissioner Autenreith: Well, we will pass on that without argument. We will refuse to strike it out. I take it that is for the record?

Mr. Blake: That is for the record.

Q. You answered the question that I last asked. Now I will ask you to give illustrations of such utilities as were referred to in my last question? A. First we have the kind of utilities that we are dealing with in this case, the buses and the railways used for local transportation. They are two utilities of a different economic character, supplying in general like services or similar services. Corresponding utilities are

gas and electricity, supplying illumination and to some extent heat and power. Another illustration would appear in telephone and telegraph companies, both groups of utilities furnishing communication. Another line of comparison would be steam railroads and steamship lines operating between like terminals. I think those are the most important illustrations of utilities supplying similar service but of such fundamentally different economic characters so that their rates will have to be fixed on independent bases.

Q. How are the rates for such utilities fixed with reference to each other? A. For all of the utilities that I have mentioned, except buses and street railways the practice among commissions and regulatory bodies is, I believe practically uniform, to treat each class of utilities by itself. I have never found a case where, for example, electric rates were to be fixed in any respect in connection with or co-ordination with gas rates. Electric rates are fixed on the basis of electric costs, and considerations for the electric industry. The same thing is true in gas. As between telephones and telegraphs, telephone rates are based upon the telephone costs and telegraph rates upon telegraph costs, and the requirements of telegraph service. There has been a great deal of experience in dealing with steamship lines and railroad lines and no effort has been made to fix railway rates in conjunction with steamship rates. However, here competitive points have come in and the course pursued has been to let rates be fixed on the basis of the more economical or

less costly service, and the other utility has either had to meet those rates or abandoned the service.

So outside of the field of street railways and buses, I think the policy has been clear with such utilities, that each utility is treated on its own basis. Where however competitive points are involved or competitive areas, the rates are fixed by the less costly or more economical utility.

Q. Now, with regard to buses and street railway companies, you made them an exception; what have you to say about those? A. I have made them an exception because they are new, substantially in the field of regulation as two utilities coming before the Commission to be treated in the matter of rates and service, consequently the policy to be pursued remains yet to be worked out. But it seems to me that we have here exactly the same underlying economic conditions; the two utilities are so dissimilar in their character, that the experience in the other utilities, it seems to me, should lead. This would mean that each utility would be treated on its own basis and the rates would be fixed for buses according to bus costs and bus service, and street railway rates on the basis of street railway costs. Naturally, where the two come into direct competition, the rates would be fixed by the cost of the more economical utility and not by the more costly one. That is the clear analogy between the utilities where there has been ample experience and these utilities here in question.

Q. What are the fundamental economic differences between the street railway transportation and the bus transportation? A. The great economic distinction appears in the scope of the investment and the requirements for maintenance. The physical difference is of course obvious, but the economic consequences are not always quite so clear. The street railways have a huge investment in roadway and connected structures and a large expense in maintaining those structures. The buses have no such corresponding investment, nor such corresponding cost of maintenance. This fundamental fact puts the two facilities on altogether different economic basis and I think requires reasonably different treatment or independent treatment.

Q. Are there any economic advantages in having the utilities under the same financial and managerial control? A. That is, the buses and street railways?

Q. Yes. A. Yes, sir, I think there are very decided economic and financial advantages in having them under the same control. There are economies to be realized in various lines. This applies particularly to general overheads. Wasteful, that is to say really wasteful competition can be eliminated, unnecessary service can be avoided. There would be losses in these respects if the two services were conducted strictly by independent bodies.

Q. Are there any economic dangers from such a combination? A. I think there are very decided economic dangers by having the two systems co-ordinated under the same manage-

ment. The chief danger comes in, in the point I mentioned before, and that is the great disproportion in the relative investment. Since the street railways everywhere, whenever this problem comes up are the old and long established utilities and have the large fixed investment, there would be the inevitable natural tendency to use the buses for the purpose of saving the street railway investment. I say that would be almost the inevitable tendency anywhere. It would be a motive that would have to be actually combated in any case not to follow it. The consequence would be, if the motive is followed, to hold back the normal and the natural available economic development of the bus system in the interest of maintaining and preserving the investment in the street railway.

I have come close to that problem in New York City. I made a report to the Board of Estimate and Apportionment several years ago that involved this very matter, and I have been in conferences that involved that same question now in connection with the bus problem over in New York City. From the very first there was a plain recognition of the advantages of co-ordination, in having the existing street railways and the newer buses under the same management and control, but there has been the underlying fear of holding back the bus development in the interests of preserving the street railway development, and that is I know at present the heart of the bus controversy in New York City.

Q. Would you say, Doctor, that the present

fares and zones on the system as a whole are adequate to bring a fair return on the bus properties used by Public Service Transportation Company? A. I think so.

Mr. Blake: Pardon me. You just testified you are not familiar with all the bus properties, early in your examination.

The Witness: However, I have made a study of the entire receipts and operating expenses and the investment for all the bus lines.

Mr. Blake: Based upon that?

The Witness: Based upon that study.

Commissioner Autenrieth: The exhibits would show, according to the witness's contention, I assume, what he would consider a fair rate of return on the entire system.

Q. Doctor, do you know of any case which has come before either the courts or the Public Utility Commissions in which co-ordination has been attempted, involving an increase or decrease in the rates or zones of one of the utilities and not in the other? A. No, I do not. I know of no such case.

CROSS-EXAMINATION by Mr. Blake:

Q. Doctor, you confess to being an economist, do you not?

Mr. Evans: Did you say confess or profess?

Mr. Blake: Confess.

A. Yes.

Q. Have you ever had any operating experience? A. In any utility?

Q. In bus or trolley? A. Not bus or trolley, no.

Q. Have you made an examination of the lines of Public Service Transportation Company in this state? A. The individual lines in this state?

Q. Yes. A. I have not, no.

Q. Do you know how many lines are operated in the state?

Mr. Stewart: You mean under your company?

Mr. Blake: Yes, under our company, the transportation company.

A. Well, I do not know definitely the number of lines. I, however, have gone over the financial figures of each of the lines.

Q. I am asking physically? A. Not physically.

Q. Do you know anything about the lines physically? A. Physically I have not examined systematically the lines. I know a number of the individual lines. I have not made a systematic study of that for this case.

Q. Do you know anything physically about the one thousand or eleven hundred buses operated on the lines? A. I do not.

Q. Do you know the zone points on any of the eighty or ninety lines of buses that are operated? A. I have gone over the zone points of a number of lines; all of the 11 lines and a number of others, but not all or anywhere near all.

Q. How many out of the 90 have you ridden or examined, the zone points? A. I have not ridden for the purpose of examining the zone points any of the lines. My study has been of a financial and cost character.

Q. The same would hold true as to the railway? A. Yes, the same would hold true of the railway.

Q. As a matter of fact, the figures that you used as the basis for all your computations have been furnished you and you could have provided the exhibits which you have provided, without coming into the state at all, as a matter of fact, couldn't you? You could have stayed up at Cayuga's waters and made all these figures? A. I think so, especially if I could consult from time to time with Mr. Roberts who did go over the lines and with whom I did consult right along.

Q. Will you direct your attention for the moment to O9, that is the first exhibit. The general method of computation to arrive at your results is to take a certain number of bus miles, a certain cost per mile, and a certain revenue per mile, is that correct? A. That is correct.

Q. And determine the difference between the cost and the revenue and multiply it by the bus miles and get what you call the net? A. That is correct.

Q. So that if you increased the number of bus miles and increased the revenue and decreased the cost, the result shows a higher figure, does it not? A. That is correct.

Q. You started the bus miles, #1 on Exhibit

09, and took the figure of 42,000,000 miles? A. Yes.

Q. You based that, you said, upon the showing of the last three months in 1926 and the first three months in 1927? A. Yes, considering, however, the increase, the monthly increase that took place during the six months.

Q. Now, on the Public Service territory will you give me the traffic variations for the various months? A. For what period?

Q. I do not want any periods. Just in a normal year, give me the traffic variations, start off with January. A. For the transportation company?

Q. For the transportation company, yes? A. Well, on Exhibit 011—

Q. No, I am not talking about the exhibit. I want to know on this property, the Public Service Transportation Company property, I want to know the variations in traffic during the months, which months are heavy, which months are light.

Mr. Stewart: You mean on the entire system?

Mr. Blake: Yes, sir.

A. Well, I do not just quite get you. You want me to say that without regard to the exhibits, without regard to the figures?

Q. I am not asking you for any specific figures. I want to know which are the heavy months, which are the light months, from the traffic standpoint in the Public Service territory served by Public Service Transportation Company? A. That question is hard to answer be-

cause up to the present the system has been building up right along, adding new buses and new lines, consequently it would be hard to answer specifically, but I should say—

Q. Not if you know the property, it would not be hard, would it? A. I know the figures. I know how the figures are. I told you I had not gone over the properties, but looking at the figures as they stand here, I should say—

Q. But the figures as they stand, that takes into consideration the difference in the number of buses that are operated and so forth. I am asking you the traffic months, the heavy and light traffic months? A. If you are asking me to answer the question on the basis of the data that I have and that I have gone over, I shall be glad to do so. If you want me to answer the question on the basis of having made a detailed physical examination and count of the traffic on the different lines during the different months, I cannot answer you; I do not know.

Q. The only way you can answer is by using the data that has been prepared? A. By using the data before me and spreading it out and studying it, and on that basis I can answer your question.

Q. But the data is based upon every changing factor, isn't it, the data you have before you? A. That is true.

Q. You cannot tell me then generally whether January on our property compares, as a traffic month, with July, whether it is above or under the July traffic, can you? A. Yes, sir, I can. While there are bus additions and the system

has been building up month by month and I have not made a specific determination just how that has taken place, that however is largely eliminated in the consideration of the revenue per bus mile. The revenue per bus mile shows a distinct lift in the latter part of the year, so that indicates clearly that the latter part of the year is the heavy traffic period.

Q. What do you mean by the latter part of the year? A. For any given calendar year.

Q. October, November, December? A. Beginning with September, October, November and December are the heavier traffic months. That would be indicated.

Q. So the last three months of the year would be the best months of the year? A. For the calendar year, would tend to be the heavier months of the year.

Q. How does that January, February and March compare with June, July and August? A. I should say that these figures would indicate that there is a drop relatively in the traffic during June and July.

Q. So that what you have done in arriving at this figure, you have taken the two highest periods of the year, is that correct? A. It is not.

Q. Why haven't you done it? You said—

> Mr. Stewart: I think the witness should be allowed to finish his answers. The witness is continually interrupted and asked a question.

Commissioner Autenreith: Had you finished?

The Witness: My answer is "no." I wish to explain why I say no.

Commissioner Autenreith: Had you intended to finish by saying "no"?

The Witness: No; I had not.

Commissioner Autenreith: Then you may continue and amplify the "no."

Mr. Blake: I will give you just as much opportunity as you gave Mr. Warner and no more. May I submit that question is capable of a categorically yes or no answer.

Commissioner Autenreith: It is. He intends answering your next question, and anticipating what you are going to say. If you will let him finish he will anticipate your next question; for convenience sake I will allow it. It is not technically correct.

Mr. Blake: All right.

Commissioner Autenreith: Go ahead.

The Witness: For any given calendar year the figures show the lift; the increase comes at the latter part of the year. That is shown for each one of those years, in the revenue per bus mile. Consequently, while January, February and March are just about up to October, November and December of 1926, October, November and December of 1927, however, will be on a considerably higher level than January, February and March of the same year.

So I think I have taken—when I say January, February and March, 1927, I am substantially lower than for the latter part of the year and the average for the year.

Q. You have used in making that computation

the three months of 1927, haven't you? A. I have used the three months of 1927.

Q. These are the high months you have been talking about, that you already got that in? A. No; it isn't. The high months for 1927 are September, October—well, September, October, November and December, 1927; that is the three or four months at the other end of the year. Those are the high months for 1927. The first three months of 1927 are normal months. They are slightly higher than the immediately following three months or the two or three summer months, but they are distinctly lower than the last three or four months; no question. That is what I mean.

Q. You have taken the two highest periods of the year? A. I have not. If you will permit me—

Q. You say you have not. You can explain later on your re-direct examination. The answer is "no," and I will ask you another question.

Commissioner Autenreith: Don't get into an argument among yourselves.

Q. I will ask you this question: You have five quarters set up on this Exhibit O11, have you not? A. Well—

Q. Yes or no. A. I have a good many more than five quarters.

Mr. Stewart: Don't it speak for itself?

Commissioner Autenreith: He says there are more than five.

Q. Will you indicate on Exhibit O9, in 1926, where you have more than five quarters? A.

You didn't say 1926. Of course, for 1926, there are four quarters.

Q. You have five quarters set up in this exhibit; four in 1926 and one in 1927. Look at the right column? A. Yes.

Q. You have it? A. Yes.

Q. Will you pick out those four quarters that are listed in that right-hand column of Exhibit O11 the two highest in respect to the bus miles operated? A. Yes; in respect to that column I have done that; in respect to that column.

Q. So that with the data before you you picked out the two highest quarters and you used those as the basis and multiplied by two to get your bus miles for 1927? A. With respect to that column I did that thing, but I based my estimate on 1927 and I used that column and the other column to indicate what would be the real expectations for 1927.

Q. Now, you don't know whether or not the riding falls off in the summer months? A. The receipts per bus mile drop off and the riding, generally speaking, falls off in the summer months.

Q. And the service is curtailed immediately? A. I assume so, yes.

Q. You assume, under ordinary management? A. Yes.

Q. The bus miles are reduced too? A. Yes.

Q. You show for the three months, the three winter months, 10,307,000 bus miles, is that correct? A. That is correct.

Q. Now, if in the next six months the service is cut to meet the load, the decrease in the business that comes in the spring and summer

months normally in the transportation business, it is fair to assume that for the next few months that 10,307,000 will be reduced, is it not? A. It may be reduced. It won't be reduced in full proportion. There will be a reduction; it won't be reduced in full proportion, which is indicated by the 1925 and 1926 increase in revenue per bus mile.

Q. Why? A. Why, because in the contraction of traffic it is usually not possible to make the whole corresponding contraction in the amount of service rendered. Just exactly the same way as during the period of exceptional development of traffic you do not expand the amount of service. There is a change in the load factor and that is what happens.

Q. There will be a curtailment? A. There will be, doubtless, some curtailment.

Q. On the average, the bus miles averaged more than ten and a quarter million, taken throughout the year? A. No. For the next quarter, possibly for the next two quarters, I should say the receipts per bus mile will be slightly less than the first quarter.

Q. What about the mileage, the bus miles? A. The mileage probably, unless you build up the system further, probably would be somewhat less. If the system is built up, with new lines, it would be more. On the basis of the existing lift of traffic and business expansion I should expect some drop in the mileage.

Q. Would you expect some drop in the mileage, they would operate more than forty million miles for this year? A. No; I wouldn't. I would expect on the basis—without the development of

new lines and new bus routes, and so forth, I would expect forty-two million miles.

Q. Forty-two million is entirely different than forty million; it is two million more miles? A. That is true.

Q. Did you base anything on what you call the increase in business, based on the experience of the early months of 1926? A. I took three and a half million bus miles for the months as representing the average monthly mileage that could be realized and would be realized during 1927, taking into the account, the growth, the normal growth of traffic in the latter part of the year.

Q. Is that based upon the data you had showing the experience in the preceding years? A. That was based on the data and based also on the business in the preceding year, on the receipts per bus mile. The receipts in bus miles would show the normal growth in traffic in the latter part of the year, without regard to the increase in mileage due to an expanding routage.

Q. Were all the factors in January—the first quarter in 1926, were all those factors in existence in 1927 or was there any change in the situation during that period? A. I didn't quite get the first of your question.

Q. (Question read.) A. Well, there were additional buses added, there were additional routes added; how many I don't know. There may not have been an exact correspondence, wasn't actually an exact correspondence in winter and another three months. Comparing the months across from the year, a pretty fair comparison could be established, especially if you take the receipts per bus mile.

Q. I will talk with you of the receipts per bus mile, if you want it on that basis? A. I don't.

Q. Was there any change in the receipts per bus mile in the first quarter in 1926 and the first quarter in 1927? A. Yes, there was a great increase in the first quarter compared with the last quarter. That is the basis of my estimate for 1927.

Q. Because of the fact of that increase in those two quarters? A. Because during that period, from the first quarter to the last quarter, there was a lift in each of the years of 1925 and 1926 of about, nearly, just a little over two cents per bus mile.

Q. You are talking about bus mile receipts? A. Receipts per bus mile.

Q. What caused that? A. The greater—well, on most of the lines it would be the greater volume of developing traffic on each line in proportion to the bus mileage operated.

To be more specific, take the Roselle Park Line: During the year there was a large lift in the gross. Of course, there was some additional buses, perhaps, added. But when you took the developed traffic which produced the gross and then take into account the mileage, there was a lift during the period of something like—I am speaking now from memory—of nearly five cents per bus mile. There was an increased development, a striking development of traffic, increase in traffic compared with the service rendered. The figures—

Q. Doctor, was there any change in the equipment in the last six months of 1926 that would actually account for this increase? A. Naturally,

if the character of the equipment, if it was improved that would be more attractive service and you would get more passengers, it would furnish a better service naturally.

Q. And if four hundred buses seating 31 passengers were substituted for four hundred buses seating 22 or 23 passengers, there would be an increase in the seating capacity, would there not? A. Yes, there would be.

Q. And there would be an increase in their capacity for carrying the business and new business, would there not? A. Yes, a slight increase.

Q. A slight increase? A. Yes.

Q. That would be 8 seats, wouldn't it? A. Yes; there would be an increase.

Q. There would be a thirty per cent increase in capacity alone, wouldn't there? A. The capacity, however, wouldn't be constant with—

Q. Just answer the question. There would be an increase in capacity, would there not, of thirty per cent? A. If you substitute a different capacity with a so much greater capacity, there would be so much greater percentage of increase in passengers.

Q. That was done in the last six months of 1926; that was one of the factors contributed to two cents a mile that you spoke about? A. I don't believe that is a very important factor. It may be one of the factors; I don't believe it is the dominant factor.

Q. You don't think an increase of thirty per cent capacity on the line, the riders using that line would increase the receipts of the line?

Mr. Stewart: There is no testimony to show that is a constant increase of thirty

per cent by the substitution of these buses they bought. They bought 365 buses, some of which they put on this line, which raised the seating capacity from 20 to 26 or 27. That don't make an increase of thirty per cent.

Mr. Blake: I said on the average, there being four hundred buses.

Commissioner Autenrieth: I think it is an assumption, in any event.

Mr. Stewart: It is an assumption, I suppose.

Commissioner Autenrieth: The question had that assumption.

Mr. Stewart: It is more of a hypothetical question.

Commissioner Autenrieth: I don't think it was stated to be the fact. He wanted to get the witness's conclusion as to whether there was a certain increase of capacity.

The Witness: If the single element—

Mr. Blake: Your counsel will take care of you.

The Witness: I can take care of myself.

Q. In addition to the increased capacity of the last six months, do you know of any increase in the number of units that were placed upon the lines? A. On the individual lines?

Q. Yes, the individual lines? A. I haven't made a study of that. I have to take it on the basis of the average receipts per bus.

Q. You are familiar with the Springfield Avenue Line? A. Only in a very general way.

Q. It is one of the lines you have examined? A. It is one of the lines I have examined, yes.

Q. Do you know there was forty-four buses operating on that line? A. Well, just a minute, and I can tell you. The number reported, as scheduled for December 31, 1926, was 33 with five spares or 38.

Q. That is Public Service Transportation Company, but I wondered if you knew how many buses were on that line? A. No; I don't. You mean, in addition?

Q. Yes. A. No, I don't.

Q. If the Transportation Company had increased the number of units owned by it about thirty-three per cent, would that increase the receipts of the Transportation Company? A. It would, the gross receipts.

Q. Yes, the gross receipts? A. Yes, sir.

Q. And also the rate per bus mile, if they had larger earnings? A. It might. It might reduce the receipts per bus mile.

Q. Might reduce the receipt per bus mile? A. Reduce the receipts per bus mile.

Q. Assuming all these buses were operating and simply taken over by the present operators? A. It would simply, then, depend on whether the operated buses had more or less receipts per bus mile than under your operation. That, I don't know.

Q. Assuming they all operated on the same line and operated on the same schedule and rotated on that schedule? A. And received the same receipts?

Q. Yes. A. Naturally, it would be the same, but I don't know anything about that.

Q. That would hold true on any line on which additions were made? A. Assuming all that, yes.

Q. If additions were made to Clinton Avenue and Springfield Avenue lines, and various lines during the last six months of the year, wouldn't that affect these figures? A. On the basis of the assumptions you have laid down. The increase in receipts per bus mile for the latter months would merely indicate the development of the load factor on that line. I think that is what has been taking place, mostly.

Q. As the result of the owners of the majority of the buses on the line operating on a schedule there was an increase in the receipts per bus mile, would you not say that is due to better operation then, on that line? A. Not necessarily.

Q. What would it be due to, then? A. It would be due to, with the good service, to the growth of the traffic during the period and the development of the traffic in favor of the buses.

Q. When you say "service" what do you mean by "service"? A. Well, I mean the—

Q. A better type of service given that would attract the people? A. Yes, and just the normal growth of bus traffic, except representing the preference that the traveling public has for buses.

Q. Is it reasonable to anticipate that in this year that the seating capacity of the buses would be increased another thirty per cent? A. I don't know that it has been increased thirty per cent last year, and what you anticipate, of course, I can't tell.

Q. The increase in the number of buses operated, would that, in any likelihood, be increased on these lines? A. I presume there will be an increase in the number of buses.

Q. Where will they come from. There are certain buses now operated on these lines and they are all operated. If we acquire them all, how can we increase the number?

Mr. Stewart: There is no limit as to their operation; there is no restriction as to the number, if they get the permission.

Mr. Blake: They are not in existence now.

Mr. Stewart: The buses are purchaseable.

A. Then, if you can't get additional buses, if you have on any one of the lines already all the buses you are going to operate there, then the further growth of traffic during 1927, that will take place in the region served will result in a higher load factor and greater receipts in bus miles, and that, generally speaking, is the factor that I had in mind. That shows especially in the latter part of the year for the lift in the year, in the receipts per bus mile.

Q. Dr. Bauer, your estimate for 1927 presupposes a repetition of what has happened in 1926, does it not, plus an added increase in business? A. Yes. You are now still speaking of Exhibit O11?

Q. Yes. Exhibit O11, which you used as a basis for Exhibit O9. A. Yes. I wanted to be sure what you meant. Yes. It assumes that it will be on the basis of the present scope of

operation; that is to say, the present routes, and the present equipment and scope of equipment, that there will be a further development of the load factor and by the end of the year a substantial addition to the receipts per bus mile.

Q. You base that upon the history of operation in 1926 as shown in Exhibit O11? A. And 1925.

Q. And 1925? A. And 1925, that is correct.

Q. I would like you, if you would, if you have an opportunity, to build up by months, during the recess, that forty-two million miles you say will be operated in 1927.

Commissioner Autenrieth: We will give the doctor the opportunity at recess; whether he can or not may be something else.

Recess from one to two o'clock.

After recess.

Mr. Stewart: May it please the Commission, at this time, I have some representatives of some of the factories in Irvington whom I would like to put on the stand and let them get away. I understand Mr. Blake don't object. I also have the Town Clerk here and I will put him on first.

Objectors' Witness, Walter H. Jamouneau, Direct

WALTER H. JAMOUNEAU, sworn on behalf of Town of Irvington.

Direct-examination by Mr. Stewart:

Q. You are Town Clerk of the Town of Irvington? A. Yes, sir.

Q. And as such, are applications for jitney permits filed with you? A. Yes, sir.

Q. Has there recently been filed with you application for jitney permits on Clinton Avenue and Springfield Avenue, and, I think, Lyons Avenue? A. I think December, December, 1926.

Q. Have you the applications with you? A. Yes, sir; three applications.

Q. What are they dated? A. Dated December 15th, 1926, December 16th, 1926, and December 15th, 1926.

Q. Who signed them, in the same order? A. George F. Seymour, Jr.

Q. For whom? A. For the Lyons Avenue route in Irvington.

Q. Who was the applicant? A. The Clinton Avenue Bus Company. And George F. Seymour, Jr., signed one for Leo Elliott, Eugene Brown and Charles Lehrhoff.

Q. For what route? A. For the Springfield Avenue line, from 42nd Street to the tubes.

Q. And the other one? A. The other one is signed by George F. Seymour, Jr., representing the Clinton Avenue Bus Company. Werner Beck is now the owner and operator of this line.

Q. From where to where? A. Permission on the Clinton Avenue line, from 40th Street and Boyden Avenue, Irvington, to the Tube Station in Newark.

Q. The last one is for how many buses? A. Fifty buses.

Q. Is there anything said in the application about the rate of fare? A. The communication itself, it is short, not long; shall I read it?

Q. Read the whole letter. A. "I represent the Clinton Avenue Bus Company, Inc., the president of which company, Werner Beck, is the owner of a bus operating on this line and has been a practical bus operator since May 1st, 1916.

"Inasmuch as the Public Service Railway Company finds that it cannot operate buses at a five cent fare, I write to ask that this Board issue 50 permits to the Clinton Avenue Bus Company, Inc., for the operation of buses from 40th Street and Boyden Avenue, Irvington, to the Tube Station in Newark, along the route of the Clinton Avenue line.

"The Clinton Avenue Bus Company, Inc., will guarantee that if you will issue these permits they will immediately put into operation 50 of the new type under-slung, de luxe buses and they will agree that the fare from one end of the line to the other shall be five cents and if, at any time, they ask an increase in fare, such application for increase in fare shall be considered as a surrender of their permits."

Q. All right. Go ahead and read the other ones. A. "I represent Charles Lehrhoff, Eugene Brown and Leo Elliott, who are owners and operators of buses on the Springfield Avenue Route in Newark. Inasmuch as the Public Service Transportation Company has decided

that it cannot operate buses on this route for less than a ten cent fare for the whole route, I hereby make application to you for 50 permits for the operation of buses from the Tube Station in Newark to 42nd Street and Springfield Avenue in the Township of Irvington. The buses to be used will be the new type under-slung buses and the rate of fare will be five cents for the full route."

"Inasmuch as the Public Service Railway Company finds it impossible to operate buses on a five cent fare on the Lyons Avenue Route in Newark and Irvington, the Clinton Avenue Bus Company, Inc., which I represent, hereby makes application to this Board for the issuance of 25 permits for buses to be operated from the end of Lyons Avenue and Springfield Avenue, Irvington to the Tube Station in the City of Newark. The Clinton Avenue Bus Company, Inc., will upon the issuance of these permits immediately put into operation 25 new under-slung de luxe buses, and they will operate these buses at a five cent fare from one end of the line to the other."

Q. Those are the three letters you read? A. Yes.

Mr. Stewart: I offer them in evidence.

Mr. Blake: If they are not applications, I object to them, if they are not considered as applications.

Mr. Stewart: They are applications to the Town of Irvington.

Commissioner Autenrieth: I will receive

them. I think the objection probably goes to the weight of the exhibit.

Mr. Blake: They are just letters. If they are to be treated as formal applications I have no objection.

Commissioner Autenrieth: They will be treated for whatever they are.

Letters from Geo. F. Seymour, Jr., marked Exhibit O24.

By Mr. Blake:

Q. Do any of these applications state if they are granted, the bus permits are granted, they will burn their buses rather than sell them to the Public Service Transportation Company? A. There is nothing contained in there to that effect.

Mr. Blake: That is all.

Mr. Stewart: That is all.

G. W. HANNAY, sworn on behalf of Town of Irvington.

Direct-examination by Mr. Stewart:

Q. You are assistant treasurer of the Barnett Foundry and Machinery Company? A. Yes, sir.

Q. You are located at Lyons Avenue and Colt Street, Irvington? A. Yes, sir.

Q. Did you send out a request to different manufacturers in the Town of Irvington to send you a list of the number of their employees using the Clinton Avenue Bus Route, or the Springfield Avenue Bus Route, the Lyons Ave-

nue Bus Route, and the Clinton Place Bus Route? A. I did.

Q. I show you a sheaf of letters here (handing witness letters). Are these the replies you got? A. Yes, sir.

Mr. Stewart: I would like to have them marked for identification at this time.

Sheaf of letters marked Exhibit 025 for identification.

Q. How many of your own men do you employ? A. About 125.

Q. With reference to the Irvington-Newark line, do you know how far your plant is from that Irvington-Newark line approximately? A. I would say it is about three or four blocks.

Q. How many men do you employ in your plant? A. 125, approximately, as an average.

Q. Of that 125 can you tell me how many use these various lines? A. Approximately 100.

Q. Can you tell me how they are divided up? A. Say, about 50 on the Lyons Avenue Route—

Q. I have a copy of your letter here. I don't know whether you have a copy of it or not. A. I have not.

Q. You wrote me that letter (handing witness letter). A. Sixty-one on Lyons Avenue, 22 Springfield Avenue and 3 Clinton Avenue.

Q. In your opinion, will the increase in fare that is applied for or the change of zone that is applied for in this petition from five cents fare that now prevails to a five cent fare in Irvington and a five cent fare in Newark, have any effect or inconvenience any of your workingmen? A. Absolutely. It will affect the workingmen. It will affect the factory.

Q. In what way? A. Well, we come to Newark and get labor on a competitive basis. We can't do that. The men will have to pay an extra fare and eventually that will come back on the manufacturer.

Q. You mean, in order to get the men on a competitive basis you would have to pay them more money? A. Exactly.

Q. You are familiar with the industrial conditions that lie between the Newark and Irvington line, and, say, Grove Street, Irvington, from Springfield Avenue south to the Union County line? A. I can't say I am familiar with it, no.

Q. You know the area, don't you? A. Yes, I am familiar with the area.

Q. About how many plants are there in there, manufacturing plants? A. I would say between 25 and 30.

Q. That is largely an industrial area in there? A. It is.

Mr. Stewart: I think that is all.

CROSS-EXAMINATION by Mr. Blake:

Q. Your plant is either three or four blocks from the City Line, which do you say? A. Well, we are located on Lyons Avenue and Coit Street, and I presume the City Line is at 18th Street.

Mr. Stewart: I will show you a map (handing witness map). There is the Newark-Irvington line (indicating), and you are on what street?

The Witness: Coit and Lyons.

Mr. Stewart: That is Coit Street and there is Lyons (indicating).

The Witness: Three blocks.
Commissioner Autenrieth: How far?
The Witness: Three blocks.

Q. Of the men who work in your plant you said 100 used the lines; 61 use the Lyons Avenue buses? A. Yes, sir.

Q. They would be required to walk three blocks, would they not, to get out to the City Line and walk to the machine shop, your place of business? A. In order to save that fare, you mean?

Q. In order to save that fare? A. Yes.

Q. At the other end of the line, do you know where these employees live, how adjacent to the bus line? A. I don't know.

Q. Three blocks from the bus line is not an unreasonable distance, three blocks is not an unreasonable distance to get a bus line or a means of transportation? A. I am not familiar with the walk.

Q. Would you say, yourself, that was an undue hardship to walk three blocks to get a bus line? A. I wouldn't think it would be an undue hardship, no.

Q. You have a machinery shop there, not an embroidery factory; you have machinists working in there, men? A. Yes.

Mr. Blake: That is all.

By Mr. Stewart:

Q. It depends a good deal on the weather whether it is an unreasonable distance to walk? A. Yes; it would depend a great deal on weather conditions, I think, too.

Objectors' Witness, Joseph H. Shaw, Jr., Direct

JOSEPH H. SHAW, JR., sworn on behalf of Town of Irvington.

Direct-examination by Mr. Stewart:

Q. Mr. Shaw, you are connected with the Phoenix Brass Foundry? A. Yes, sir.

Q. What is your position there? A. Assistant superintendent.

Q. Did you cause a survey to be made of the employees in your factory who used these lines that are concerned in this application here? A. Well, I didn't, but Mr. Goodman did there.

Q. Do you know how many employees your plant uses? A. About 125.

Q. Do you know how many of them use the various lines, the Lyons Avenue, the Clinton Avenue, the Springfield Avenue or the Clinton Avenue bus line? A. Approximately 100.

Q. Do you know how they are distributed along the line? A. Why, no, I don't.

Q. How far is your plant from the Newark-Irvington line? A. I would say a distance of about ten blocks.

Q. You are located where? A. The corner of Chancellor Avenue and Coit Street.

Q. There is a line running down Chancellor Avenue, isn't there? A. That is right.

Q. Do they use that line, most of them? A. Very few.

Q. Why? A. I suppose that that line is not a line that passes near the residences of these men and they have to use the other three lines.

Q. How do they get to the other three lines? A. By the Grove Street Crosstown line or else walk from the plant to the Lyons Avenue line.

Q. Which is how far? A. That is a distance of five blocks.

Q. The Grove Street Crosstown line, that is not a Public Service line, is it? A. No, sir.

Q. They pay what fare on that? A. Five cents.

Q. These men now that use that Crosstown line pay ten cents a day, five cents on the Crosstown line? A. That is right.

Q. And five cents on whatever other line they take. Would it be any hardship on your men if they had to pay an additional five cents each way? A. I believe it would. It would be a hardship on the men and it would reflect back to the manufacturer in additional wages.

Mr. Stewart: That is all.

CROSS-EXAMINATION by Mr. Blake:

Q. You have 125 men employed, of which 100 use the bus lines? A. That is right.

Q. 100 use the bus lines to get into Newark? A. Yes.

Q. Some of them live in Irvington? A. Well, very few.

Q. You employ what type of labor? A. Just what do you mean? The nationality—

Q. No. It is a foundry. A. In a foundry, surely.

Q. Machinists? A. We don't have as many machinists as we do the laboring class in the foundry.

Q. Do you have any difficulty keeping help there now? A. We do, to a certain extent. We

find it very hard to ge the men to travel up to our place. There are other foundries in the city where they pay just as good wages and the conditions are just the same.

Q. The majority of your men are now paying ten cents ? A. That is right.

Q. As against the five cents the Barnett Foundry & Machinery men pay? A. Yes.

Q. You keep 125 men there most of the year? A. That is right.

Mr. Blake: That is all.

By Mr. Stewart:

Q. If they had to pay an extra five cents would that make it that much harder then to keep your men? A. Yes, sir.

JAMES J. PRICE, sworn on behalf of Town of Irvington.

Direct-examination by Mr. Stewart:

Q. You are connected with what foundry? A. The Atlas Foundry Company.

Q. And that is located where? A. 517 Lyons Avenue.

Q. Near what cross street is it? A. Near Wizy Street.

Q. Near Coit Street? A. Near Coit Street.

Q. How near Coit Street? A. One block away from Coit Street.

Q. East or west? Is it toward Irvington or— A. Further toward Irvington.

Q. Toward Irvington. Did your company cause a survey to be made of the number of men that used the Lyons Avenue, Springfield Avenue and Clinton Avenue bus lines? A. That is right.

Q. Have you a copy of that survey with you? A. No, I have no copy with me, no.

Q. (Counsel hands witness paper.) Will you tell us how many of your men use the Springfield Avenue line?

Mr. Blake: How many do you employ?

Q. How many do you employ, yes? A. Sixty men.

Q. How many of them use the Springfield Avenue line? A. Seven.

Q. How many use the Clinton Avenue line? A. Three.

Q. How many use the Lyons Avenue line? A. Twenty-one.

Q. How do they get to these lines? A. From Newark, down to Newark.

Q. I beg pardon. A. Lyons Avenue, they get off right in front of the place. Springfield Avenue, they get off at Grove Street and take the Grove Street bus over.

Q. On Springfield Avenue they do the same thing? A. Do the same thing.

Q. In your opinion, will this proposed increase in fare or change in zone be an inconvenience to your men or affect them? A. It will affect a lot of them.

Q. In what way? A. A lot of the men will quit before paying the extra nickel and go elsewhere and work.

Objectors' Witness, James J. Price, Cross

Q. Are there any of your men using the trolleys? A. One man uses the trolley, the Broad car.

Q. In case this is put in effect and your men stay with you and pay the extra five cents, will there be a likelihood of their demanding an increase in wages? A. There will be. We will have to increase their salary.

Mr. Stewart: That is all.

CROSS-EXAMINATION by Mr. Blake:

Q. How much of a run is it on the Grove Street crosstown from your plant over? A. How far down from Grove Street?

Q. How much of a ride is it from your plant over that these men ride now? A. From Springfield Avenue to Lyons Avenue, Lyons Avenue and Coit Street.

Q. To get the Springfield Avenue line? A. The same way.

Q. How far? A. About a half a mile to Clinton Avenue and about a mile to Springfield Avenue.

Q. To get a line on Clinton Avenue? A. Yes.

Q. And they pay the five cents? A. On Grove Street.

Q. How far is it from that point to Newark? A. From Grove Street?

Q. Yes. A. Grove and Lyons Avenue?

Q. Yes; down into the center of Newark? A. Down to the center of Newark from Grove Street?

Q. Yes. A. About four blocks.

Q. To the center of Newark? A. Not to the center of Newark; to the City Line.

Q. I asked you, to the center of Newark. A. It must be about five miles.

Q. They are willing to pay five cents to ride half a mile, but you think they would object to paying ten cents to ride five miles? A. They wouldn't pay it. They would walk before they'd pay it.

Q. Grove Street is between the City Line and Irvington Centre? A. Grove Street is between the City Line and Irvington Centre.

Q. Are you familiar with the other foundries, the number of men employed, and so forth, in Irvington? A. Yes, sir.

Q. Do all the people who work in the Irvington factory live in Newark, and all the people who live in Newark work in Irvington? A. No.

Mr. Blake: That is all.

JAMES SCANDONE, sworn on behalf of the Town of Irvington.

Direct-examination by Mr. Stewart:

Q. Mr. Scandone, you are connected with what company? A. The Lionel Corporation.

Q. Manufacturers of electric trains? A. Yes, sir.

Q. Toy trains? A. Toy trains; yes, sir.

Q. What is your position there? A. Assistant superintendent.

Q. Did you make a survey of the number of

men in your employ who use the Springfield Avenue, Clinton Avenue and Grove Street lines? A. I did.

Q. How many men do you employ there? A. About 500, just now.

Q. What is the maximum number of employees, the greatest number? A. We run up to about 800.

Q. Up to about 800? A. Yes, sir.

Q. How many people did you find used the Springfield Avenue line? A. Sixty-eight.

Q. How many use the Clinton Avenue line? A. 105.

Q. How many use the Grove Street line to go over to those lines? A. Forty-nine.

Q. Forty-nine that use it to go to these other lines? A. They probably use some other line before they took the Grove Street line.

Q. How far is your plant from Clinton Avenue, south? A. About one long city block.

Q. It is located between Clinton Avenue and what other street? A. Nye Avenue.

Q. Between Nye Avenue and Clinton Avenue? A. Yes. It is much nearer Nye Avenue than it is Clinton Avenue.

Q. Will this increase in fare, do you think, affect your men in any way, cause them inconvenience or annoyance or anything of that kind? A. Yes, I believe the majority of our employees are already paying ten cents fare to get to our plant. You know, we employ quite a number of young people and the toy industry does not pay as much probably as other lines; in order to keep our prices right we cannot afford to pay

New Jersey State Library

what the other industries pay, because it is a toy line.

Q. What effect would it have on your ability to keep your employees in your employ, do you think? A. Why, some of them probably will look elsewhere for employment, or it would cost us more to get our employees.

CROSS-EXAMINATION by Mr. Blake:

Q. How far is your place of business from Clinton Avenue? A. And 21st Street?

Q. Yes. A. About one long city block.

Q. So they walk one long city block and they would be at the Newark City Line? A. No, that would be 21st Street and Clinton Avenue. It would be about four blocks to 18th Street.

Q. Three down and one over? A. Yes.

Q. What is the City Line at that point? A. I understand it is at 18th Street.

Q. That is where the trolley cars turn back, but the fare limit is at 20th Street, isn't it, the Irvington City Line is at 20th Street? A. That I cannot say, because sometimes they allow you to get on at 20th Street on one fare and sometimes they charge two fares. I do not believe there is any regularity there.

Q. Assuming 20th Street is the fare limit and the City Line, they would have to walk one block after they got out at Clinton Avenue? A. Yes, one block after they got to Clinton Avenue.

By Mr. Stewart:

Q. Do I understand on the trolley car they sometimes charge two fares from 18th Street to

20th Street? A. To 21st Street they charge an extra fare, if you get on at 21st Street.

By Mr. Blake:

Q. If you get on at 21st Street, going east? A. Yes.

HENRY F. KARL sworn on behalf of Irvington.

Direct-examination by Mr. Stewart:

Q. Mr. Karl, you are employed by whom? A. Gould & Eberhardt.

Q. What is their line of business? A. Machine tools.

Q. How many men do you employ in your plant? A. 315.

Q. Where is it located? A. A little above the city line.

Q. On what street? A. Chancellor Avenue.

Q. And what is the other cross street that crosses Chancellor Avenue? A. We call it the railroad there.

Q. You are right at the Lehigh Valley Railroad and Chancellor Avenue? A. Yes, sir.

Q. How many employees use the bus lines, Clinton Avenue, Chancellor Avenue, Clinton Place or Springfield Avenue, in going to or from your place of business? A. 46 men use the Springfield Avenue line, 62 men use the Clinton Place line coming from Clinton Avenue, three men use the South Orange Avenue line, 74 men use the Crosstown line. These men are made

up from Springfield, South Orange and Clinton Avenues.

Q. Do you think it would have any effect on your men if this proposed change in zones or increase in fare, five cents after they cross the Newark city line, was put into effect? A. Yes, sir.

Q. What effect do you think it would have? A. The men would ask for more money.

Q. There are 74 men who use the Crosstown line, aren't there? A. Yes, sir.

Q. From that Crosstown line, did you find out whether they are among the 46 men who use the Springfield Avenue line and the 62 who use the Clinton Place line, or are those additional men? A. Those are other men living in Irvington and some of the men using the Springfield, South Orange and Clinton Avenue lines.

CROSS-EXAMINATION by Mr. Blake:

Q. You employed about 315 men at the time this check was made? A. Yes, sir.

Q. How did the other men get to your plant? A. Some of the men lived in Hillside, N. J.; they walked to the plant.

Q. Others drive in their own cars, I suppose? A. In their own cars, yes, sir.

Q. This Crosstown line that you speak of, is that the Grove Street Crosstown that you speak of that your men use going across? A. Yes, sir.

Q. I take it that most of your employees are machinists? A. Yes, sir.

Q. Aren't their wages fixed by the union scale? A. Our shop is not a union shop.

Q. You are not a union shop? A. No, sir.

Q. But your wages are not fixed upon the cost of bus transportation, are they? A. No, sir.

Q. Or transportation? A. No, sir.

Q. If the gasoline tax goes on to gasoline, the men won't ask you for an increase in wages to make up the gas tax on the vehicles they use to get to your place of business? A. I could not answer that.

Q. You would not be prepared to give it to them if they asked for it? A. That is a question.

Q. If the price of any commodity went up, you would not expect it to reflect in your wages, to them, would you? A. No, sir.

By Mr. Stewart:

Q. As a matter of fact, when the prices, when the cost of living goes up, don't your wages go up? A. Oh, yes, sir.

Q. The cost of living is made up of a lot of elements such as transportation to the place as well as gasoline tax, isn't it? A. Yes, sir.

E. L. JORGENSEN sworn on behalf of Town of Irvington.

Direct-examination by Mr. Stewart:

Q. Mr. Jorgensen, you are connected with the Irvington Smelting & Refining Works? A. Yes, sir.

Q. What is your position there? A. Superintendent.

Q. Where is your plant located? A. Facing Nye Avenue, between 21st Street and Coit Street.

Q. How many men do you employ? A. 120.

Q. Of this number of men, how many make use of the Clinton Avenue, Springfield Avenue, Clinton Place and Lyons Avenue bus lines? A. 76.

Q. Do you know how they are divided up among the lines? A. No, I do not.

Q. How did you make this survey? A. I asked everybody that used them to put their name down and made a compilation in that manner.

Q. Would the increase in bus fares or the change of zones from the present zones to the dividing line between Newark and Irvington, charging an extra five cent fare beyond that line going westwardly or eastwardly have any effect or inconvenience your employees? A. Most assuredly.

Q. How? A. $2.50 a month increase in the cost of living will cause most anybody making say around $100 a month to look for a better job or more money.

Q. Would it have any effect on your ability to keep your employees then, do you think? A. I do.

Q. In order to keep your employees what would you have to do? A. Have to increase the wages.

Q. In other words, a man getting $100 a month, he would have to spend, you figure about $2.50— A. Extra—

Q. —Extra, which would be about two and one-half per cent of his monthly wage? A. Exactly.

Objectors' Witness, Eugene G. Poeter, Direct

CROSS-EXAMINATION by Mr. Blake:

Q. Where is your place of business located, sir? A. On Nye Avenue between 21st Street and Coit Street.

Q. Anybody coming up on the Clinton Avenue line gets out at what point? A. Probably get off at 21st Street and Clinton Avenue.

Q. And walk through to your factory? A. Yes.

Q. The city line is at 20th Street, isn't it? A. 18th Street, I believe.

Q. I am talking about the city line. 18th Street is where the trolley cars wye in. The city line is 20th Street, that is where Irvington and Newark join. A. Well, I know the conductor asks for an extra fare when you pass the line.

Q. It is collected from 20th Street on. Do you know where the city line is? A. I had the idea it was around 18th Street.

Q. Assuming it to be 20th Street, your men would just have an extra block to walk, if the zone points were made there, rather than get off at 21st Street they would rather get off at 20th Street? A. That is what it would amount to.

Q. That is what it would amount to? A. Yes.

EUGENE G. POETER sworn on behalf of Town of Irvington.

Direct-examination by Mr. Stewart:

Q. Where is your plant located, Mr. Poeter? A. 1168 South Grove Street.

Q. Where is that with reference to Clinton Avenue? A. It is between Nye and Lyons Avenues.

Q. How many men do you employ? A. From 100 to 125.

Q. Did you have a survey made to ascertain how many of the men used those lines? A. We did.

Q. What was the result of that survey? A. Twelve men used the Lyons Avenue line, 20 used the Clinton Avenue line, and 16 used the Springfield Avenue line.

Q. Do you think the increase in fare or the change of zone as is proposed would have any effect or cause your men to suffer any inconvenience? A. Yes, sir.

Q. In what way? A. Naturally, when you are earning, we will say, for argument sake, $20 a week today, and you have to automatically pay an increase of ten cents per day car fare, or approximately sixty cents more a week, that naturally limits your available income for the support of your family, sixty cents less than what it was before the increase.

Q. Would it have any effect, do you think, on your ability to keep your men without any raise in wage? A. Probably not the older men, but on the younger people it would. Not only that, but our work is so seasonable that at times we employ more people than others and it would result in our inability in obtaining additional help during our rush periods on account of the double fare, to take care of our production needs.

Q. Your rush periods are when? A. Twice a year, spring and fall.

Q. Is this part of your rush period now? A. We are getting into it now.

Q. But you were not at your full capacity when you took this survey on the 16th of May? A. Not quite, no, sir.

CROSS-EXAMINATION by Mr. Blake:

Q. What business are you conducting there? A. Bag frames, manufacturers of ladies' handbag frames.

Q. Have you many employees that receive $20 a week, many men that are employed at the rate of $20 a week? A. No, they get more than that. Of course, some of the younger men, they draw in the neighborhood of $20, $18 to $20.

Q. The new men and younger men? A. Yes, sir.

Q. How far is your place of business located from the city line? A. Well, just where is it at that point?

Q. 20th Street is the city line. A. I would say in the neighborhood of three blocks.

By Mr. Stewart:

Q. That is, when you say three blocks, do you mean going up? What street are you on? A. Going up Nye Avenue.

Q. You mean directly up Nye Avenue? A. Yes, but on the bus line it is probably six or eight blocks on the Lyons Avenue side, and probably in the neighborhood of—well, I would say either way. Clinton or Lyons Avenue. I don't know how that line goes across on Lyons Avenue in relation to Clinton Avenue at our point on Grove Street.

By Mr. Blake:

Q. They have to walk into your place of business anyway, don't they? A. Yes.

By Mr. Stewart:

Q. I am asking you the distance between Grove Street and 20th Street; it still is three blocks, isn't it? A. Yes, it is three blocks.

L. E. WILSON sworn on behalf of Town of Irvington.

Direct-examination by Mr. Stewart:

Q. What concern are you connected with? A. J. T. Castles Ice Cream Company.

Q. Where is your plant located? A. It is on Fabyan Place, it sets back, about a block from Fabyan Place.

Q. Your men use what lines? A. They use all three lines that are in question, Springfield, Clinton and Lyons Avenue.

Q. How do they go from your place over to Springfield Avenue line? A. From Springfield?

Q. Yes. A. I imagine they take that Crosstown bus, the 18th Street bus.

Q. The same way to get to the Clinton Avenue line? A. They would walk out to Clinton Avenue.

Q. Would they get the bus in Newark or in Irvington? A. I imagine they would get it in Newark, since I understand the line is at 20th

Street, I imagine they would get that at Newark; they would get it right on the city line.

CROSS-EXAMINATION by Mr. Blake:

Q. Your people would not be affected at all, would they? A. I hardly think they would.

GEORGE E. SCHAEFER sworn on behalf of Town of Irvington.

Direct-examination by Mr. Stewart:

Q. Mr. Schaefer, you are connected with what company? A. Weber Baking Company.

Q. What is your position there? A. Treasurer.

Q. Where is your place located? A. Springfield Avenue and Union Avenue, just at the center.

Q. Right at Irvington Centre? A. Yes, sir.

Q. How many men do you employ? A. About 75.

Q. Bakery business? A. Bakery, wholesale bakery.

Q. How many of your men use the lines that are in question here? A. About 32 I think, on Springfield Avenue, 14 on Clinton Avenue. There were not any on Lyons Avenue.

Q. Would your men be inconvenienced or otherwise put to expense if this scheme of changing the zone to the Newark-Irvington line went into effect? A. Well, it is like everything else; with a little additional expense here and there

it makes a general feeling of dissatisfaction. I remember when I went around the shop asking the different people about it, of course they make a big noise about it naturally; well, pay us a couple of dollars more and we won't mind paying the increased fare. I did not tell them they were going to get an increased fare or anything in connection with it; just wanted to know what avenue they used and how they got to work. Of course, we employ a lot of old timers from the Dutch Hill down along Springfield Avenue here, fellows who used to work around the big bakeries down there, and naturally we draw from that section. They are paying two fares, ten cents now, to come up there.

Q. About how far from your plant is it that these employees of yours live on Dutch Hill down in Newark? A. Well, down around Winans Avenue, Waverly Avenue, Tenth Street, down around that section.

Q. That is not a great distance below the city line; a half mile, something like that? A. I would say about a half mile, a little more.

CROSS-EXAMINATION by Mr. Blake:

Q. Do you have any local men employed there? A. Yes, some. There are others, too, that live up on the flats, up in Hilton, that come down this way. The balance of them around Irvington there, close to the plant.

Mr. Stewart: I should like to offer this bunch of letters from the different employers, that Mr. Hannay got. Do you have any objection?

Mr. Blake: Letters from employees?

Mr. Stewart: From employers showing the number of employees.

Mr. Blake: It goes in for what it is worth. It shows the number of employees.

Mr. Stewart: It shows the number of employees, that takes these lines.

Mr. Blake: Whether they ride over the city line or not you don't know?

Mr. Stewart: That you can tell by checking up the addresses.

Letters received and marked Exhibit O25.

Adjourned to Wednesday, May 25th, and Friday, May 27th, at Newark at 10:30 A. M.

BOARD OF PUBLIC UTILITY COMMISSIONERS.

Newark, N. J., Wednesday, May 25th, 1927.

PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY, Application for adjustment of fare zones and other relief.

Before the following Commissioners, Jos. F. Autenrieth, Esq., president, Charles Browne, Esq.

For the Public Service Railway Company and

Public Service Transportation Company appears George H. Blake, Esq.

For the Town of Irvington appears Charles H. Stewart, Esq.

For Roselle Park appears Martin P. O'Connor, Esq.

For the Borough of Hawthorne appears W. W. Evans, Esq.

Commissioner Browne: How far did we get the last time?

Mr. Stewart: Doctor Bauer was on the witness stand in the morning of the last session, and then in the afternoon we put on the residents of Irvington, and I think Mr. Blake's cross-examination of Doctor Bauer was not completed. Isn't that true, Mr. Blake?

Mr. Blake: That is true, sir.

JOHN BAUER resumes the stand.

Cross-examination by Mr. Blake continued:

Q. Doctor, at the conclusion of the morning session you were asked to give me by months the estimated mileage for 1927, if you were able to do it, Were you able to work it out by months or not, Doctor? A. Well, I am able to do it. I did not make my estimates that way, but I made an apportionment of the mileage by quarters; I did not carry it out by months, but I did by quarters. To adjust the figures accurately by months seemed quite a computation, but I could do that if you wish me to.

Q. You brought down 42,000,000 into quar-

ters? A. That is correct, and checked it up with the receipts, so that I have a statement which I think squares—

Q. Will you let me have the quarters, please, the first, second, third and fourth. A. The first quarter, that is, the actual January, February and March, 10,307,000, leaving out the odd.

Q. There you took the actual? A. There I took the actual, yes, sir. The April, May and June quarter, 10,500,000 a drop—

Q. No, an increase. A. An increase of 200,000. And the July, August and September quarter, 10,500,000; the October, November and December quarter, 10,700,000. I estimated that the second two quarters would be practically the same, although there would be some slight change in the volume of traffic, that that change, however, probably would not affect the schedules maintained. The increase for April, May and June, for the second quarter, was based upon the results obtained in March. The mileage in March was 3,636,000. That is at a rate substantially higher than is indicated for the quarter. This is due in part to a lifting in the rate of traffic, and partly to the fact that February is a small month, a short month; consequently I estimated that the second and third quarters would be average quarters and the final quarter would show a considerable lift.

Q. Now, Doctor Bauer, in arriving at both the mileage and the bus receipts per mile you did consider the 1926 actual operation, did you not, in making your forecast for the 1927 estimate? A. Yes, sir, and the 1926.

Q. And the 1925? A. Yes, sir, especially in terms of receipts, the changes during the year and the different periods and the receipts per bus mile.

Q. If in the year 1925 300 additional buses were put on the line and if in the year 1926 400 new buses—I mean on the routes theretofore operated— A. I understand.

Mr. Stewart: When you say "additional" do you mean "now"?

Mr. Blake: I mean additional buses put on routes theretofore operated.

Mr. Stewart: I know, but you said first "additional" and then you said "now"; I was wondering whether you meant by "additional" new buses.

Mr. Blake: I meant 400 additional buses in 1926, and 300 additional buses in 1925.

Q. Both those elements had to be considered, did they not, in arriving at your estimate? A. Well, they entered into the computation, but they did not affect the receipts per bus mile, unless the average for the additional buses was either materially higher than the lines of buses that you already operated, or were materially lower. Whether they were or not I do not know.

Q. You did not take into consideration that these 300 additional buses that were purchased in 1925 and the 400 additional buses that were purchased in 1926 might have been on highly profitable lines? A. Well, so far as I took it into consideration, I assumed that the receipts

per bus mile were no greater than the receipts on the other line. Now, if they were greater than the average for the other lines then undoubtedly my computation, to that extent, would be in error. I assumed that there were no greater receipts on the additional buses.

Q. Then to what did you attribute the increase per bus mile, were it not the acquisition of the 700 buses on lines that were slightly above the average? A. To the normal growth of traffic on a given line. Take a line that operates through a developed territory, then if you already have full control of the entire line and add no additional buses to your schedule, the growth of traffic will produce, over a year's time, an increase in the receipts per bus mile, so if there were just a five per cent increase of traffic over a year's period and that additional five per cent was carried by the buses on the line, without increasing the number of buses on the line, it would give you the additional receipts per bus mile that I carry in my computation.

Q. Just a five per cent increase in traffic? A. Over a year's period, just a five per cent increase, or it might come to six per cent; it is just about in that region; that is the lift in traffic that the normal growth would produce.

Q. But you made no detailed study to see whether the 700 buses that were actually ac-

quired in those two years were buses that were above or below the average and would, therefore, affect the receipts? A. At the time of purchase, I did not.

Q. All right, sir. From the study of the data in the case you know that 300 buses were purchased in 1925 and substantially 400 in 1926, on various lines operating in the state, do you not? A. Well, I know that buses were purchased, but what the number was I do not know. I know what the number of buses at the end of 1926 was, but I do not know as they were purchased and when.

Q. You know from an examination of your records that in addition to those 700 buses that I said were purchased in those two years, that 400 buses of a larger type were put into operation, replacing 400 buses that were then operating? A. That is my understanding, but my understanding is that that was done in 1926, and if you will let me call attention to the fact, that the same relative increase in receipts per bus mile took place in the latter months of 1925 as in 1926. Now, that fact would indicate that your buying of the new buses did not enter materially into this development.

Q. Do you think that an increased capacity and an increase of riding, due to the increased capacity, would materially increase the earnings on the bus lines? A. It is the increase in riding that I think is the first dominant factor; the increase in capacity would not produce an increase in the receipts per bus mile unless there were an increase in traffic. But this is true, that if there is a marked increase in traffic the larger

capacity per bus might delay the addition of further buses. That might happen, but the figures for the two years together do not indicate that there was such a distortion.

Q. How could there be an increased riding on the lines if there were not increased capacity there to take care of it? A. Because the buses are not filled, not loaded to capacity.

Q. During what period of the day? A. Well, that would apply especially to the nonrush period, and on most lines it would apply to the rush period, because capacity is a very flexible thing. With the growth of traffic there would be normally growth of overload during the peak and rush hour periods.

Q. Would you say that during 1925 and 1926, prior to the substitution of the 400 large type buses, that in the rush hours the lines operating out of Newark, that the buses on those lines were not filled to capacity? A. I didn't say that, no. I doubt whether at the end of 1925 the buses operated by the transportation company, at the close of 1925, were loaded to as great an extent as the buses operated by the same company at the close of 1926. I think there isn't any definite limit to capacity when you come to overload.

Mr. Stewart: Might I inquire whether these questions are directed to the thirteen or fourteen lines concerned in this application, or are you applying them to the whole system?

Mr. Blake: I asked him about the lines operating out of Newark.

Mr. Stewart: I don't think you said that.

Mr. Blake: Yes, I did.

Commissioner Autenrieth: Yes, Mr. Blake said the lines operating out of Newark.

Mr. Stewart: I did not get it.

Q. If they are carrying no more people in the rush hours, then if they are carrying more people they must come in the nonrush hours; isn't that correct? A. No, I did not say that.

Q. You said that they were carrying to capacity— A. No, I did not say they were carrying to capacity in the rush hour, if you include in capacity the extent of overload that is carried and may be carried.

Q. Well, if a bus could carry forty people in the rush hour and it had forty people in it would you say it was crowded? A. I should say it was crowded, but I have seen buses that have carried more. Forty passengers in a bus coming into or leaving Newark would be crowded, but I have ridden in buses that had more than forty in them.

Q. Well, how many? Let's go to the top. A. Why, I don't think I can say definitely.

Q. Tell me the one you have ridden in which had the most passengers in it; I don't care when or where. A. I do not believe I could specify particularly. I have ridden a couple of times in buses that carried well on to fifty passengers.

Q. You have ridden in buses that have carried fifty passengers? A. I think so. I haven't stopped to count them, but I think they did.

Q. All right, you have ridden in buses that carried fifty passengers. If that bus were replaced by a bus that would carry sixty-five passengers you would agree with me that that bus would carry more than fifty passengers, wouldn't you? A. I would agree with you that a bus that is larger would no doubt have a larger carrying capacity, surely.

Q. If that bus were operating in the rush hours and it was carrying a larger load, and other buses of a similar type were operating in the rush hours, carrying the same percentage, wouldn't you say that some of that increased riding was due to the fact that there was extra capacity there?

Mr. O'Connor: I object to that question. There is no such evidence in the case, so why base the assumption on something that does not exist.

Commissioner Autenrieth: He is giving expert opinion and I think it is proper cross-examination.

Mr. O'Connor: Do I understand that these questions are being asked for the purpose of testing the credibility of this witness or for the purpose of eliciting evidence pertinent to the issue?

Commissioner Autenrieth: I think both of those things would be pertinent to the issue. A man's credibility is pertinent to the issue. I think the questions are proper.

Mr. O'Connor: I think so, too, but do I understand that this last question was asked with that purpose in view?

Commissioner Autenrieth: I don't know.

Mr. Blake: This witness has testified that the addition of 400 new buses, which have increased the capacity, has had no effect and has had nothing to do with this increase in the growth of traffic, and I am trying to test out the truth of that by cross-examination.

Commissioner Autenrieth: I think the question is proper. Read the question.

(Question repeated by stenographer.)

Mr. Blake: Strike that out.

Q. Doctor Bauer, if a bus carrying forty people and operating during the rush hour was filled with forty people and you substituted for that bus a bus that would carry sixty-five people, and during the rush hour it carried sixty-five people, would you not say that the increased carrying ability of that bus was what produced the additional extra riding on that line?

Mr. Stewart: Is there any evidence that they have a bus that carries sixty-five people?

Mr. Blake: Oh, yes, there is evidence that they carry ninety.

Commissioner Autenrieth: I think there is some evidence that they seat so many and they double their capacity, or something like that.

Mr. Blake: I think it was Judge Stewart who developed that.

Mr. Stewart: Very likely it was if it was against you.

A. Now, the forty load, is it your assumption that that is the maximum that can be gotten into that bus?

Q. Yes, let us assume that that is the maximum. A. That can be crowded into it?

Q. Yes. A. And in the substitute bus, sixty-five is the maximum that can be put in?

Q. Yes. A. And secondly, that the maximum traffic is available and wants transportation?

Q. Yes. A. Then naturally, under those assumptions you will have less bus miles required in the second case; the larger bus would save you putting on an additional bus or operating additional bus miles.

Q. Then you have to cut down your bus miles, and with added receipts you would increase your bus receipts per bus mile, would you not? A. Assuming those conditions existed, which you have specifically stated.

Q. In order to duplicate in 1927 the conditions that existed in 1926, it would be necessary for the transportation company to acquire four hundred buses now operating on lines at least equally as profitable, and also to substitute four hundred buses seating 31 passengers for buses of smaller type, would it not, in order to make comparable 1926 and your forecast for 1927? A. No, it would not require any such thing. I based my estimates on the receipts per bus mile, not on the building up as you did in 1926.

Q. So it would not be necessary in your opinion, to keep the situations comparable, that the same conditions must exist in each year, with the purchase of additional buses and the increase in capacity? A. I don't think so. My

estimates were based on your present bus equipment and on the present routes and with consideration to the expected traffic developments for 1927.

Q. Do you expect the increase in bus receipts to increase indefinitely two cents per mile per year? A. Indefinitely goes quite a distance, but I expect the bus receipts per bus mile to increase materially, if the buses are not held back, and if they are given a free chance to take up traffic.

Q. You think it is proper to ignore the acquisition of the four hundred buses on lines last year, and the additional capacity placed on the lines, in arriving at your figure? A. No, I think that, if anything, the acquisition of the large buses would bring about larger receipts per bus mile than I assumed, because with the larger buses it will be less necessary for you during the rush hours to add additional mileage or additional buses with the growth of traffic. I think my estimate represents a conservative expectation for 1927.

Q. Are you familiar with the type of gas-electric bus that has been added on the various lines of the transportation company? A. In a very general way, I am.

Q. Do you think that the type of bus and character of bus and the attractiveness of it invites the riding, would you say, the low type bus, and the ease of operation? A. I should say yes, probably. I have not made a study as to the relative attractiveness and effect on the developing traffic of the two main types of new buses that you operate. I doubt whether it is a

material factor. I think people like bus service and the bus traffic is developing.

Q. Would you think that regardless of the type of bus, whether it is a modern bus without gear shift, near the ground, or one where you climb up three feet from the ground? A. That is not what I said. I said with the two modern types of buses you are developing, that you are using, there may be a difference. I do not think the difference is very great.

Q. Will you now turn to Exhibit O12. This purports to be a statement of the estimated operating deductions for the year 1927, is that correct? A. That is correct.

Q. Your total general operating expense works out to twenty-seven cents? A. Yes, sir, that is right.

Q. Did you start with the twenty-seven cents and break it down into those figures, or did you take those figures and add them up and get the twenty-seven cents; what was your method in arriving at it? A. Why, probably a little bit of both. The method finally was to build up by accounts and to consider it carefully for each account, what it came to, but I had in mind, however, the total figures you had for 1926 and 1925 and the changes that have taken place. Each ratio is supported by a separate independent study.

Q. I am going to just touch on a few of those account numbers if you have your data available. The total is arrived at by adding, I suppose the various amounts and the various percentages according to the classified account numbers, the account numbers in the classification? A. That is correct.

Q. I call your attention to Account No. 6. A. Yes.

Q. Which in cents per bus mile you have 1.3? A. That is correct.

Q. How did you arrive at that? A. That is, Account 6 is tires and tubes?

Q. Yes. A. By consideration of the average receipts per bus mile for the year 1926.

Q. I am asking about the tire cost. That has nothing to do with the receipts per bus mile? A. I beg your pardon; that was a slip of the tongue. By consideration of the average cost per bus mile for the year 1926, by further consideration of the changes during the months, individual months, during the year, and by consideration of January, February and March of this year, 1.3 cents per bus mile seems to come closest to the figure. I took in each case, I should explain, the nearest hundredths that is whether it is the nearest five hundredths or zero; I evened up to that extent.

Q. The tires and tubes you say at 1.3 cents are based on the last five months of 1926 and 1927? A. No, I did not. I said it was based on the consideration of 1926, the average for the year, and the changes by individual months and by consideration of January, February and March so far this year.

Q. When the explanation which you have given on the schedule attached, where you say: Based upon the last five months of 1926 and 1927 —when I read you that you said: No, that is not what you used. A. Well, that enters heavily, perhaps dominantly into the explanation, but I did not disregard the earlier months in 1926.

I put in the schedule the briefest summary that I could without extending it. I give you the summary for the whole.

Q. Your data works out to 1.37, doesn't it; look at the data; isn't that what it works out to? A. No, I do not think it does. If you start—

Q. All right, you say your answer is "no."

Mr. Stewart: I think the witness is entitled to answer.

Commissioner Autenrieth: Yes, he is entitled to answer.

Mr. Blake: When he says "no" and I am going to drop it, what is the use of going into it. He said "no." He did not use that method.

Commissioner Autenrieth: I will tell the witness now if he has something to put on his answer, let him put it on. If the answer can be made categorically, let it go at that.

A. There was a sharp drop in the tire expense per bus mile after July, 1926. Up to July the cost ran somewhat over 1.8 cents per bus mile, with some variations. Then in August, 1926, the cost dropped to 1.25 cents per bus mile, September 1.26 cents per bus mile, October 1.25 cents per bus mile, November 1.26 cents, December, 1.38, then in January, 1927, it is 1.34, February, 1.30, and for March 1.57. Taking into account the sharp change that took place after July and taking into account the tendency to reductions in the summer, and the changes that have taken place, I thought that

1.3 cents was probably a fair and reasonable figure to take for the entire year 1927.

Q. You took into account the rapid drop in the summer? A. I took into account the striking change in July, the lower level afterwards, and otherwise I took into account that March in 1926 was high and that I set against March, 1927, that is, in looking over 1926 I saw that March of 1926 was strikingly high as compared with January and February preceding and April and May following, and I saw that March, 1927, was substantially higher than January and February; taking all that into account I think 1.3 cents about hits what is reasonably to be expected for the year.

Q. In plotting out your curves, you anticipate another drop in the summer months, I assume, and then an increase in the fall and winter, duplicating your curves that you have given there? A. You mean as the drop in August?

Q. Yes. A. No, sir, I do not. I take it that that drop, that striking drop was due to a change in the tire contracts, rather than in a change in the economy of operation, but I do take into consideration that March of 1926 measured a sharp higher point than either the preceding or following months, and that March of this year shot up materially over February and January of this year.

Q. You do know, as a matter of fact, without surmising, that the reason for the drop in the summer months was because of the fact of the new tire contract in August; you know that, don't you? You have heard it testified to here?

A. I do not recall that the date was specifically fixed. I am aware of the tire contract. Just when exactly it was put into effect I do not know, but I assume and did assume that that was the time.

Q. You asked counsel to ask the question, didn't you, as to when it went into effect and what the price was? A. I have forgotten whether the question was asked when it went into effect, or not. If it was asked and answered, I could not say definitely when it was; I do not recall. But I am telling you I am assuming now and have assumed that the change went into effect at that time and was responsible dominantly for that drop.

Q. Have you any reasons to assume or any knowledge to forecast an opinion on, that in this August, there will be another drop in the price of tires? A. No, sir, I did not assume there would be or that there would be an increase during the year. I took the present level of costs. If there is an increase my estimates are wrong; the same way if there is a decrease.

Q. If you will drop down to Account No. 20, superintendence of transportation, you have figured that as cents per bus mile 0.75? A. That is correct.

Q. Where did you get that figure from? A. That represents the year's average for 1926.

Q. All right. A. The year's average was 0.76. I took 0.75 because uniformly I took the nearest, whether it was five, or raised it up to the next tenth.

Q. Will you refer to Accounts Nos. 34, 35 and 36? A. Yes.

Q. Cents per bus mile 0.05, 0.10 and 0.05, salaries and expenses of general officers, salaries and expenses of general office clerks, general office supplies and expenses. How did you arrive at that figure? A. These figures were based on the 1926 year's average, and they were determined in the same way, by taking the nearest even, or in each instance—no, not in each instance; in the 36 account the amount that I have used is materially higher than the average because the amount was small. But generally speaking, it is the year's average, although it is quite a little higher.

Q. Those are what you generally speak of, those last accounts we have enumerated, Accounts 20, 34, 35 and 36, those are the general overheads in an organization, overhead expenses? A. Yes, usually speaking.

Q. In 1926, do you know what percentage of overheads was charged to the transportation company by the railway for the use of railway employees and officers? A. You mean, now, for those three accounts?

Q. For these four accounts, yes. A. You are including superintendence, Account 20, Accounts 34, 35 and 36?

Q. Yes. A. Specifically what percentage for the various salaries and materials that entered into these accounts, I do not know. I have the amounts by months and for the year.

Q. Assuming a company operating approximately one thousand units and approximately forty million miles per year, how would you divide the accounts numbered 20, 34, 35 and 36, assuming that they are operated by the same

people, how would you divide the overheads? A. That question cannot be answered without knowing in great detail what labor, what different classes of services and materials used were involved, likewise what other charges were incurred by the two organizations operated together and were divided between the two companies. It would require a great deal of study.

Q. Let us take the general superintendent, take one man, the general superintendent, he is directing the operation of one thousand buses and one thousand trolley cars, each operating forty million miles per year, each system; how would you divide his salary between the two? A. I do not believe that question can be answered hypothetically without consideration, detailed, concrete consideration of the facts involved. That was not my task. I took the charges that the company actually made in 1926, and on that basis I made this computation.

Q. I know and we all know just how you made it. You took last year's figures; you did not make any change at all for this year. I am asking you what you would have to know in addition to the fact that the general superintendent is given the job to run one thousand buses and one thousand trolley cars in the same territory and operating approximately the same number of miles; as to what additional facts you would have to know in order to know how to allocate his salary and what proportions to put on each; what additional facts would you need? A. That was not the problem you are confronted with.

Q. I am asking the question now. A. I would want to know a great deal more about the various phases of operation.

Q. Tell them to me. A. I would want to know, for example, how you treated—that is not going to be a complete answer, because I would have to know more than I feel justified now, but I will give you illustrations. I want to know what assistants he had and how the time for those assistants was used.

Q. I am asking about him.

Mr. Stewart: Let him answer.

Commissioner Autenrieth: Let him finish his answer.

The Witness: I did go through the vouchers involving joint operations for December, 1926. In those vouchers I found all kinds of charges for superintendence that were carried either to Account 20 or Account 1, that involved various kinds of operations, various kinds of individual services, which were tied up with superintendence. My answer is that your hypothetical question cannot be answered without consideration to the literally hundreds and thousands of other items that enter into those superintendence accounts.

Q. I did not ask anything about superintendence. I asked you about the salary of the general manager as found in Account No. 34. I told you that the general manager's job was to run one thousand buses and one thousand trolley cars in the same territory, each the same mileage. A. All right. My answer to the gen-

eral manager would be exactly the same, that my portion of the general manager's salary would depend upon how the thousands of other items involving joint operations are divided. I did not enter into that job. I took the costs that you had for 1926 in regard to the whole range of overheads and made my computation on that basis.

Q. Suppose he put in half his time on each, how would you divide? A. My answer would be exactly the same as before. My job was not to divide it.

Q. It is now. I am asking now how would you divide it? A. It would depend on how the thousands of other joint items are divided, and that would take special research and determination that I could not go into.

Q. Why did you take what was done in 1926, rather than what was done in 1927, actually done, as a basis for what would be done in 1927? A. My object in making the estimate for 1927 was, as I think I stated specifically in my direct, to compute the costs first, on the level of wages and materials paid now, and secondly, on the same basis of accounting in the separation of the joint expenses and overheads that were maintained in 1926. If 1926, if your level for 1926 was definitely too low, my estimates are too low; if they were adequate, my estimates in those things are adequate. I recognized that there was a large increase in those accounts. That was an accounting increase. I did not have time enough and did not undertake to determine the justification of it, and I put

my computation on a comparable basis with your charges of 1926, and that is all I did do.

Q. You knew at that time you were making these computations that the railway was carrying these general expenses and the general salaries, did you not, and not charging them to the transportation company, so as to enable the transportation company to get along; you knew that, didn't you? A. I did not know that; no, sir.

Q. All right. A. Now, wait. I did not know that. I did know that the railway company made in various ways charges of joint operations to the transportation company, but I could not reach a proper decision unless I went extensively into all of the accounts, besides the ones you have mentioned, consequently, I maintained the accounting basis you had for 1926.

Q. Let us take those items. Are you the gentleman who asked through counsel all the questions about Fifth Avenue, what the Fifth Avenue Coach Company did, or did not do?

Mr. O'Connor: I do not think that is proper.

Mr. Blake: Strike that out.

Q. Have you in your records and in your data the costs of the Fifth Avenue Coach Company that you were inquiring about as to the tire cost and the rest of it? A. I have gone over the data at various times of the Fifth Avenue Coach Company.

Q. I asked you if you had or have had in this matter the data concerning the Fifth Avenue Coach operations for the account numbers and the dollars per account?

Mr. O'Connor: You say have had?

Mr. Blake: Yes, whether he has or has had in this case.

Mr. O'Connor: You say you have had?

Mr. Blake: I say, whether he has or has had in this case. I repeat that.

A. Yes, sir; I have had.

Q. Have you it with you? A. I have the Transit Commission's printed—I think it is, 1925 report, summary report.

Q. Will you turn to it? A. I believe I have. I am not sure.

Q. Does that company operate a system of bus transportation in the City of New York? A. Yes.

Q. Are they a well-regulated well-managed company? A. I assume so.

Q. Have you the figures for 1925, divided as to accounts? A. Well, as to accounts, as classed here by the Commission.

Q. Yes. A. Those accounts do not in all respects—there is considerable difference in the classification.

Q. But the salaries and expenses of general officers and the salaries and expenses of general office clerks and the general office supplies and expenses are together in that system of accounting, are they not?

Mr. Stewart: I object to this line of examination, your Honor; he hasn't testified to the Fifth Avenue bus operations, and in the second place, these figures he says are not comparable with the statements he has made, because the classi-

fication is different. In the third place, he doesn't know all the things that enter into the classifications.

Commissioner Autenrieth: The last part of your objection wouldn't be a good ground. If he don't know he can say so.

Mr. Stewart: There was no testimony on his part as to the Fifth Avenue buses.

Commissioner Autenrieth: There was some testimony on the cross-examination of another witness.

Mr. Stewart: Yes; but he was not questioned about that.

Mr. Blake: You asked as to what the Fifth Avenue Coach Company did.

Mr. Stewart: I am willing to be blamed for a lot of things, but I didn't happen to make that examination.

Commissioner Autenrieth: I will allow him to answer. That may not have any materiality, but we will hear what the answer is.

Q. Have you any other figures than that period figures before you? A. No, I haven't. I might say, I had some tabulations, but they are not based on these printed figures.

Q. I have here a copy of them. Would you know it if you saw a copy of their accounting for the year?

Mr. Stewart: What is that?

Mr. Blake: I asked him if he would know it.

Q. There is a copy that has been prepared

(showing witness paper)? A. Yes. Well, I have not examined those individual accounts. The figures I have here.

Commissioner Autenrieth: Do you know whether that is their tabulation or not? That is the question.

The Witness: What?

Q. I asked you if you know that was their tabulation? A. I wouldn't from looking at these figures, because I never examined the salaries and expenses.

Commissioner Autenrieth: All right.

Q. If their item of general expenses, salaries and expenses of general officers and salaries and expenses of general office clerks and general office supplies and expenses grouped together were 1.239 cents per bus mile, would you say that was excessive?

Mr. O'Connor: I can't see that is at all material. The witness says he knows nothing about the accounting system of the coach company. Surely, if he doesn't that ends it.

Commissioner Autenrieth: Suppose he was asked the question whether he considered that cost per bus mile excessive, regardless of where it came from?

Mr. O'Connor: How can he determine that unless he first determines the elements that make it up?

Commissioner Autenrieth: If he don't know, he can say so. The objection is not

that he cannot answer, but that it is immaterial.

Mr. Stewart: Another objection to the question is whether the Fifth Avenue Coach Company operates under the same conditions.

Commissioner Autenrieth: There is no question about that.

Mr. Stewart: We ought to know whether in New York, with the slow movement and constant stopping, whether it would not be very high. I think that is objectionable.

Commissioner Autenrieth: What is your point; what relevancy has it?

Mr. Blake: The witness on the stand has explained his inability to say how overheads, such as this, are divided. We had one man operating one thousand buses and one thousand trolley cars and he is unable to testify to that. He has undertaken to say what the transportation company should charge per bus mile for its expenses. When you take this company, regardless of the miles operated, it is much less than the Fifth Avenue Coach Company. It makes no difference how many times they stop, that is the receipts per bus mile. I am trying to see whether he knew they were trolley company employees or employees of the bus company. When we take another company, regulated by the State of New York, by a Board such as you gentlemen are, I want to see how it charged up the

salaries and expenses, those three items. I am prepared to show they charged more than our company. I think I have the right to show it.

Commissioner Autenrieth: This witness's opinion, I don't suppose, as to another company's standards, will measure the amount per bus mile.

Mr. Blake: I have not asked him that. I am not asking about the receipts per bus mile. There are various other factors in it. I want to see what proportion he would set up, with the dollars of revenue in there, operated over there. That is an overhead. You know and we all know, in our company, the railway company carried all the load except the salary of one man, last year. This year they allocated a certain amount, much less than the Fifth Avenue Coach Company allocated to that account. These municipalities, through their witness, refused to give attention to that and assumed this figure of last year and blithely carried it into 1927 and says, there is their operating expenses. They put a man on the stand and I want to know how he knows.

Commissioner Autenrieth: How is that cross-examination of this man's evidence?

Mr. Blake: This man testified to the operations in 1927; that these three accounts I have mentioned should receive so much in cents per bus mile.

Commissioner Autenrieth: In cents per bus mile?

Mr. Blake: Yes. I am trying to find out on cross-examination if that amount is not too low. I am trying to test the question whether it is not too low by showing how another company operates. This gentleman's sibilant voice was heard asking, "What does the Fifth Avenue Coach Company do; what are they doing, and how much do they pay for tires?" I thought when he brought up that question he must have some knowledge of what the Fifth Avenue Coach Company did. If he has, I think I have a right to know it.

Commissioner Autenrieth: If he had expressed an opinion on some prior occasion he might be confronted with it now.

Mr. Blake: He is setting himself up now as an expert on what this company should set up this year, the year of 1927, on its books as an operating charge for these accounts.

Mr. Stewart: He is not set up as an expert on the Fifth Avenue buses, never having made a study.

Mr. Blake: He can tell us if he is not an expert.

Mr. Stewart: He is an expert and has a right to pass an opinion if he has made a study, not otherwise.

Mr. Blake: If you will consent to striking out those items, all right.

Mr. Stewart: I will not consent to striking out anything.

Commissioner Autenrieth: The Board will allow the question, although I will say I don't think it has very much materiality as to his views. Will you read the question?

(Question read.)

A. I haven't any opinion about it.

Q. You are, at the present time, connected with what department of the City of New York? A. I am not connected with any department of the City of New York. I am retained by the City of New York in opposing, helping the city to prepare its case in opposing the increase in commutation rates that the Long Island Railroad is proposing to put into effect.

Q. Are you familiar with bus operations in New York City? A. I am acquainted with the fact there is bus operations. I have gone at different times over the accounts and statistical records, but I have not made a study of the finances of the Fifth Avenue Coach Company recently to warrant me giving any opinion about it.

Q. Were you connected with the City Commission a year ago, the Transit Commission? You so testified? A. No. I was formerly chief of the accounting division of the Public Service Commission of New York, the First District.

Q. What district does that embrace? A. New York City, and was the predecessor, as far as the railroads are concerned, of the present Transit Commission. I take it that is what you want to know.

Q. Yes. Did the Fifth Avenue Coach Company report to that Commission? A. It did.

Q. You were chief of the accounting bureau? A. Of the accounting division, it is technically designated.

Q. Does your division prescribe the accounts that the Fifth Avenue Coach Company comply with in filing their reports? A. Not while I was there. I had no part in it. My memory is (I may be wrong) there was no official system of accounts that had been prescribed. The company reported on its own system. I believe that is the situation.

Q. It reported in a manner that was satisfactory to you as chief of the division? A. It reported in the manner that it reported at the time and the matter had not been taken up by the Commission, or wasn't taken up by the Commission while I was chief of the division.

Q. Were these reports satisfactory, as far as you were concerned, while you were chief of the division?

Mr. O'Connor: Is that proper cross-examination?

Commissioner Autenrieth: We allowed the previous question after a great deal of doubt as to its materiality. The witness answered he had no opinion on the subject. This is to ascertain whether he should have had an opinion.

Mr. Blake: Yes, sir.

Commissioner Autenrieth: It is as important as the original question was.

A. My function—

Q. Regardless of your function, I want to know whether they were satisfactory to you or not? A. That is what I am trying to answer you. My function as the chief of that division was to make the examination in rate cases and security issues and special cases. My function wasn't, in my division, to receive the annual reports and to check them and report back to the Commission.

Q. So you don't know whether they were satisfactory or not; it wasn't any of your affair? A. It wasn't one of my affairs.

Q. Are you familiar with bus operations? A. Yes. I have seen buses operate; I have ridden on the buses.

Q. Is that the extent of your familiarity with them, the operation of them? A. I have gone over the statistical records and cost records at different times and different systems of those. I have never operated buses.

Q. As I understand you, if I follow out your thought and the thought of your counsel, if in Accounts No. 34, 35, 36 and 20, if last year the transportation company had set up the figure of five cents per bus mile for those accounts you would have carried that over into 1927 regardless, is that correct? A. Not necessarily, no.

Q. Why not? A. Because in the case of these overheads they are incurred jointly by the two companies. To make a proper determination as to what the correct basis of the apportionment is, required an extended and detailed study and comparison of all of the people who are employed and the materials used. And my purpose in this statement, in using these re-

ports, was to maintain the costs you had last year without trying to solve the question. I do believe that there is a great deal in these various joint charges that ought to be determined, but it seems that they ought to be gone into with great detail before any increase in the rate of charges and zones should be allowed. There are a lot of joint charges that are varied.

Q. You have said, as I understand you, you made no detailed examination necessary to determine whether or not this is a proper charge? A. I have made a detailed examination of the superintendence and the various joint charges for the month of December, 1926, on the basis of that detailed study I concluded that in the handling of all those joint items, the perfectly reasonable proceeding would be to maintain your 1926 costs for the purpose of comparability, and if there is any question of inadequacy that that would be a larger problem than I could undertake within the scope of this case. That was the larger issue that would be raised before this Commission.

Q. Now, if you made a detailed examination, as you say, turn for a moment to Account No. 34. How many salaries of general officers are included in that account? A. As for the number of individuals, I don't recall. I do have the charges here by months.

Q. I am asking you the number of individuals in Account No. 34?

Mr. Stewart: He answered he didn't know.

Q. You don't know how many individuals there are? A. No, I do not.

Q. You have set up in Exhibit O12 the sum of $21,000 for the yearly salary of all the officers, the general officers of a company operating one thousand buses, some forty million bus miles per year in a territory stretching from the Hudson River to the Delaware River, is that right? A. That is correct, and it includes, it is on the basis of your own charges last year, and it is also based on the fact there are a lot of joint charges of various accounts that are incorporated in other accounts. The reason I took this method was if I attempted to make this adjustment, all of the other concrete adjustments and studies would have to be made, and I didn't do that in this case.

Q. You don't know how many men are included in this Account No. 34, salaries and expenses of general officers, for which you have allowed the munificent sum of $21,000 for all expenses and the salaries for the year? A. I do not.

Q. You fall back, evidently, on the explanation that was the charge made last year, and that is the reason you continued it the next year; you don't know whether that was a reasonable charge last year or not? A. I have reason to believe that it represented at least the additional cost to the combined system, by virtue of the addition of the transportation company.

Q. What do you base that on? A. I base that upon the questions that I suggested to counsel that were directed to Mr. Tuson, and upon Mr. Tuson's answers to those questions. And he—

Q. Complete your answer. A. Mr. Tuson was not able to say that the charges in those accounts did not cover the additional costs due to the organization and operation of the transportation company.

Q. You can't tell us, I understood you to say, how many salaries of officers there were in the general officers' account? A. In Account No. 34? It would be general knowledge. Anything specific I haven't got.

Q. You would expect how many in an organization with gross revenues of twelve million dollars a year, operating forty odd million miles; how many men normally would there be? A. You are talking now from the standpoint of complete, individual operation?

Q. Yes, sir. That is the way you want this company treated, treated in that way? A. I didn't say that.

Q. You said that in your testimony? A. No.

Q. You wanted it to stand on its own bottom? A. No.

Q. Answer my question: How many in a company operating one thousand buses and forty million miles, how many men would you expect in the general office account? A. There is no definite set of general officers, so that the question couldn't be answered specifically.

Q. If you had a separate organization you would have a president? A. Yes.

Q. Have a vice president? A. That would depend on your policy.

Q. There should be a secretary and you would have to have the treasurer, wouldn't you? A. Yes.

Q. You would have to have a general manager operate it? A. You might not call him a general officer, but you would have a manager.

Q. Have a manager? A. Yes, but you might not call him a general officer.

Q. Assuming him as a general officer. A. If you call him a general officer then he would be a general officer.

Q. You would have to have a general man to superintend the bus maintenance, would you not, operating one thousand odd buses? A. Yes. That would hardly come; could hardly be brought under the salaries of general officers.

Q. Now, you have at least enumerated five or six men, haven't you? A. No, I haven't.

Q. The president you would have to have? A. You enumerated them.

Q. You agreed the company would have to have a president, of that size?

Mr. Stewart: He enumerated four, agreeing with you.

Q. You would agree there would be a president and secretary and treasurer of that company? A. Yes. You could combine the secretary and treasurer easily.

Q. You would have to have an operating head, would you not? A. Yes.

Q. You have allowed for all of that, including their expenses, $21,000 a year, is that right? A. That is the individual operation. That is what the joint charge is.

Q. I am assuming an independent company. A. Then this situation would be so different

that what I have allowed here, it would have no application.

Q. What you have done, you have thrown the bulk of what was done last year, the bulk, all of the salary of one man and you called it Account No. 34 (as explained by Mr. Tuson that was the salary of one man no longer in the company); you have thrown all that against the company this year? A. I don't believe Mr. Tuson made any such remark. Account 34 I think includes more than the salary of just one man.

Q. That is all it included last year and he so testified. A. The detailed figures, the charges for the month indicates that is so.

Q. For what month? A. For the months through the year.

Q. Just look it up again. A. I have it here, if you care to have me read it.

Mr. Stewart: Let us have it.

The Witness: Just under salaries and expenses and general officers, January, 1926, $56.29.

Q. What month was that? A. January, 1926.

Q. Would you consider that excessive, $56.29?

Mr. O'Connor: That isn't the question.

Commissioner Autenrieth: Let him finish whether it was one man or not.

The Witness: February, 34.21.

Q. Dollars? A. $34.21.

Mr. O'Connor: Let him recite what he did.

Mr. Blake: I asked him how many dollars.

Commissioner Autenrieth: Go ahead.

The Witness: Next, $45.90; next, $5,953.50; that is April and May, 1,000.

Q. That was the end of the quarter, wasn't it? A. No.

Mr. O'Connor: I thought the question was as to how many men.

Commissioner Autenrieth: He is going to illustrate there was more than one.

Mr. Blake: He is going to show us.

The Witness: All I meant to say was that the account didn't indicate there was one man. It indicated nothing, particularly. For May, $1,603.54; for June a red figure of $421.

Commissioner Autenrieth: Let me ask: The account didn't indicate whether it was one man or more than one?

The Witness: The account doesn't indicate definitely how many men, but it indicates that there was a variation in the methods used in charging from month to month.

Mr. O'Connor: Which would indicate the fact it wasn't the salary of any one man.

The Witness: That is it.

Commissioner Autenrieth: Is that the inference you get from it?

The Witness: That would be the inference I get.

Q. Based on that record you have read into the record here, you assumed for 1927, the total amount shown there of $21,000 would be a reasonable sum for Account 34 to manage the company I have described, is that correct? A. The figure wasn't given from that standpoint. The figure of $21,000 was given on the basis of maintaining the same accounting methods you had in 1926.

Q. All right; is that your answer? A. (Continuing.) So that the reasonableness of that charge is tied up with the reasonableness of a lot of others, literally hundreds and thousands of joint charges between the two companies.

Q. You are talking of these charges that come up, mechanics and repairers and so-called car washers and tire changers? A. The superintendents and inspectors and charges that are carried on the different items as they occurred; all of those things that are of a joint character and the reasonableness of the $21,000 which is tied up with the others.

Q. If that had been four times that much and carried in 1926 that way, you would have taken it in exactly that way? A. I might and might not. It wasn't that, and I made the comparability and left it to the commission, the larger question of handling the division of the multitude of joint operations.

Q. Leaving it with the reservation in the statement you don't know what the Fifth Avenue Coach Company charged in their account for similar work?

Mr. O'Connor: Is there any evidence of what was charged for similar work?

Commissioner Autenrieth: There isn't. There is no affirmative proof of what the Fifth Avenue Coach Company's conditions are in this case. There has been some cross-examination as to what one witness knew about it, but it hasn't been developed yet; at least, that is my recollection of it.

Q. Will you turn to Exhibit O13, investments in tangible property, including going concern? First, what does the word "investment" mean there? A. In line 13?

Q. Exhibit O13? A. Yes.

Mr. Stewart: No.

Q. I mean, right in the heading? A. Yes.

Q. "Investments in tangible property, including going concern"? A. The term "investment" as used in that exhibit means the cost, the money cost of the physical property as physical property, plus the cost to the company. The title "going concern," that covers the developmental period.

Q. By "going concern" (you just stopped there) you mean going concern value or going concern cost? A. Yes, sir.

Q. The first time you don't use anything and in 14 you use "going concern cost"? A. The item of going concern as computed here is, in the first instance, a cost to the company up to December 31, 1926, that is treated then as the value, as the going concern value, at that point. As I have used it here the term "investment" including going concern is the cost

of providing the physical property and the cost of attaching the business and developing it as a going concern up to 1926. And that cost which is accumulated over a period of over three and a half years is deemed as the value for rate making purposes in this case. The value of the property brought up to the point where it is self-sustaining is determined by the cost of the property plus the cost of attaching the business.

Q. Account No. 1, 1923, $760,000; does that represent the cost of the physical property purchased in that year? A. Yes. That is the figure as taken from the company's balance sheets.

Q. There is no going concern in that, is there? A. Not in that one.

Q. That is just the value of the buses purchased, the physical value? A. Yes, sir.

Mr. O'Connor: As taken from the company's books?

The Witness: Yes, sir.

Q. That assumes there was no going concern value in those buses represented in that figure, in the purchase price at the time they were purchased? A. At the time of the purchase price of those buses, the $760,000 does not include any going concern value in the amount.

Q. You have carried it through the various numbers until you get down to No. 11, the operating deficit for the year, $15,351?

Mr. O'Connor: No, $13,000, isn't it?

Mr. Blake: Fifteen on mine.

Mr. Stewart: No. 11?

Mr. Blake: Pardon me; No. 10. I was reading the figure $13,151.

Mr. O'Connor: What account?

Mr. Blake: Operating deficit for the year.

Mr. O'Connor: Yes.

Q. That was the amount of operating loss that year? A. Yes.

Q. So you have added the loss into the rate base, is that correct? A. Yes.

Q. In 1924— A. (Continued.) However, I added also an additional item, that is the going concern cost of the year, I figured as the operating deficit plus the inadequate return.

Q. That is the compilation or the sum of 10 and 11, is that correct? A. That is correct.

Q. That is added. That is, the failure to earn that return plus operating deficits gives the $28,000? A. Yes.

Q. Which you added to the rate base, carried over the next year? A. That is correct.

Q. The next year, 1924, the total fixed capital is $5,588,856? A. Yes.

Q. Does that represent the physical value of the buses without any going concern cost added to them? A. No. That represents the gross payments for buses including the tangible, physical value, in addition to the excess purchase price represented by the company as other intangible capital.

Q. That represented the total investments by the company then? A. That represented the —not in the buses; it represented the total payments by the company.

Mr. O'Connor: Where did you get that figure?

The Witness: From the company's balance sheet.

Q. That represented cash outlay, does it not, put it that way? A. That represents the gross cash outlay, yes.

Q. During that year the company failed to earn a return and you computed the return at $160,000 and the operating deficit of $814,000, which gives a total of $974,301 representing the loss for that year, or that year and a part of 1923? A. No; that is just for that year.

Q. Just that year? A. Just that year.

Q. You carried those losses over and add that to the rate base for 1925, is that correct? A. Well, they enter in. That is carried on.

Q. That is carried on as the value of the property? In 1925, in reporting the same operations it shows there was a failure to earn the return, that you have assumed as seven per cent per annum, of $436,736 and an operating deficit of $731,096, making a total of $1,167,832 representing the loss for that year, is that correct? A. That is right.

Q. You have taken that loss and added it to 1926? A. Yes; that is carried on.

Q. Now, in 1926, the company did not earn a return, did it? A. In 1926?

Q. Yes. A. Why, the company earned above operating expenses and taxes $232,230.

Q. So that the loss was $472,000? A. That is correct. That is including, figuring the total return the company is entitled to earn at seven

per cent, $704,000, it got only $232,000, so there was a further accrual of going concern of $472,000.

Q. In the figure of $11,599,467, which you say represents the total value, including the going concern, would you say that is the fair value of the property plus the development cost; is that what you have testified to? A. That includes the developmental cost and is the total fair value of the property, I think, for rate making.

Q. Included in that, $11,599,000 there is $2,642,840 of loss, is there not, made up of operating deficits and failure to earn a return, is that correct? A. Yes, which I have termed going concern.

Q. How if the company in 1926 instead of earning $232,000 had lost $1,232,000, the property would be worth, in your opinion, one million dollars more than you have credited there, isn't that correct?

Mr. O'Connor: I object to that question. It don't lead to that conclusion.

Commissioner Autenrieth: He is testing his theory. He is asking for his opinion.

Mr. O'Connor: I don't think he worked it out on any such basis as that.

Commissioner Autenrieth: He can say so.

The Witness: What was the question?

(Question read.)

Mr. Blake: Make that the "fair value of the property."

A. Not necessarily. Here is the distinction: If this loss for 1926 had gone nearly double the loss in 1925, there might be a doubt whether the business was soundly conceived. It might represent bad judgment and was a failure and could not be made capable of being made a going, self-sustaining concern. The fact, however, that 1925 gross was somewhat lower than 1926, and that in 1926 the corner was turned and there was a substantial return indicates that the business was well conceived and that the developmental period was over.

So taking the period it seems to me it would be fair and reasonable to consider for the three and a half year period the losses as I have computed as going value.

Under your assumption, I should have doubted whether any such computation would be valid. The whole business might have been incapable of being made self-sustaining.

Q. Assume the loss in 1925 had been two and a half million dollars rather than $1,167,000, and in 1926 the figures calculated as they are here, under your theory of arriving at the fair value of the property, your property would be one and a quarter million dollars more now if it had sustained that loss in 1925? A. You come there to the question of reasonableness, and that perhaps stretches the matter a little beyond the realm of reason.

Q. I am trying to get your method. A. I am trying to make clear what I had in mind. As I looked at the figures, it seemed to me the loss as here computed could fairly and properly be treated as going concern cost. If the losses

had been very much higher, why, then, probably you would have gone beyond what was reasonable. Twenty-three per cent goes fairly far in this case; I have included it. If I got instead of twenty-three per cent forty per cent, then the question of judgment would come in.

Q. What you have done, Dr. Bauer, as shown by Exhibit O13, is to take the operating loss and the failure to earn what you term a fair return of seven per cent, you have added that losses to the rate base, have you not? A. That is true, but I have—

Q. So, when you get through what we have, according to you, is the fair value of the property including the going concern cost, which represents what you claim is the value of the tangible property, plus the earlier losses; is that what you give here? A. That is perfectly true. It is also, I think, conceivable that as I look over the periods, the losses incurred were not unreasonable, under the circumstances. If you had doubled them or multiplied them by three or four the situation would have been very different.

Q. Let us take it just as you have outlined; what you have given us here is the fair value of the tangible property as you conceive it plus the early losses? A. During the period, three and a half years.

Q. Represented here? A. I deem that the developmental period.

Q. And included in that is the sum of $2,642,000 odd representing those losses, is that correct? A. That is correct.

Q. By including that you get $11,600,000 in round figures? A. That is right.

Q. If your theory is correct, if this company had been a success from the very start and gone over with a bang the company would be worth less today than it is now, as shown by your figures in Exhibit O13, isn't that true? A. That is perfectly correct.

Q. You say that is a proper way to measure and find the rate base for a property? A. I believe that is the proper way and the sound way; the same thing applies to the purchase of a property; it is the fair cost.

Q. That does not jibe with the view of the Courts, does it? A. I think it does, yes, sir.

Q. Is that your opinion, too? Do you accept it as your own opinion? A. What?

Q. What you have just stated, that that is the proper way to compute the fair value of the property? A. Yes, I believe that the going concern is properly considered, the developmental cost or the normal developmental cost for the normal developmental period.

Q. Yes, but in your Exhibit O13 you have taken past losses and deficits and added them to the fair value of the tangible property and that you say is the fair value of the property for rate making purposes. Is that your opinion of the way to do it? A. The way to do it is to take the cost of the tangible property, plus the cost of connecting up the buses, the cost of getting the business as it now stands, and since there has been no change in price level, that is the fair value of the property for rate making purposes.

Q. Yes, but the going concern cost that you have allowed this company in this exhibit is simply the past losses and deficits for three and a half years. A. Coupled with the conception that it is the cost for the developmental period and that it is regarded as the normal reasonable cost that was incurred, and was reasonably and fairly incurred.

Q. But as you have figured it out, you have taken the actual dollars of the losses, have you not, for those years and you have added those actual dollars to the fair value of the physical property. Isn't that what Exhibit O13 shows? A. That is the way it was figured, but it was done so because the deficits that were incurred were considered reasonable for that period, especially since the results were turned in in the last year. It shows that this was a reasonable developmental period and the cost of coupling up the business for the developmental period, that is, the going concern cost and the going concern value.

Q. But whatever you term it, what shows on your exhibit is the actual number of dollars and the operating deficits and the failure to earn a fair return, plus the value of the ratable property?

Mr. O'Connor: Doesn't the exhibit speak for itself?

Mr. Blake: I think so, too, but he won't admit it.

Mr. O'Connor: It is in evidence.

A. I have answered that five times at least.

Q. You have taken the actual dollars of loss and added that to the fair value of the physical property and called that the fair value of the investment; isn't that what you have done? A. I will say, for the sixth time, that that is the way I did it, as a developmental—normal developmental cost, limited strictly to the developmental period; that is going concern and it is the measure of going concern, but you con't divorce it from the idea of normality.

Q. Mr. Bauer, do you recognize "John Bauer, Ph. D." as an authority on the "Effective Regulation of Public Utilities"? A. Well, that is—

Q. Yes or no.

Mr. O'Connor: You mean, does he recognize the book?

Mr. Blake: No, does he recognize the gentleman who wrote the book.

Q. You are the same gentleman, Mr. Bauer? You are the "John Bauer" who wrote the book? A. I did write a book that is entitled "Effective Regulation of Public Utilities."

Mr. O'Connor: Suppose you show him that book.

(Counsel hands witness book.)

Q. You are under oath now. Did you write it? A. Yes, I wrote it.

Q. On page 208 of that book did you say this: "Another view of going value which must be discarded is that of past losses or deficiencies in return"; did you make that statement in your book? A. I did, but I took that

statement in conjunction with other statements, and if you will read the sections connected with that section it will explain fully my view, which will harmonize one hundred per cent with what I have said here.

Q. The caption is "Past Deficiencies Legally Unmeasurable"; that is the caption. A. Yes, but I distinguished there between past deficiencies and costs and developmental costs that belong to a normal developmental period. That is an economic and financial distinction and that is carried out in the rest of my chapter.

Q. The $2,642,840, as set up in Exhibit O13, represents the past deficiencies and losses, does it not? Yes or no.

Mr. O'Connor: Wait a minute.

Commissioner Autenrieth: He can answer yes or no to that.

Mr. O'Connor: I want to know just one thing, and that is whether or not he means the deficiencies as meant by that book or according to the general significance of the term as intended by Mr. Blake.

Commissioner Autenrieth: He is using "deficiencies" as set up in the exhibit, I think.

Mr. Blake: Yes. What I mean is the losses or deficiencies.

Mr. O'Connor: I know, but you are holding that book in your hand.

Commissioner Autenrieth: Lay the book down then.

Mr. Blake: Don't pay any attention to

it. I will lay it down. Read the question.

(Question repeated by stenographer.)

A. Not under the designation that you read from the book no, sir. I distinguish properly in that book, and I do here, between past losses during the developmental period, which, as an economic proposition, can be capitalized and are reasonably capitalized as an economic propotion, but if a public utility operates beyond that reasonable developmental period and then fails and is incapable of making operating expenses and a return, then from then on there are operating deficits and losses that no economist would say should be capitalized, and no accountant would, and those are the losses that are covered by that caption.

Q. But you think that I have not given you an opportunity to put in all of what is contained in this Section 8, that if I read all of this that it will explain it? A. No, I didn't say that, but if you put in everything contained in those two or three sections that deal with the subject-matter of going concern, goodwill and franchise value, you will get in here my ideas and you will find that they will harmonize with what I have said.

Q. But you have allowed nothing in Exhibit O13 other than what is shown and represented by the figure of $2,642,840? A. That is right.

Q. Which is computed by the adding together of the operating deficits for the year, plus the failure to earn a return at seven per cent? A. For that period.

Q. For that period? A. That is correct.

Q. Will you say that that does not represent the early losses and deficiencies? A. For the early developmental years, it does.

Q. Does it represent the deficiencies during those years and the failure to earn a return? A. Yes, sir.

Q. That is all you are talking about? A. Yes, sir.

Q. And that is all that is shown on this sheet? A. Yes, sir.

Q. And following out your theory, if the losses in 1924 had been a million dollars greater than they actually were, as represented here, the value of this property today would be a million dollars more, would it not?

Mr. O'Connor: I think he has been asked that question about five times already and he has answered it five times.

Commissioner Autenrieth: I know he has been asked several times, but he has qualified his answer by saying that it would not be that under normal development.

Mr. Blake: I got a different answer each time.

Commissioner Autenrieth: Let him answer it once more, for the last time. Read the question.

(Question repeated by stenographer.)

A. Not necessarily, and probably not.

Q. Well, if you will take in 1924, where you show the operating deficits as $814,000, and put a "1" in front of that and make it $1,814,000;

then your next year you show a decrease of $731,000, on your third year you would show a plus, would you not? A. You would if, we will say, for the one year, 1924, there had been a loss of a million dollars more and I had included that million in my computation. I might have, I don't know. It is a question of reasonableness. I might have included that; I don't know.

Q. Now, if you had included it that would have made the rate base a million dollars more than appears here on Exhibit O13, would it not? A. Yes.

Commissioner Autenrieth: That would be a matter of addition, nothing else.

The Witness: Yes, a little more than a million.

Q. And if the company had lost a million dollars more the rate base would be a million dollars more than is shown on Exhibit O13, would it not? A. Assuming that it had occurred and I had considered it reasonable, that is correct.

Mr. Blake: It is easy enough to answer.

Mr. Stewart: It seems to me he answered it that way a half hour ago.

Commissioner Autenrieth: It seems to me he did, too.

Q. There is included nothing in this, as I understand it, for what we have termed the attaching of the business, is there, the value of the business? A. Well, I don't know what you have termed the attaching of the business;

I have termed the entire $2,642,000 as the cost of attaching the business. That is what it cost you, according to my conception, to attach the business, to develop your organization and to accumulate and develop the traffic to reach the point of a going concern.

Q. In 1926, if you will look at that figure there, the company acquired some fifty odd buses of the Arrow Transportation Company at a cost of five or six hundred thousand dollars.

Mr. O'Connor: What figure is that you are referring to?

Mr. Blake: The figure is not shown there.

Mr. O'Connor: All right, go ahead.

Q. Where do you live, by the way? A. Montclair.

Q. How long have you lived there? A. About ten years.

Q. So, you know, do you not, of the development of the Arrow Bus Line, as a resident of Montclair you know that line started and developed, and so forth? A. Generally speaking, I have been acquainted with that line, yes.

Q. That equipment consisted of about fifty buses and the business had been built up over a period of years. In that period of building up, I assume, even under your method, had there been yearly losses you would have given credit for those yearly losses in the value of the property over a reasonable period, would you not? A. Over a reasonable period, yes, sir.

Q. And if there had been a cost of attaching the business and it had been incurred during that period you would have included that also, would you not? A. If that company had come up, or if that company were now in existence and came up for a rate matter I would compute and allow the reasonable cost for the developmental period, yes, sir.

Q. Now, what you have actually allowed in 1926, so far as that company is concerned, is the physical value of the equipment purchased, haven't you? A. For that company?

Q. Yes. A. That company did not exist. That company disappeared, so far as the bus operation is concerned; its equipment was merged—the equipment that it had was equipment of the transportation company and the company I was concerned with was the transportation company and not the Arrow Bus Line.

Q. You know that that does not answer my question, don't you, Mr. Bauer? A. I think it answers your question, yes.

Q. I asked you if all you allowed in 1926 was the bare physical value of those fifty Arrow buses, purchased with the business attached to them, as you well know? A. I allowed for the Arrow buses whatever amount you charged to the tangible fixed capital account; whatever you charged to the intangible account I excluded; whether the charge to the tangible account included something above the real tangible value I did not determine.

Q. Well, assuming that it included— A. (Continuing.) And what relief they had and

what the earlier losses may have been, if there were any, I don't know.

Q. Assuming that the amount credited by the company to the tangible capital represented the physical value of the buses, all that appears in your computation, Exhibit O13, as to the value of that bus line is the physical value of those fifty buses, and you disregarded absolutely the value of the business that was attached to it and that was built up over a period of ten years or so; isn't that true?

Mr. O'Connor: Is there any evidence in the case that there was any business attached to that bus company?

Commissioner Autenrieth: The Arrow Bus Company, you mean?

Mr. O'Connor: Yes.

Commissioner Autenrieth: No, there isn't it.

Mr. Blake: He said he was familiar with it.

Mr. O'Connor: I don't know that there is any evidence that there is any business attached to the Arrow Bus Line in this case.

Commissioner Autenrieth: The witness said he knew the line was in existence. I don't know that there is any specific proof on it in this case, but I will allow him to answer the question anyway, because it can be established that there was some business attached to it. How great I don't know, but I will admit the answer subject to the establishment of the fact later on, which I know can be established.

A. I included in there for the Arrow buses the charges that the transportation company made to the tangible property account. Now, I have no knowledge, I have seen no facts that showed whether, from a business standpoint, at the time of purchase, the Arrow buses were worth even that tangible sum or not; I don't know; there was no evidence of that, nor have I considered any.

Q. You have simply taken what the company has set up as the tangible value of the property? A. As the tangible value of the property, yes, sir.

Q. Where do you live in Montclair? A. 62 Montclair Avenue.

Q. And this Arrow Bus Line has been running about ten years, hasn't it? A. I don't know when it was organized.

Q. Well, for a great many years, hasn't it? A. I know it has been running for a number of years; it may be ten; I don't know.

Q. It started out with very few buses, did it not?

Mr. O'Connor: He says he doesn't know.

Mr. Blake: I am trying to find out whether he does or not.

A. I don't know.

Mr. O'Connor: If your Honor please, that isn't the proper manner to prove a fact of that kind; better evidence than that is obtainable.

Commissioner Autenrieth: In establish-

ing the fact, yes, but it might be cross-examination as to how much he allowed in his set up for that particular line, if he has knowledge of the line.

Mr. O'Connor: He admits that he has allowed just what the company has on its books. As I understand his testimony, he said that there was no evidence before him of any sort as to the value of the business there.

The Witness: Nor had I any evidence at all, if I were to have applied the same method which I used here, that there had been any such early developmental costs. I mean, for all I know the business might have been a paying one to start with, so that there were no developmental costs, or for all I know, at the time of purchase the line might not have been on a paying basis. I don't know anything about those operating results of the line.

By Mr. Blake:

Q. If you don't know anything about the operating results of the Arrow Bus Line, or a dozen other lines I might mention in South Jersey and Central Jersey, how can you tell us what is the fair value of the property? A. Because I took in the constituent lines of the company. I took your company and I took its equipment and I assumed that the charges to the tangible account represented the fair value of the buses acquired—

Q. Physical value? A. The fair physical value of the buses acquired, however acquired; then

for your company I computed the developmental costs. I did not consider, and I do not believe that for rate making purposes your company is entitled, or any company is entitled to purchase property from other companies at a higher price than its fair physical value at the time of purchase and include the excess sum in a rate base. That is at least the standpoint from which this was computed.

Q. You are not familiar with any of the lines in South Jersey, are you? A. No, sir.

Q. Your entire exhibit is predicated upon the fact that there was no going concern value or no value of the business attached to any of the buses when they were purchased by the Public Service Transportation Company?

Mr. Stewart: It must have been, because their own witnesses testified that they didn't know whether, when they bought these lines, they were making money or losing money, and if Mr. Warner and Mr. Tuson and Mr. Young did not know it, how could Mr. Bauer know it?

Commissioner Autenrieth: Is that the point of the objection?

Mr. Stewart: That is the point of the objection.

Commissioner Autenrieth: That Mr. Bauer had no knowledge?

Mr. Stewart: That Mr. Bauer has no knowledge, and can't have because they don't have any themselves; they say they haven't.

By Mr. Blake:

Q. Now, that counsel has given you the answer, can you answer the question?

Commissioner Autenrieth: That is the basis for the answer, rather than the reason for objecting to it. Can you answer it?

The Witness: Repeat the question, please.

(Question repeated by stenographer.)

A. That is correct.

Q. Now, Mr. Bauer, as to your last answer to what your theory was as to the value to be applied to a bus as a public utility, let me ask your opinion as to this: Assuming a line operated twenty-five buses and the reasonable physical value of those buses was $5,000 a piece, and the line is operating and producing a net of $50,000 a year; what would you say would be the value of that business?

Mr. O'Connor: If your Honor please, is there any evidence in this case of a single instance where there was a line for which they paid a price such as is included in that question or which was producing any such revenue as is included in the question?

Commissioner Autenrieth: No, I don't know that there is.

Mr. O'Connor: Then I object to the question.

Commissioner Autenrieth: But you have offered this man as an expert witness.

Mr. O'Connor: Yes, we have offered

him as an expert witness and he has been accepted and qualified as such.

Commissioner Autenrieth: And he has expressed numerous opinions, particularly along the line of going concern value, and how it was established, and here is a hypothetical question to elicit something further as to his expert knowledge of the situation.

Mr. O'Connor: Then this hypothetical question should be based upon the evidence.

Commissioner Autenrieth: No, it would not be a hypothetical question if it were based upon the evidence.

Mr. O'Connor: That is right; I withdraw the objection.

Commissioner Autenrieth: I will allow the question. Repeat the question.

(Question repeated by stenographer.)

Commissioner Autenrieth: Do you mean by that the going value as disassociated from the physical value?

Mr. Blake: The value of the business.

A. I have before me no other data at all.

Q. That is all you have. A. Then on the basis of the data that I have here, nothing else considered, twenty-five buses, $5,000 per bus, the fair value for rate making purposes would be $125,000.

Q. Now, assume further that you were the owner of such a line, would you sell that line for $125,000? A. If the Commission would permit me permanently to get $50,000 a year

on $125,000 fair value, I would not. If, however, the Commission held me down to a rate of return to which utilities may be limited, I would.

Q. Although the business were netting you $50,000 a year? A. If the Commission permitted me to maintain for any considerable period that excess return I certainly would want to be paid for it; if, however, the Commission held me down to the return to which I assume it is intended to hold me down, to a fair rate of return, and nothing more, it would be immaterial whether I kept my money in here and get a return on $125,000, or took it out and got a return somewhere else.

Q. What would you consider the difference between the physical value and the value of the business? What would you call that? A. Repeat the question.

(Question repeated by stenographer.)

A. You are talking from the standpoint of a public utility and fair value?

Q. I am talking of you as an owner, that you have twenty-five buses worth $5,000 apiece and you are getting $50,000 a year return from them. A. And you are talking of it from the standpoint of a public utility?

Q. No, you are a seller; you are going to sell it to someone. Are you a public utility? A. I want to get your facts; I don't care about the facetiousness of it; I want to get your assumption.

Q. You are operating as a utility.

Commissioner Autenrieth: A regulated utility?

Mr. Blake: Yes.

Q. You want this line to be operated as a utility? A. Yes, sir.

Q. Assume that in the question then. A. And we are trying to get its value as a public utility, as a public utility for the Commission to base rates on?

Q. No, not as a public utility for the Commission to base rates on. I want to know what you would consider the difference between the physical value and the value of the business. A. All right. As a seller, just as a seller, I would demand for my line what I could get somebody to pay me for it.

Q. Yes. A. Taking into account any consideration. If I could get $500,000 for it I certainly would take it.

Q. Yes. A. But I think that has nothing to do whatsoever with fair value for rate making purposes and going concern value or going value for rate making purposes.

Q. You think that should be held strictly to the value of the physical property, plus the developmental costs? A. Plus the normal reasonable developmental costs for a developmental period. That, I think, is the completest measure of fair value, yes, sir.

Q. All right, sir, let's assume this situation: Assume that a bus line runs from A to B and that there are two buses on the line, each with a seating capacity of thirty people; A purchases his bus at a receiver's sale for $2,500; B buys

his bus from the manufacturer and pays $10.000 for it; each operating over the same line, the same route, and each giving the same service; what rates of fare should there be on those two buses? Should they be equal? A. You assume further the same loading and the same reasonable operation?

Q. Yes. A. What you are getting at is the rate base of the two buses?

Q. Yes, exactly. A. Again the question of reasonablness. If in each instance the purchase price was fair and reasonable, then in the one case $2,500 is the proper rate base, and in the other case $10,000 is the proper rate base. The difference in the amounts, assuming reasonable and normal market conditions, would represent the age of the bus and the physical conditions existing at the time of purchase.

Q. Then the rate of fare would not be the same on each bus, would it? A. If you compute each of these buses separately, each bus as a distinct unit, it would not be. However, with that first bus, if you take it in conjunction with an operating utility it would be coupled up with the depreciation reserve, which under normal conditions would bring the two into equality, but as you put it there would be a difference. It is a question of reasonableness and normality, but the difference would not amount to more than a fraction of a cent, so that they would be practically the same.

Q. Under your theory there would have to be a difference in fare, although each utility was rendering the same service? A. If, when on inquiry by the Commission, the $2,500 was

regarded as a reasonable purchase price for such a bus, and in the other case $10,000 was regarded as a reasonable purchase price for the bus, that is correct.

Q. On Exhibit O21 you have grouped the petitioning lines, have you not? A. That is right.

Q. With their estimated earnings? A. Yes, sir.

Q. I suppose that is on the theory that the good must go along with the bad? A. They were grouped together because they were in the petition; that is all.

Q. In grouping them together you have taken lines which you say are paying and lines which, according to your yellow figures, are not making the grade, and grouped them altogether? A. I have grouped the eleven petitioning lines together.

Q. By doing that you are grouping the good lines and the bad lines together, are you not? A. Yes.

Q. Do you approve of that as the method of arriving at the value and the rate to be charged? A. Well, that is inevitably involved, if you compute the earnings of any system or any group of lines.

Q. You have got to take them together? A. Well, I did that in the first exhibit, for the system as a whole, and I did the same thing now for these lines. The good and bad lines are computed together, but as a matter of system rate making, if that is what you are getting at, naturally you have to have really, in fixing rates, a reasonable schedule of rates over a territory, so that for a utility operating over

a section under different conditions you will have a reasonable network of rates, so that in the different sections the rates will have reasonable regard for each other and you will have the condition that the fat must be taken with the lean, all being reasonable as to each other, and the company is entitled to a fair return on the aggregate.

Q. On the aggregate? A. Yes, sir.

Q. Those eleven lines that you have grouped together on Exhibit O21 you have grouped together again on Exhibit O23, together with a great many others, have you not? A. Yes—well, I included in there the eleven petitioning lines, just exactly as I did in the first exhibit, Exhibit O9, I included there all of the non-paying lines on the whole system.

Q. You included all the lines on the whole system in order to get a gross revenue of $12,000,000; is that correct? A. You are now talking about Exhibit O9?

Q. Yes. A. Yes, that is correct.

Q. In order to get $13,000,000, you have it here, $13,440,000? A. Yes, for the whole system. The estimated revenue for the whole system is $13,440,000.

Q. In order to get that revenue the company had to operate its whole system of buses, did it not, which, according to one of your exhibits, were eleven hundred odd buses; is that correct? A. Yes, surely.

Q. Generally, that is true? A. Generally, operate its buses, yes.

Q. Now, in order to get those eleven hundred odd buses, with what we claim was the business

attached, so that they might be operated so as to produce thirteen million dollars of revenue, how much cash did the company have to spend to get that fleet of buses, according to its books? A. The company did expend, or reported that it expended on its balance sheet, whether it had to or not, $18,229,197 for the buses and the other fixed capital used in bus operation.

Q. Now, if the company did expend that $18,000,000 in order to get that fleet of buses, in order to operate them and get that $13,000,000 of revenue that you have estimated for 1927, why should the company not be allowed a return on that money which is invested, which is necessary, according to your own figures, to get this $13,000,000 of gross? A. I did not say that the $18,000,000 expenditure was necessary.

Q. I did not say that you did, but they had to acquire those buses, did they not? A. Not those buses, no. I don't think that was necessary, to acquire those particular buses or pay those particular prices; no, I don't think that was necessary.

Q. Can you point out to me whether other buses could have been purchased on these lines? A. Of course, I can tell you my conception of it, if you want me to.

Q. Your set-up of thirty-two cents per mile is predicated upon a revenue of thirteen million dollars, isn't it? A. Yes, and that required buses.

Q. Yes, that required 1,100 odd buses in order to get that revenue? A. Yes, sir.

Q. And the company expended for those buses and the right to operate those buses over fixed lines in municipalities $18,000,000, did they not? A. It reported an expenditure of $18,000,000, yes.

Q. And it has been testified that those properties were bought as cheaply as it was possible to buy them, at the lowest price the seller would sell them for, and if that amount of money has been expended in order to purchase this equipment so that this gross revenue may be received why isn't the company entitled to earn a return upon the amount of capital actually invested in those buses and the business? A. Because the expenditure made has nothing to do with bus operation, so far as bus operation itself is concerned. It was made for the purpose of safeguarding the street railway investment. For the purpose of bus operation, my understanding is—and I am so informed by counsel for the municipalities—that all of the private permits were short term permits, or practically all of them were; the private operators had no permanent or long time right to operate. If there was a general public concensus of opinion by the municipalities or the Legislature or the Commission that there was a real public interest in having a transportation company operated in harmony with the railway company, if there was a real public interest in that, those short term franchises could have been cancelled and arrangements from a real public standpoint could readily have been made for the transportation company to have acquired the buses on the basis of their reasonable fair physical

value as buses. In other words, there was no right in any way for the private operators to a long term permit or to be compensated for those sums.

Q. You have not in the preparation of the case learned of any attempt on the part of counsel for the municipalities to persuade the Legislature that all the bus permits ought to be cancelled and turned over to the Public Service Transportation Company? A. It involves the question of broad public policy and public necessity. If there is a public necessity to put in bus lines and for your company to acquire the permits, that certainly is a matter for the municipalities and the Legislature. The trouble is that there was never any such public necessity recognized on the part of the bodies who have the responsibility for determining public policy, and the transportation company and the railway company proceeded on their own account to get complete control for the protection of the railway company. That is what the trouble with the matter is.

Recess from 1 to 2 P. M.

After recess.

JOHN BAUER resumes the stand on behalf of municipalities.

Cross-examination by Mr. Blake:

Q. Will you turn to Exhibit O13, Doctor, Item 4, depreciation. The figure that is shown under

the heading four, depreciation, on Exhibit O13a, is that the observed depreciation? A. No, it is the depreciation taken from the company's accounts and reflects the reserve called retirement reserve, accumulated through the charges made by the company for operating expenses for depreciation or retirements.

Q. It is not the actual depreciation that is obtained by observing the property? A. It is not actually established through observation. It is actual if the company's estimates in allowing for the depreciation to operating expenses represent the facts as to the current depreciation.

Q. It is not obtained by observing each individual bus and estimating the actual depreciation through the observation of that bus? A. No. It is not. I assumed in that, that the company—

Q. You have answered my question. A. All right.

Q. Doctor Bauer, you have repeatedly stated in your examination, that the properties, bus properties were purchased—by bus properties I mean buses and lines and the business—for the protection of the railway company. Do you know or do you not know of many lines purchased that were not for the protection of the railway company, that were purchased as good, profitable lines; no relation to the railway company? A. I just did not quite get that.

(Question read.)

A. I don't know definitely. There probably were some. I don't know. I have not investigated them individually.

Q. You have told us how you treated the Arrow Line which was purchased in 1926, with respect to fixing the value of the physical property and the going concern value. Did you use the same method with the Peters Lines operating from Elizabeth to Rahway and with the Blackwood Line operating from Camden to Blackwood, with the Gibbsboro Line operating from Gibbsboro to Camden, and various other lines that came into the system in 1926? A. I gave no separate consideration to any of the lines. I took the fixed capital as given in the company's books, and all of the lines were merged together in the accounts and I made no separation whatever.

Q. If any of those lines that came in were profitable lines, no going concern value, as you estimated, was given to those lines? A. I estimated no separate going concern for any of the buses, for operations prior to the acquisition by this company.

Q. You added to this statement, that all the excess costs of these lines, in your opinion, should be chargeable to the railway company. What have you to say as to a line such as the Camden to Blackwood, that operates outside of railway territory and in no sense was for the protection of the railway property? A. I have no distinct knowledge of the line at all, don't know what the terms were on which the line was purchased, or how profitably operated or unprofitable; I don't know anything about it.

Q. You would not charge any of the intangibles that might be involved in that purchase to the railway company, would you, if the line

was not purchased to protect the railway company, and the railway company was in no way involved, did not operate in that territory at all? A. Possibly not, and yet I might for the reason: That if the transportation company has through instigation by the railway company proceeded on a program of general acquisition, it would naturally attempt to take in lines, not only those that came in direct conflict, competition with the railway lines, but other lines that were not in direct conflict. If in carrying out such a program there were incidentally an excessive price paid for such noncompeting lines, I should think the excess charge should go fairly to the railway company, but there may be a question in regard to that; it depends on the facts.

Q. You go as far as to admit there may be a question, if the railway company receives no benefit, as to whether that should be charged to the railway? A. I think there is a question there. Again I would say whenever a price is paid substantially above the fair value of the property acquired, that you are then paying for franchise. No private operator is entitled to a franchise value, from the economic or legal standpoint. Now, the question then arises whether by sale through a purchaser who is willing to pay a larger sum than the fair value of the property might have been to the prior owner, whether that can be subsequently capitalized into franchise value or other values recognized for rate making purposes. That is the big question that is involved. My answer is that generally speaking it should not be done; it is

not sound, from my standpoint, as I look at it, it is not sound, economic public policy. Let me make it clear—

Q. You have this all prepared, but I cannot see it is responsive to the question I asked. If your counsel want to have it in their part of the record, they may. I think you did admit that the bare bones of the property was not the basis for rate making purposes, that it must be considered with the business attached? A. Yes, and I allowed $2,642,000 for that purpose.

Q. You have as shown by your exhibit— A. That is correct.

Q. —the early losses? A. The development costs.

Q. Which happens to coincide penny for penny with the early losses? A. For the limited period here in consideration.

Q. Shown on your exhibit? A. Right.

Q. No matter what you call it, that is what the dollars show? A. That is correct.

RE-DIRECT EXAMINATION by Mr. O'Connor:

Q. Doctor, what is the difference between going concern in a regulated and a nonregulated business? A. In a nonregulated business the going concern represents the capitalized earning power of the business, and the value there depends upon not only the economies of operation, and the investment made, but upon the prices charged or rates charged for the product and the services. Obviously, any value that is based upon the rates charged cannot be taken

logically as a rate base in the determination of fair value in a regulated utility. Consequently, if the earning power as such, which is predicated directly or indirectly upon the rates charged, is to be eliminated, going concern value has to represent for a utility a cost item, just as fair value, generally speaking, represents a cost item. That cost may represent variously actual, original cost or reproduction costs, according to the change in the price level, but fair value is dominantly a cost element, and the value is the cost of the physical property, whether original cost or reproduction cost, and in this case that question does not appear, plus the cost of attaching the business, and the two together represent the total cost of the acquisition of the business, as it is, as a going concern, and that is the measure of going concern on a regulated business. Otherwise, you recognize earning power as a basis of value and just as soon as you do that you get into a circle and attempt to base a value on rates when you are searching for a base on which to fix the rates. That is the difference.

Q. Doctor, assuming that the Public Service Transportation property is valued at eighteen million dollars for rate making purposes, and some other company bought it for thirty-six million dollars, would the new owner be entitled to a return on the thirty-six million dollars? A. That is, of course, assuming both. I should say not, decidedly not, for this reason: That if the first owner has a fair value for rate making of eighteen million dollars and is definitely limited as a rate making proposition

to eighteen million dollars, it would be an economic and public absurdity to permit the doubling of the rate base by the transfer and sale to another owner. If that were allowable it would plainly be possible to obviate all efforts at regulations by the simple device of successive sales.

Q. So that assuming that the Arrow Bus Line showed a value upon which the Board would allow a fair return, and the line was sold for a greater value, then the larger value would not be the proper base for rate making? A. I don't think it would be, it could be. I do believe, however, in slight amplification of what I said earlier on the cross-examination, that in the purchase of the Arrow Bus Line, it does seem to me that the fair value determined for the new purchaser should be equal to the fair value that would have been allowed to the prior owner. That is, in other words, if the Arrow Bus Line actually did have an expense for coupling up its business and a development cost, or a special going concern value prior to its sale, that it be included in the fair value prior to the time of the transaction, it seems to me it would be only a matter of fair, reasonable public dealing to recognize that same amount on the purchase of the line by the new owner. But, of course, that all becomes a question of fact, and I have no data, no facts available to determine whether there had been any such going value or not in the Arrow Line or any other line.

Q. Is your method of computing going concern

value known as the Wisconsin rule? A. It is not, no.

Q. How does your method differ from the Wisconsin rule? A. The Wisconsin rule has also been known as the New York rule, but mostly as the Wisconsin rule; that was based on the complete calculations from the beginning of operations by the company to the time when the rates were fixed, of the early losses and inadequate returns or the excessive profits. The going value at the time of rate making under the Wisconsin rule was the sum of the total early losses and inadequacy of return, at the time of rate making, without regard to a separation, to a development period. That is the Wisconsin rule. The method that I followed is merely a recognition that there is in a normal business a normal development period and the investment, full investment and fair value after such a period is the cost of the physical property plus the cost of coupling up the business during the development period. From the economic standpoint and accounting standpoint, practically all economists and accountants would recognize that such developmental cost, representing losses and inadequate returns during the developmental period are properly capitalizable and added to investment or cost. Whereas, the subsequent losses and inadequate returns after the developmental period are recognized as losses and not as capital expenditures, and accountants and economists would not permit their inclusion in capital account or permit them to be capitalized. That is the distinction between

the Wisconsin rule, that it would include all past losses and the method that I followed, which limits the consideration to reasonable losses and inadequate returns to a normal developmental period.

Q. Do you know how the United States Supreme Court treats past losses? A. Yes, sir, I do.

Q. Treats past losses and inadequate return? A. Yes, sir, I do.

Q. How does it treat it? A. It has disallowed the general category of past losses and past inadequate returns and has disregarded likewise past excessive profits made, that they have nothing to do with the picture, but in that disallowance the Supreme Court has not included the developmental cost, and while this point has not been wholly and one hundred per cent nailed down by specific language of the Court, in one of the cases a reference was made specifically to the developmental period and the inference there is very clear that the developmental costs during the period would be includable as fair value, as going value.

Q. How does that treatment harmonize with yours? A. That harmonizes one hundred per cent with mine. I would exclude past losses and deficiency of return completely, with the exception of the developmental period, the time that it takes and the costs that are incurred for coupling up the business.

By Commissioner Autenrieth:

Q. What about deficits incurred by regulation, by rates fixed by regulation? A. You are asking

me from my understanding of the Supreme Court ruling or as an economic proposition?

Q. The Supreme Court of this state says where rates enforced by regulation do not produce a fair return or produce a deficit below a fair return, they are to be put in the rate base over a number of years, not a part of the capital? A. I think, as a reasonable, economic proposition, as a reasonable way of dealing with the situation, that after a company has been put under regulation, the rates are really regulated, that the deficits in one period should be carried over and the excesses of a year carried over to the next. Rates have to be considered as a continued proposition. You cannot chop them off sharply year by year. I will add this: That seems to be rather contrary after a business has reached the point of a going concern, to what the Supreme Court of the United States has said, but it seems to me it is quite a reasonable way of dealing with it.

Q. If we assume that a good many of these buses which were acquired by the transportation company had a five cent fare rate fixed by the approval of the Board, would that alter your method of calculation? A. Yes. Let us assume that the developmental period is over and the Board, just let us say for this purpose, arbitrarily kept for another year or two, or three or five years, to the five cent fare, and that in spite of anything that the company could do there would still be losses, it seems to me that it would be a fair treatment to include the losses so incurred as going value. But I will say it

seems to be contrary to what the Supreme Court has said can be legal.

Q. Such losses under the decision of this state then should be required from earnings over a period of years? A. That becomes a matter of mechanics, whether you do it one way or another. It does not make a great deal of difference, whether you amortize those losses as losses or set them up in the rate base. It seems to me it is the reasonable thing to do, the fair thing to do, the proper thing to do, from the economic standpoint. There comes a legal question then, just how far the law, the fixed law of this state or the Supreme Court of the United States can be adapted to what makes sound economic policy.

Q. You are aware of the rule in this state, in any event? A. Yes, sir, I am.

By Mr. Stewart:

Q. Doctor Bauer, how has the development of traffic on the eleven lines, or whatever the number is that are petitioning, compared with the development on the entire bus system? A. The traffic development as shown by the receipts per bus mile has been more rapid on the eleven petitioned lines than on the system as a whole.

Q. What is the difference? A. I have the figures in a comparable form by months for 1926, and the first three months of 1927. For that period for the entire system, there has been an increase of two cents per bus mile, whereas for the eleven lines the increase during the period has been two and two-thirds cents per bus mile.

Q. What exhibit are you referring to? A. For the eleven petitioned lines, receipts are shown on I think it is Exhibit O22, giving the bus data on the various lines; it is O22. For the system as a whole the figures are shown by Exhibit O11.

Q. Is that difference of two-thirds of a cent per bus mile significant at all in any way? A. Yes, it is significant considering the relative small investment in buses. Two-thirds of a cent per bus mile will make up between one-half and one-third of the necessary return on the capital.

Q. In your opinion, how is the traffic development on the petitioning lines for 1927, likely to compare with the development on the entire bus system? A. Based on the development of the last year, the period covered in the previous answers, I should expect the development on the petitioned lines to be correspondingly greater than on the system as a whole. From my general knowledge of the territory covered, I know the territory covered by the petitioned lines, is developing, and I should expect traffic to increase there probably more than the system as a whole.

Q. I think it is on your Exhibit O23, that you have a tabulation of the number of lines that operate at less than twenty-five cents receipts per bus mile? A. That is correct.

Q. How many lines are there, the total in the whole system? A. The number of lines reported separately, stated in the annual report to the Commission, one hundred and three lines.

Q. And of those one hundred and three lines then, sixty-seven of them make more than twenty-five cents per bus mile? A. Yes, that is correct.

Q. So that approximately it is only one-third of the entire system that makes less than twenty-five cents per bus mile? A. Approximately; about thirty-five per cent make less than twenty-five cents per bus mile.

Q. Doctor, if in 1927, the traffic on the system remains the same as it was in 1926, will the receipts per bus mile remain at 31.7 cents, as shown in your Exhibit O11? A. I am not certain that I quite get that question. Will you repeat the question?

(Question read.)

A. No, I do not think so. The 31.7 is predicated upon the normally expected increase that would take place and would be shown, particularly the latter months of 1927. My estimate, in other words, for the system as a whole, the 31.7 cents does involve the expectation of a five per cent increase in traffic on top of the present scope of traffic.

Q. That 31.7 cents is based on the first three months of 1927, actual conditions? A. The 31.7? I think we were at cross-purposes. The 31.7 is based on the first three months and the receipts I used in my computation was thirty-two cents.

Q. I know you did. A. I did not connect with you.

Q. What I asked you was, if the conditions remained the same—I will ask you; if the con-

ditions remain the same, traffic conditions for the balance of the year of 1927, as they were in the first three months of 1927, the cents would be 31.7 for the year? A. That is correct.

Q. And if you have the anticipated increase you figured of about five per cent, I think you said it was— A. About that.

Q. —it would warrant the assumption that the receipts would be thirty-two cents? A. That is correct.

Q. And that would not involve the purchase of some four hundred more buses in 1927? A. No, it would not.

Q. And it would not require the purchase of more gas-electric buses in 1927? A. No.

Q. Nor any other improved condition to make the bus service attractive to the rider? A. I don't think so, no.

Q. You were asked something about whether your figures were based or took into consideration the result of some three hundred buses purchased in 1925, and four hundred buses purchased in 1926. Do you know whether those buses that were purchased added to the number of buses actually operating or were they put on to take the place of buses that were retired, or part one and part the other? A. Well, I assumed that it was part of both, that there were some additions and some substitutions. Just to what degree and to what extent, I made no determination. But I will add, that the effect of all of that, if we take the two years into consideration, is eliminated in the consideration of receipts per bus mile.

Q. You were examined by Mr. Blake on your Exhibit O12, item or Account No. 34, which relates to the salaries and expenses of general officers? A. Yes.

Q. As I understand him, he asked you to say whether those were for the salaries of one or more officers and you said you did not know, isn't that correct? A. That is correct.

Q. Then you referred to some items in your analysis which you had taken from their books and I understood you to say in one month it showed a deficit? A. Yes, that is correct, that is, a credit instead of a charge.

Q. What did that credit instead of a charge show; did it show that an officer of the company was paying money to the company, or what did it indicate? A. I don't know what it indicated. In the process of making an allocation to the transportation company, it happened that one month there was a credit, possibly due to an overcharge the prior month; just exactly how it came about, I do not know.

Q. In making up this account did you investigate at all what the salaries of the officers of the two companies were that were charged up in this item? A. Not for the entire period, I did not examine in detail the salary schedules. I went through the vouchers of one month, and those vouchers had all of the charges that were included here.

Q. Do you know, Doctor, whether, when the Public Service Transportation Company was organized and the same officers manned the transportation company as manned the trolley company, whether the salaries of the officers

were increased or not? A. Well, my general understanding is that they were not, and that no additional officers were added, but what additional assistance was added due to the bus company was charged directly to the bus company. I did not have a chance to check that all in detail, but my understanding is that so far as the overheads, the additional cost incurred due to the bus company was charged to the bus company and there were a great many other charges that were prorated, but I did not have time and could not examine the merits of all those methods.

Q. Do you know whether from your examination in 1927 the salaries of these officers who manned the two companies jointly have been increased or not? A. I think they were not.

Q. So that the result of this reallocation of salaries of these officers who manned the two companies jointly, increased the amount that is charged to the transportation company automatically decreased the amount of the salary of those officers that is charged to the trolley company, is that right? A. That would be correct.

Q. So that it means, therefore, a percentage of increase in the profits to the trolley company and a percentage of decrease in the profits to the transportation company? A. Yes. The accounting methods or the change in accounting methods, in apportioning the overheads started in January, had just that result of reducing the charges to the railway company and increasing to the transportation company, and therefore increased the net for the railway and reduced

the net for the transportation company. There was no actual increase in cost. It is for that reason I made my computation on the basis of the 1926 charges. The conception back of that was, that the change, the mere change in the accounting apportionment certainly should not be taken as a basis of justifying a radical change in the zones and charges for the fares.

Q. Doctor, suppose on the Clinton Avenue bus line there were two buses operated by independent owners, the operation of which started about the same time, and for one of those buses the Public Service paid $15,000 and within the same year paid for the other of those buses $25,000 or $30,000; in your calculation of what the base rate should be, would you credit the Public Service with the cost of one at $15,000 and the other at $25,000 or $30,000? A. No, I did not; I would not.

Q. Why wouldn't you? A. Because neither the $15,000 nor the $30,000 would have anything to do with the fair value of either bus for rate making purposes. The $15,000 or the $30,000 would be predicated on altogether different considerations than the fair basis for determining rates.

RE-CROSS EXAMINATION by Mr. Blake:

Q. In figuring your 31.70 per bus mile receipts, you said you based it on—that was the first quarter's actual result? A. The 31.7 is, yes.

Q. The first quarter is heavier than the sec-

ond quarter, is it not, actually in earnings? A. The receipts per bus mile would be—

Mr. Stewart: 1926 or 1925?

Mr. Blake: Any year, in any year.

The Witness: There is a change in the second quarter and April is normally in receipts per bus mile a little better, and then there is a drop in May and June.

Q. So the quarter is lower than the first quarter in a normal year? A. No, not necessarily. It is nearly the same, possibly a trifle higher.

Mr. Stewart: The exhibit don't show that.

Mr. Blake: I am not asking about the exhibit, I am asking him, in a normal year.

The Witness: In a normal year, I should say the second quarter in receipts per bus mile would be close to the first quarter, possibly slightly greater.

Q. What do you base that on? A. I base that upon the comparison of the receipts per bus mile, by months, and by quarters in 1925 and 1926.

Q. You do not base it on any actual operating experience? A. I have answered that five times; no, I have not, except my general knowledge of the territory; I do know something about the territory. But it is based upon the specific comparison of the results for two years.

Q. You, of course, will not admit that in 1926 the addition of four hundred new buses

that had been theretofore operated, and then four hundred new buses that increased the capacity, made that an abnormal year; I understand you will not admit that? A. I admit that there might be some effect of that, but I think it is practically speaking negligible, and the acquisition of those buses is practically eliminated in its influence by the consideration of the receipts per bus mile.

Q. Do you know in the industry, how the months are considered? Get your nose away from those figures for a minute. Do you know in the industry, how these months are considered from the traffic standpoint? A. You mean—

Q. In the transportation industry, yes, the first quarter, the second quarter, the third quarter, the fourth quarter, how they compare? A. That always depends on the local conditions. Local conditions will vary greatly.

Q. Then the people who are actually managing this property, you think would be better able to tell what the traffic trend is in these quarters? A. Not if they have not made the study I have made. I think study and knowledge based upon analysis is necessary. In other words, one of your bus operators, his judgment would not be as good as mine in answering this. Mr. Warner's testimony—

Q. I am talking about a traffic man, not a bus operator; I am talking about a man in charge of traffic in this territory, he ought to be able, better able to judge and to testify what the traffic trend is than you who have merely some figures before you? A. If he has made a statistical study, besides knowing the

lines, made a statistical study and made his comparisons properly, surely.

Q. If a bus line were established, under your theory of fixing value, from A to B and immediately from the time of its inception was a profitable business and the cash investment in the physical buses had been $50,000 at the end of three and a half years, if the physical value of the buses were still $50,000 plus the earned depreciation, what would you say the fair value of that line was? A. Under the assumption that the line was self sustaining financially immediately?

Q. Immediately, yes? A. Then there would be no going concern value, under my theory and belief, and the fair value for rate making woud be merely the value of the property of the company. In other words—

Q. The $50,000? A. In other words, whether there is going value or not depends on the fact, whether such costs or investment was incurred and reasonably incurred during the developmental period.

Q. I am asking you to assume the purchase of ten buses at $5,000 a piece and their operation profitably from the start? A. Yes.

Q. At the end of five years with the proper depreciation account set up? A. Yes.

Q. What would you say was the fair value of the property upon which a return would be allowed? A. I answered it. In that case there would be no allowance for going concern because it cost the company nothing; the public was there ready to ride and it cost nothing to

develop the business and couple it up, consequently the fair vaue is the physical value of the property.

Q. If proper depreciation has been set up it would be $50,000, is that correct? A. That is correct.

Q. Assume a line starting the same day but going in the other direction, for a period of three and a half years lost $5,000, and set up a proper depreciation account, what would the value of that property be? A. In that case, if the line was properly managed and independent from the other line, a separate organization, that whole course was reasonably conceived and followed out, there should be added to the physical value what it cost to develop the business. In the first case the public was there and ready to take the service; there is no reason for allowing the company an amount for that. In the second case it cost something to build up the business and the company is fairly entitled to a return on that amount.

Q. So that if it was losing for three and a half years $5,000 a year the rate base of that company would be $67,500, is that correct? A. Assuming your computation is right, yes. You are interested in my ideas and not the exact dollars and cents.

Q. Yes, but sometimes we are able to see it better if we put it in dollars and cents? A. All right.

Q. So that for the line which has been self-sustaining, so far as your view is concerned, from the first it is worth $5,000 and the company that has been losing money from its in-

ception woud be worth $67,500? A. Bringing in the conditions I put in, in each case it was a reasonable thing; in the first case there was no traffic there that cost anything to develop it and in the other case it did cost something; always reasonable; that is correct. The fair value in the second case would be $67,000 and in the first case it would be $50,000.

Mr. Stewart: That is for rate making purposes, under a regulated utility.

The Witness: Under the system of regulation and fair dealing and a proper economic policy to handle these utilities from a public standpoint, yes, sir.

Mr. Stewart: For rate making purposes?

Mr. Blake: That is what we are talking about; all these figures are for rate making purposes.

The Witness: That is it. My answer is from that standpoint.

Q. There is nothing injected in my question to make it appear different, to make it appear I am not talking about rate making? A. No. In your questions you have referred to an ordinary, unregulated business and a public utility business; I say there is a specific difference and I am holding to that difference. If it isn't meant that way we are together.

Q. So that a remunerative property, a profitable line is worth less than a non-profitable one, under the conditions set forth in the questions? A. Yes; under the assumptions brought forth in my previous answer; I answer the question the same way.

Q. That is the method you used in Exhibit O13, is that correct? A. That is the method used.

Q. Yes? A. That is the method I assumed. That is a normal development cost.

Q. That is called the past losses and developmental cost? A. For a normal developmental period.

Q. For a normal developmental period? A. That I call the going concern value of the business.

Q. Of course, what the Court looks at is the substance and not the nomenclature? A. That is what I have been trying to set out.

Q. In the Galveston case you said the past losses were not to be considered, and that method was discarded? A. No.

Q. Mr. Bauer says that method should be discarded? A. Let me answer the question. I think I am clear on that, quite clear. As far as past losses are concerned that are incurred after a utility has had time enough to develop its business, those losses are not included. The Galveston case doesn't say that the investment, the valid investment that any economist, any accountant would recognize as part of the investment in the business established there is not to be deemed as going concern cost, as investment. I am saying that the losses and the inadequate return during the developmental period are the essence of going concern value for a public utility, but not for an unregulated business.

Q. The figure you have used in Exhibit O13 prior to the Galveston case would have been

called prior losses or early losses, would it not? A. They would not, no, sir. No intelligent economist, who knew really what he was talking about, would ever have made—confused the two factors. Of course, in a particular company it may be difficult to distinguish where the developmental period ends and the early losses shall be recognized as losses. That is, where you make a quick comparison of the property losses. But any economist, any accountant that is familiar with these things, would recognize a capitalized ability over the cost and inadequate return during the developmental period.

Q. Isn't that the early losses they are talking about, the discrepancy? A. It is early losses, developmental losses, but it isn't beyond that.

Q. You, of course, get the early losses for a reasonable period, don't you; you don't take early losses for twenty years— A. I have—

Q. Just a moment; let me ask you this question. Getting back to the Galveston case: Where Justice Brandeis was talking about that, if the early losses so-called, went over a period of fifteen or twenty years then he holds the business to be a misconceived venture? A. So do I.

Q. Anyone would do that? A. Yes.

Q. You are talking about the developmental losses over a definite period? A. Over a period I took of three and a half years. I think ordinarily, I think normally a three and a half year period would be justified and the Supreme Court has never said, and no economist would say it should be done, that the costs incurred properly, normally, during such a period were not capital-

izable costs, that can be charged to capital account and termed as investment.

Q. That is what you have done? A. That is what I have done.

Mr. Blake: That is all.

By Mr. O'Connor:

Q. In the case of the Pacific Gas & Electric Company where the opinion is written by the United States Supreme Court by Justice McReynolds, are you the Bauer whom the Court cited about Bauer's valuation of public utility properties? A. No—yes; I think Justice Brandeis there referred to my record.

Q. Yes, in the opinion of Justice Brandeis? A. Yes.

FURTHER CROSS-EXAMINATION by Mr. Blake:

Q. There are two questions and then I am through. When you spoke of a regulated utility I suppose you mean a utility that has no competition, has a monopoly in the field and is regulated because of the fact it has a monopoly? A. Not necessarily. The monopoly element usually is a factor in determining whether an industry is a utility or not. But an industry may become vested with a public interest making it a utility partly because—it may be wholly because of an extraordinary privilege, grants it has, like the right of eminent domain, a special franchise, or merely because of the transcending importance to the public of its service to bring it under regulation.

Q. Do you know of any utility that is regulated, or any theory of public utility regulation that doesn't presuppose a monopoly as giving the basis of regulation; will you point to one? A. On the contrary I don't believe the decisions in the aggregate stress the monopoly factor as a basis of regulation. I think the cases all consider—

Q. Answer my question. I don't care about that. I ask you if you could point out to me any utility that was regulated that did not enjoy a monopoly? A. There are plenty of cases of telephone companies that don't enjoy a monopoly, where there are two or three companies operating in the same town, all of them are regulated. There are plenty of cases of electric companies in municipalities that operate in the same municipality. There are cases (I can't tell them to you right now) where two companies have lines in the same street; but generally speaking, there isn't any doubt that the monopoly feature is one of the strong features that lead to utility regulation.

Mr. Stewart: Isn't that true in the Bowery in New York where two lines parallel each other?

The Witness: Yes.

Mr. Blake: I will thank you not to interrupt me.

Mr. Stewart: I didn't object when you interjected a question now and then.

Q. These utilities you are speaking of are utilities that were in existence prior to regula-

tion, that is the reason you can point to those examples. Can you point to any example after regulation has been introduced by the various states through various agencies where competition has been allowed, other than in the bus game? A. There isn't any doubt that regulation is here, to a large extent, because of monopoly, a natural tendency for monopoly in the industry; but what I am saying is (and also I know I am right in it) it isn't the sole and dominant consideration, factor, that has made utilities and established regulations. It is a strong factor, of course it is.

Q. In your figures, all your figures of going value you assumed the rate of fare that has been charged, has been a proper rate of fare, have you, an adequate rate of fare? A. Well, yes, with the consideration that it is plain after a reasonable development period the company was in a position to earn an adequate return on the fair value and also on the consideration that the prior owners seemed to have been willing to operate at a five cent fare and seemed to have gotten along. All those things taken into consideration I assumed that the five cent fare was reasonable.

Q. If the base rate of fare had been four cents rather than five cents as a unit during that three and a half years the company was operating the deficit would have been larger, and if six cents were assumed they were less; is that correct? A. That is correct. Also the company wouldn't have reached the point of being financially self-sustaining, if the operating expenses, that scope of traffic, volume of traffic had been

as they were. The fare involved was considered from the standpoint of the subsequent result after the development period considered.

Q. If that is true, that you consider the five cent fare as adequate, you really base the value on the rate charged for the service? A. You are twisting what I said. I said, since the five cent fare, after the development period proved to be adequate and more than adequate to pay a return on the bus investment, including the developmental cost, as I computed them, indicated that the five cent fare was adequate. On that basis I think my assumption is correct. But you are correct; if it appeared after the three and a half years that the company were still operating at a deficit, a loss, wasn't getting an adequate return, there might very well be the question that the trouble was in the fare. That is perfectly true. But after figuring the developmental period and including the deficits in the fair value, building up the value that way, the fact appears there was an adequate return and the five cent far has proven to be sufficient.

Q. According to this computation you make? A. Yes, certainly.

Mr. Blake: Those were the two, yes, sir.

Commissioner Browne: Is that all the questions?

Adjourned until Friday, May 27th, at the Industrial Building, Newark, New Jersey, at 10:30 o'clock A. M.

BOARD OF PUBLIC UTILITY COMMISSIONERS,

Newark, N. J., Friday, May 27th, 1927.

PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY. Application for adjustment of fare zones and other relief.

Before the following Commissioners:

Jos. F. Autenrieth, Esq., president.
Charles Browne, Esq.

For Public Service Railway Company and Public Service Transportation Company appears George H. Blake, Esq.

For Town of Irvington appears Charles H. Stewart, Esq.

For Borough of Hawthorne appears W. W. Evans, Esq.

For Borough of Roselle Park appears M. P. O'Connor, Esq.

For Borough of Kenilworth appears Joseph Lindabury, Esq.

For City of Clifton appears Wm. B. Gourley, Esq.

Mr. O'Connor: If your Honor please, as counsel for the city, I have a few witnesses here I would like to submit on behalf of Roselle Park, as to local conditions. I believe counsel will consent to that.

Objectors' Witness, John Shugrue, Direct

JOHN SHUGRUE, sworn on behalf of Roselle Park.

Direct-examination by Mr. O'Connor:

Q. Mr. Shugrue, you are a police officer of Roselle Park? A. Yes, sir.

Q. Have you made note of the number of trolley cars operating from Roselle Park on Westfield Avenue? A. I have.

Q. When did you first commence making notation of the number of cars operating? A. On Tuesday the 24th.

Q. On Tuesday the 24th? A. Yes.

Q. The 24th of May? A. Yes.

Q. And during what time did you observe the cars? A. From five o'clock in the morning until 2:30 in the afternoon.

Q. Until when? A. 2:30 in the afternoon.

Q. What were the number running on that day in that time? A. On Tuesday morning, five A. M. until two P. M. there was one car going west and one going east.

Q. Taking on the 24th, Monday, from five A. M. until two P. M., how many cars went through? A. One.

Q. What time did it go through? A. I think it was 1:45 P. M.

Q. 1:45 P. M.? A. Yes, sir.

Q. What kind of a car was it? A. It was a construction car, a special car.

Q. A special car? A. Yes, sir.

Q. On the next day? A. May 25th.

Q. How many cars? A. None.

Q. From five A. M. until two P. M., no cars? A. No.

Q. Is that right? A. Yes, that is right.

Q. Did you observe it the next day? A. The next day was the 26th.

Q. How many cars went through? A. Two cars.

Q. When did they go through? A. One went through at 9:45 A. M.

Q. Carrying passengers? A. No, I did not notice any on it.

Q. What kind of a car was it? A. A construction, special car.

Q. What was the next car? A. The next car was 2:15 P. M.

Q. Carrying passengers? A. No, I did not notice any on it.

Q. What kind of a car was it, the ordinary passenger car? A. A special car.

Q. Do you know what it was used for? A. Well, I could not really say.

Q. Officer, in the last two months have the cars been running and operating along that line? A. I have not noticed any.

Q. You have not noticed any? A. No.

Mr. Blake: No questions.

ROY DUYCKINCK, sworn on behalf of Roselle Park.

Direct-examination by Mr. O'Connor:

Q. You are a police officer of Roselle Park? A. Yes, sir.

Q. Have you noted recently the number of

trolley cars operating on Westfield Avenue? A. I have.

Q. When did you first commence to make your study? A. May 24th at 2:30 P. M.

Q. 2:30 P. M. until what time? A. Until midnight.

Q. On May 24th? A. Yes, sir.

Q. How many cars ran through Roselle Park on the 24th of May between the hours you stated? A. Two.

Q. What time? A. The first one, 7,197, was a special instruction car, went through at 2:50 going west and came east at 3:15. The second one was a passenger car, 1,745, west at 6:03, east at 6:13; that is a Singer car, a Singer special.

Q. You mean from the Singer Manufacturing Company? A. Yes.

Mr. Blake: A Singer tripper they call it, don't they, Officer?

Q. On the following day what was it? A. The 25th there was one, 1,731, the same car, that is this Singer tripper again at 6:06 west and 6:18 east.

Q. Now, the following day? A. The first one went through, 7,193, was a special. I got it going east at 2:42. He went to Elmora, must have, and turned back, because he was back again, the same car at 3:18 and went east at 3:45. Then there was 1,755, that was a passenger car, a Singer tripper, he went west at 6:10 and east at 6:25, and that was all.

Q. Officer, prior to May 24th, say for two months prior to May 24th, have you observed

the number of cars going through Roselle Park? A. I go to work at nine o'clock as a rule at night and I have not seen a car go up that I can remember.

Q. Does that condition prevail for the last month or two? A. Yes, easily.

CROSS-EXAMINATION by Mr. Blake:

Q. You don't know how many passengers were carried in those cars, do you, officer; you did not count them, I mean? A. There were six in one the second day, there were six passengers went up, and I am pretty certain three or four got on at Chestnut Street and went on up. Last night there were two or three in and two or three got on. Each night there is a couple got on; they usually get there just as the train comes in and the people get in and go up to the end of the borough.

Mr. O'Connor: I would like to offer in evidence a petition to the Borough of Roselle Park by the South Broad Street Auto Bus Association for leave to operate a fleet of fourteen buses on a five cent fare. The clerk of the borough will be here at two o'clock this afternoon, if Mr. Blake would like to examine him at that time that this is the application that has been filed. I will offer it in evidence.

Application to Borough of Roselle Park by South Broad Street Auto Bus Association, received and marked Exhibit O26.

Municipalities' Witness, Edward A. Roberts, Direct

EDWARD A. ROBERTS, sworn on behalf of municipalities.

Direct-examination by Mr. Stewart:

Q. Mr. Roberts, what is your business? A. I am a consulting engineer.

Q. What technical schools have you gone to? A. Graduated from Ridge Technical School in 1910, from Harvard in 1914, took an engineering course with the General Electric Company from 1914 to 1916, and spent a year in research work in transportation at the University of Illinois.

Q. What is your experience as a transportation engineer? A. In 1917 I entered the engineering department of the Boston Elevated Railway Company; later in the same year became associated with John A. Beder, consulting engineer, and were engaged in 1917 by the Massachusetts Public Service Commission in the investigation of Boston transit conditions. In 1917 we were in the District of Columbia working for the Public Utility Commission on transportation in the District; in 1918, similar work for the Philadelphia Rapid Transit Company; in 1919 similar work for the Public Service Corporation.

Q. Of New Jersey? A. Of New Jersey, yes. In 1921 I was appointed consulting traffic expert to the New York Transit Commission; in 1922 I was appointed chief of the Transit Commission's Transit Bureau, in charge of regulation phases of its work.

Q. In New York? A. In New York.

Q. New York City, that is? A. Yes. In 1923 I became general manager of the New York & Queens County Railway Company, and later two other New York City companies. In 1925 I became a member of the firm of Fisk & Roberts, and have been engaged in general consulting practice since then.

Q. Mr. Roberts, can you give me a definition of what co-ordination is? A. Co-ordination is a term which has come into use in the transportation industry as a result of the older established transportation companies adopting the motor bus as a means of giving supplementary or auxilliary transportation. The term is generally used in connection with the advantages that are to be derived by operating the two transit facilities under one common control.

Q. What are the advantages of co-ordination? A. The advantages are first, that one general organization supervises and controls the operation of both facilities without wasted overhead expense, and secondly, that the same organization controls the routes and schedules of the two, and can adjust the service so that less is wasted than would be the case if the two were operated separately, and the third principal advantage is that much of the machinery necessary for maintaining trolley cars can also be used to maintain the buses, again eliminating waste. These advantages are reflected in every phase of operation of the two facilities and result in advantages to the public in uniformity of service and simpler regulation, decreases traffic con-

gestion in the streets because of the elimination of wasted service, and many other less important advantages.

Q. Do you consider the bus lines controlled by Public Service Transportation Company to be properly co-ordinated with the Public Service Trolley Company's service? A. As far as our observations are concerned, the two services are quite thoroughly co-ordinated now.

Q. Why do you say that? A. Because they are controlled by the same management, thus eliminating unnecessary overhead; the schedules and routes are controlled, the schedules made, I believe, by a common schedule department, and the shop facilities are used commonly as we have heard previously testified in this case.

Q. The schedules of the two systems being made by the same department, does that eliminate unnecessary service or should it? A. It should.

Q. What relation has co-ordination of bus and trolley service got with the rate of fare charged? A. I do not consider that the rate of fare has any fundamental relation to co-ordination.

By Commissioner Autenrieth:

Q. If there was a great disparity in the rate of fare, the feature of co-ordination would somewhat disappear, wouldn't it? A. That depends on the quality of service. If it was attempted to give two different qualities of service—

Q. Assuming that the services were relatively the same? A. Yes, but that situation is novel here in Newark, where competitive service is given by both bus and trolley, each trying to give the same quality of service.

By Mr. Stewart:

Q. Mr. Roberts, have you got the January 1st, 1927, issue of the "Electric Railway Journal" there; is that it? A. Yes.

Q. Look on pages 28, 29 and 30; do you see an article there entitled, "Electric Railway Costs and Fares in 1926"? A. I do.

Q. What is this "Electric Railway Journal"? A. It is the recognized weekly trade journal of the electric railway industry, published by the McGraw-Hill Company, New York.

Q. Who wrote the article? A. Albert S. Richey.

Q. Have you read the article? A. Yes, sir, I have.

Q. This article refers to the fares in 1926, does it? A. Yes, that is correct.

Mr. Stewart: I would like to have that article marked as an exhibit.

Article in "Electric Railway Journal" January 1st, 1927, by Albert S. Richey, received and marked Exhibit O27.

Q. What is Richey's index number of electric railway operating materials costs for the year 1922? A. 170.

Q. What is it for year 1923? A. 168.

Q. That is a reduction of two points? A. Yes, sir.

Q. What was this same index in December, 1926? A. 159.2.

Q. Do you know what it was in April, 1927? A. It was 148 in April, 1927.

Q. That amounts to a reduction of twenty points in electric railway operating material cost from 1923 to April, 1927? A. That is correct.

Q. You have just testified that the index of electric railway operating materials costs compiled by Professor Richey was 168 in 1923. For the years 1924, 1925 and 1926 this article gives electric railway operating material index by months, does it? A. Yes, sir.

Q. Will you look through each of these monthly figures for the years 1924, 1925 and 1926 and tell me whether there has been any individual months in these three years when this index of operating materials was as high as the 1923 average of 168? A. There has been no such month. The indexes vary from a minimum of 148.5 to a maximum of 163.9, both of those figures being in 1924.

Q. Still referring to the same article, what is the index that Professor Richey gives as the general construction cost index of the engineering news record for 1923? A. 214.1.

Q. What was it in December, 1926? A. 210.8.

Q. That is a reduction of three points, approximately, isn't it? A. Yes, sir.

Q. What was it in April, 1927? A. 209.

Q. That is a reduction of five points from 1923 to April, 1927? A. Yes, sir.

Q. Still referring to the information in Pro-

fessor Richey's index, I direct your attention to the index of wholesale prices of all commodities of the U. S. Bureau of Labor Statistics. What was this index in 1923? A. 153.7.

Q. What was the most recent figure for this index in Richey's article? A. 148.1 in November, 1926.

Q. That is a reduction of five or six points in the index, is it? A. Yes, sir.

Q. That is from 1925 average to the end of 1926? A. Yes, sir.

Q. What was it in March, 1927? A. 145.3.

Q. That is a reduction of how much? A. That is a reduction of 8.4 points from 1923 to March, 1927.

Q. What conclusion do you draw from those figures? A. The conclusion is that the trend of costs of materials used in electric railway operation and in the prices of all commodities has been downward since 1923.

Q. Mr. Roberts, I hand you an exhibit that I think you prepared, did you? A. Yes.

Q. What have you? A. This is a volume of exhibits we have prepared, either by me or under my direction, pertaining to the traffic and statistics for various lines affected by the petition in this case.

Q. It is made up as a result of traffic counts and observations you have made or caused to be made on the various lines? A. That is correct.

Mr. Stewart: I would like to have this marked as an exhibit.

Volume of exhibits marked Exhibit 028.

Municipalities' Witness, Edward A. Roberts, Direct

Q. I hand you a map made out in folder form showing the City of Newark and the Town of Irvington as affected by the lines that run into the Town of Irvington from Newark (handing witness folder)?

Mr. Stewart: I offer that in evidence. Folder map marked Exhibit O29.

Q. Was this map prepared by you? A. Yes.

Q. What does it purport to show? A. The first map, that is on the left, shows the routes of the four bus lines serving Irvington, and also shows the extent of the present fare zones. That is, a person getting on at any point on any of these four lines can ride to any other point on them. The second map—

Q. They can ride that for five cents? A. That is correct. The second map shows the extent of the proposed fare zone as it applies to the Town of Irvington. In other words, a person getting on at any point on the bus routes, as shown in the heavy line in this map, can ride to any other point for five cents under the proposed petition, and no further. The third map—

Q. Let me call your attention to one thing before you go on. On that map the line that runs up Chancellor Avenue does not connect with the line that runs on Union Avenue and up Chancellor Avenue, does it? There is a break in there? A. There is a break of one block in there, practically speaking. That is, the buses do not actually go within a block of the other line, although they may be scheduled to do so.

Q. Do you know whether they give a transfer from one bus line to another there? A. No. There are not free transfers.

Q. No transfers of any kind, are there? A. A five cent transfer.

Q. They don't give that as a transfer?

Commissioner Autenrieth: That is a new fare.

The Witness: Yes. And the third map of this exhibit shows the extent of the proposed fare zones as they apply to the City of Newark. Passengers can ride on any one of the four bus lines from any points shown on the heavy line to any other point on the same heavy line.

Q. The purpose of making the map in this form was what? A. The purpose was to show graphically the divisions created by the proposed establishment of the zones at the Newark-Irvington boundary.

Q. Will you explain the significance of the middle map in the portions of the Springfield Avenue and Clinton Avenue routes, which have cross markings on them? A. The portions on Springfield Avenue and Clinton Avenue with cross marks on them are streets where the trolley cars and the buses operate jointly. Or stated differently, these are the only sections on these four lines, either in Newark or in Irvington, where the two facilities compete at unequal fares.

Q. Referring to page 4 of Exhibit O28, how many passengers are affected by the proposed zoning of the Irvington bus line? A. This is a calculation based on Mr. Warner's testimony,

which was that a total of 11,934,000 people annually are affected by the proposed zoning of the Irvington bus lines.

Q. Will you explain how you determined that figure? A. I took Mr. Warner's testimony of the total number of passengers per day riding on each line and his testimony of the total passengers per day affected by the proposed zones; that is, crossing the boundary line, and from that got the per cent of the total passengers affected. I applied that percentage to the number of passengers carried in the first three months of 1927. Expanded that represents a year by multiplying the first three months' results by four and I got that figure of approximately twelve million passengers per year.

Q. Now, turn to page 5 of this exhibit. Will you explain the significance of the table headed, "Passengers affected by proposed bus zones, through riders between Newark and Irvington"? A. This is a summary of traffic counts that were made under our supervision, of the four Irvington bus lines at the Newark-Irvington boundary. The counts were made during the principal hours of the day, from 6:30 in the morning, generally, until ten at night, and showed an average number daily of 33,766.

Q. Turn to page 6 of that exhibit; will you explain the significance of the table entitled, Clinton Place bus line at Newark-Irvington line? A. This is a summary of the passenger counts made on February 2, from 6:30 in the morning until ten o'clock at night of the pas-

sengers carried across the Newark-Irvington line at Chancellor Avenue on the Clinton Place route. It shows during that period a total of 75 buses operated in each direction, averaging eleven passengers per bus in each direction. It shows in the rush hour that the loads represented a maximum of thirty-five passengers per bus at that point.

Q. Now, turn to pages 7 to 14, inclusive, of that exhibit, I understand, they are of the same general nature as page 6, applied to the other Irvington bus lines? A. Yes. They are a summary of traffic counts made on each of these routes at the Newark-Irvington line in order to determine the number of passengers affected.

Q. Are those figures based on any figures given by the company in its testimony or only counts? A. These are all based on figures and data we collected.

Q. Turn to page 15 of the exhibit entitled bus and trolley service on Clinton Avenue line; will you explain the indication of this table? A. This is a comparative table showing the bus and trolley service furnished on Clinton Avenue. Observations were made on February 23rd from 12:30 noon until 8:00 o'clock at night. This shows west bound a total of 142 buses passed Clinton Avenue and Ball Street as compared with 46 trolleys. In individual periods they show, for instance, from 12:30 to 1:00 P. M. we have eight buses and two trolleys and the next half hour seven buses and one trolley and so forth.

Municipalities' Witness, Edward A. Roberts, Direct

Q. On page 16 of that exhibit you present a passenger count summary at the city line of the Clinton Avenue trolley line; what does that statement indicate? A. This is a similar passenger count summary of the trolley traffic at the Newark-Irvington line. For the day it showed a total of 57 cars operated west bound carrying 317 passengers, an average of five passengers per car.

Q. You had no question as to where the Newark-Irvington line was, did you? A. No. There is a monument on the line and our observer stood by the monument.

Q. On pages 19 to 22, entitled, "Running Time and Intervals Between Buses on the Clinton Avenue Bus Line," what study did you make to get that information? A. This tabulation shows the exact time of each bus arriving at Clinton Avenue and Ball Street on the Clinton Avenue line from 12:07, noon, until 8:04 in the evening of February 23rd. It also shows the time that most of these buses passed the Newark post office, in Newark, on the way to Irvington. The column entitled running time is the number of minutes and seconds that it took these buses to make the trip. And in the last column, it shows the minutes and seconds and the intervals for each bus arriving at Ball Street, Irvington.

Q. Does the column, "Intervals Between Buses," indicate anything with regard to the regularity or irregularity of the service? A. It indicates that the intervals between buses during that period varied; some buses coming in

five seconds apart and other buses having an interval of up to seventeen minutes. A glance down the right-hand column shows frequent intervals between buses in excess of ten minutes.

Q. Now, turn to page 23 of the exhibit entitled "Summary of Average Length of Ride on Irvington Line." First, what do you mean by the expression, "Average Length of Ride?" A. The average length of ride of a line is, technically, the total passenger miles divided by the total number of passengers. Or stated differently, it is the distance that the average passenger rides.

Q. How did you make a determination of the average length of ride on the Irvington bus line? A. We made this determination by stationing observers on the buses, who rode a considerable number of trips, a total of 241 trips altogether, and observed the riding habits of the 10,500 passengers who rode on those trips.

Q. What do you find that the average length of ride on the Clinton Place line to be? A. 2.53 miles.

Q. On the Lyons Avenue line? A. 2.68 miles.

Q. And on the Clinton Avenue line? A. 2.50 miles.

Q. On the Springfield Avenue line? A. 2.47 miles.

Q. Did that pertain to the average length of ride of the passengers over the entire route? Or was this only in reference to the length of ride of the passengers who boarded the cars in Irvington and rode only in Irvington? A.

No. This is the average of all the passengers who rode the buses on these different routes.

Q. What do you consider the more important factor to consider in connection with the fare charged? The total length of the route, or the average length of the ride? A. The average length of the ride is much more important.

Q. Why? A. Because it is a direct measure of the amount of transportation that the passenger is buying when he pays his fare; whereas the total length of the route may, on account of extensions of the route, result in a possible length of ride over the entire length of the route, that has no relation to the fare charged.

Q. Can you give me an example of this latter condition you refer to? A. The Kenilworth line, for instance; since this proceeding opened it has been extended several miles, from the center of Elizabeth to the Port Section of Elizabeth. That extension of several miles has not resulted in the people of Kenilworth getting any more transportation than they formerly wanted, and although the line is now two miles—

Q. That they formerly got. You said "formerly wanted"? A. Formerly got, yes. Although the line is two miles longer, that extension of two miles has absolutely no relation to the fare that should be charged to the Kenilworth patrons.

Q. How much per passenger mile for a five cent fare is an average ride of two and a half miles? A. Two cents.

Q. How much would it be at a ten cent fare? A. Four cents.

Municipalities' Witness, Edward A. Roberts, Direct

Q. What is the standard trunk line railroad full fare per passenger mile? A. 3.6 cents.

Q. That is, for transportation over a steam railroad, a private right of way, in the usual heavy railroad coaches, and in many cases only enough traffic to justify comparatively infrequent service, is it not? Is that what it is based on? A. Yes.

Q. Turn to pages 25 to 32 of this exhibit; what does this show? A. These are the supporting figures for pages 23 and 24, showing the details of the observations and calculations made to arrive at the average length of ride of the four Irvington routes.

Q. Will you turn back to the railroad comparison. Where the trunk line railroad traffic is dense, it is customary, is it not, to sell commutation tickets and trip tickets at greatly reduced rates below that 3.6 cents per passenger mile that you referred to? A. Yes.

Q. Do you know what that reduction is, approximately, or does it vary on different lines? A. The monthly commutation ticket varies according to the length of the trip, an average of a cent or a cent and a half per passenger mile. The trip tickets, without the monthly limit, runs from a cent and three-quarters to two cents, as a general rule, per passenger mile.

Q. On that type of service, the passenger usually has a seat, don't he? A. Quite often.

Q. Taking up the Clinton Place, what is the route of this line? A. The route is from the Hudson Terminal to Union and Chancellor Ave-

nues, Irvington, via Broad Street and Clinton Avenue, Clinton Place and Chancellor Avenue.

Q. And the length of the route? A. The length is 5.422 miles.

Q. The length in Irvington? A. .73 miles.

Q. What per cent of the entire length of the route is this proposed Irvington zone? A. Thirteen and a half per cent.

Q. What is the length of the Newark zone of the Clinton Place line? A. 4.691 miles.

Q. And the per cent of the total length of the line? A. Eighty-six and a half per cent.

Q. Then the proposed Newark zone is more than six times the length of the proposed Irvington zone? A. That is correct.

Q. Do you know what the interval is between the buses on the Clinton Place line? A. It is approximately twelve minutes.

Q. How long does it take the average person to walk seventy-three hundredths of a mile? A. It would take eleven minutes to walk that entire distance at four miles per hour.

Q. Have you made any study to determine how much increase in revenue the zoning of the Clinton Place line as proposed will yield to the company? A. Yes, we have made such a study.

Q. Will you explain your method? A. That method is shown on page 33 of Exhibit O28. The first entry in the exhibit are the passenger receipts, taken from the company's books. In 1926, they were $98,393. The bus miles operated in 1926 were 295,000.

Q. Is that from the company's books? A. That is from the company's books. The passen-

ger receipts per bus mile for 1926, also from the company's books, 33.35 cents.

Item No. 4 on page 33 is Mr. Warner's figure of 1,460 passengers per day crossing the proposed zone.

Item No. 5 is Mr. Warner's figure of 6,162 total passengers per day using the line.

Item No. 6 is the percentage of the total passengers using this line whose origin or destination is within half a mile of the Newark-Irvington line. That is based, first, on Mr. Warner's statement that the passengers using the line will walk one-quarter to one-half a mile to avoid paying additional fare. We have assumed in that estimate they walk the maximum distance Mr. Warner mentioned, one-half mile.

Then we made a number of trips over the line and observed the number of passengers who now get off the buses or on them within a half a mile within the proposed zone. We assumed that each one of them would walk up to half a mile in order to avoid the additional fare.

These observations showed 21.78 per cent of the total passengers on the Clinton Place line are in this group, who, it is reasonable to expect, will walk up to a maximum of half a mile in order to avoid the additional payment.

Item No. 7 in this calculation is the passengers per day represented by this percentage. In other words, 1,342 passengers per day will get off the Clinton Place buses in the zone one-half a mile beyond the Newark-Irvington line.

Municipalities' Witness, Edward A. Roberts, Direct

Item No. 8 is the estimated passengers per day who will pay the increased fare. In other words, those who will be left on the bus, out of Mr. Warner's 1,460, which he says crosses the line a day, 118 only will be left on the Clinton Place line to pay the increased fare.

Item No. 9 shows the additional revenues that these people will pay, as $15 per passenger per year. That is assuming they will ride 300 days a year and pay five cents a day. That is $1,700 a year.

Item No. 10 shows $1,770 has been added to the total receipts for 1926, developing the total revenue that will accrue to that line with the proposed zone plan in effect.

Item No. 11 is a calculation of the earnings per bus mile under the proposed schedule, being the revenue in item No. 10 divided by the car miles actually operated—by the bus miles actually operated in 1926.

The indication of this exhibit, of course, is that with the zones so short, being only .73 of a mile long, naturally, practically all the passengers will walk to avoid paying the fare.

Q. Is there any section of the Clinton Place line which is in direct competition with the trolleys at an unequal fare? A. There is no such a section.

Q. Have you made a study of the rate of fare that is being earned on the Clinton Place line under the present fares? A. Yes.

Q. Will you explain the method you used in determining that rate of fare? A. That study is shown on page 37. Four bases have been

used for this study of the rate of return on the Clinton Place line.

The first basis is at the present fares and full allowance for the company's book value of intangibles. The first valuation is the investment per bus mile of the system as a whole. This is based on the total investment of $18,500,000 in the system, as testified to by Mr. Young, and on thirty-six million odd bus miles operated in 1926. In other words, for each bus mile operated the company had an investment of 51.27 cents, on that basis, as the capital represented by the movement of the bus one mile. The revenue per bus miles on the Clinton Place Line in 1926, according to the company's books was 33.35 cents.

The system operating expenses and taxes per bus mile in 1926, according to the company's books, was 29.688 cents.

The difference between these two latter figures left the net income available for return on the investment per bus mile, which was 3.662 cents. The final calculation of the rate of return is for the rate of return that 3.662 cents will pay on the capital investment per bus mile of 51.27 cents. In this particular case, the rate of return is 7.14 per cent.

The second basis of calculation is similar to the first, except that no allowance is made for the company's book values of intangibles. In other words, it is based on an investment of eighteen and a half million dollars, as testified to by Mr. Young, less the balance sheet item entitled, "Other Intangible Capital," of

$8,414,000 and is based also on the bus miles operated in 1926.

This basis shows an investment per bus mile of 27.95 cents on which was earned in 1926 3.662 cents. This is sufficient to pay a rate of return on 27.95 cents or 13.1 per cent.

The third basis of this study is the proposed fares and full allowance for the company's book value of intangibles. The estimated revenue per bus mile as explained on page 33 of Exhibit O28 is 33.95 cents under the proposed schedule of fares. The system operating expense is as shown by the company's books in 1926, leaving a net income available for return on the investment of 4.262 cents per bus mile. This will pay a return on the investment of 51.27 cents of 8.31 per cent.

The fourth basis is the proposed fares and no allowance for the company's book value of intangibles. This shows the investment per bus mile of 27.95 cents, the same as on the second basis, and a net income of 4.262 cents available for return on the investment, which will pay 15.25 per cent return.

Q. Taking up the Lyons Avenue route, what is the length of this route and what is the route? A. The route is 5.915 miles long and runs from the Hudson tubes, down Broad Street, Clinton Avenue, Elizabeth Avenue, Runyon Street, Hunterdon Street and Lyons Avenue to its intersection with Springfield Avenue at the Elmwood loop.

Q. What is the length of the proposed Irvington zone? A. 1.246 miles.

Q. What per cent is this of the entire route? A. 21.1 per cent.

Q. What is the length of the proposed Newark zone? A. 4.669 miles.

Q. What per cent is this of the total length? A. 78.9 per cent.

Q. How much longer then is the proposed Newark zone than the proposed Irvington zone? A. The proposed Newark zone is almost four times the length of the proposed Irvington zone.

Q. Have you made a study to determine how much increased revenue the zoning of the Lyons Avenue line as proposed will yield to the company? A. Yes, sir, I have.

Q. Will you tell me what this study indicates the increased revenue will be? A. This study is made on the same basis as I described in detail on the Clinton Place line and shows that the estimated additional annual revenue per year will be $23,700. This will increase the passenger receipts per bus mile from 34.83 cents in 1926 to 37.51 cents, other 1926 conditions being considered unchanging.

Q. What page of that exhibit is that on? A. That is on page 34.

Q. Is there any section of the Lyons Avenue line which is in direct competition with the trolleys at unequal fares? A. There is no such section on the Lyons Avenue line. There is a point at the terminal where a choice is offered between the Springfield Avenue trolley line and the Lyons Avenue bus line at unequal fares.

Q. That is its terminal where? A. At the terminal at the Elmwood loop, Irvington. But that

is only competitive with persons going to points squarely in the center of Newark.

Q. Have you made a study of the rate of return which is being earned on the Lyons Avenue line under the present fares? A. Yes, we have made a similar study on Lyons Avenue to that which was made on the Clinton Place line, using as a basis the 1926 bus miles operated, Mr. Young's figure of the value of the property eighteen and a half million dollars, the book figures of the company, of the revenue per bus mile on this route, the book figures of the company for the system operating expenses, taxes per bus mile in 1926—

Commissioner Autenrieth: Isn't it on the same basis as the Clinton Place line?

The Witness: It is on the same basis, yes. This study shows that on the basis of the present fares and full allowance for the company's book value of intangibles, the Lyons Avenue line is now earning 10.03 per cent as a rate of return. If the intangibles are disregarded and deducted from Mr. Young's figure, the rate of return earned in 1926 was 18.4 per cent. Under the proposed schedule of fares and with full allowance for intangibles, the rate of return could have been in 1926, 15.26 per cent, or with intangibles disregarded it would have been 27.99 per cent.

Q. Taking up the Clinton Avenue line, what is the route of this line? A. This route runs from the Hudson tubes, south on Broad Street, thence out Clinton Avenue to Irvington Centre, then

down Ball Street or Union Avenue to Chancellor Avenue, out Chancellor Avenue to 40th Street and south to 40th and Stuyvesant.

Q. Going westwardly they turn down Ball Street and coming eastwardly they turn in Union Avenue; that is what happens, isn't it? A. That is correct, yes.

Q. Have you made a study to determine how much increased revenue on the Clinton Avenue line the proposed zoning would yield to the company? A. Yes, sir, I have made a similar study there based on the company's book figures of passenger receipts and bus miles operated in 1926, also on Mr. Warner's testimony as to the number of persons using the line and crossing the Newark-Irvington boundary; on our field data of the number of passengers who are getting off the buses within a half mile of the boundary, and from that have determined that the estimated additional annual revenue on the Clinton Avenue line will be $116,244, increasing the 1926 receipts of $343,000 to a total of $459,000, and increasing the receipts per bus mile from 33.97 cents in 1926 to 45.31 cents.

Q. And with reference to the rate of return? A. The rate of return has been determined on the same basis as on the other two routes already described. It shows 8.35 per cent earned in 1926 on present fares and full allowance for intangibles, 15.32 per cent on present fares and no allowance for intangibles. It shows that under the proposed fares and full allowance for intangibles, the rate of return would have been 30.47 per cent, and on the basis of proposed

fares and no allowance for intangibles the rate of return would have been 55.89 per cent.

Q. Turning to the Springfield Avenue route, what is the route of the Springfield Avenue bus line? A. The Springfield Avenue bus line starts at the tubes and goes through Commerce and Washington Streets, Market Street and out Springfield Avenue to the Irvington-Maplewood boundary line at 43rd Street.

Q. You said it goes through Commerce Street; it is Academy Street it goes through, isn't it? A. Academy Street, yes.

Q. What is the length of this route? A. The length of this route is 4.77 miles.

Q. Have you made a study to determine how much increased revenue the zoning of the Springfield Avenue line as proposed will yield the company? A. Yes, sir, I have.

Q. What does it show? A. It shows an estimated additional revenue per annum of $155,899. This is an increase from the 1926 receipts of $402,000 to $558,000. It increases the 1926 receipts per bus mile from 40.63 cents to 56.36 cents.

Q. Have you made a study of the rate of return that will be earned on the Springfield Avenue line under the proposed zoning plan? A. Yes, I have.

Q. What does it show? A. This shows that the rate of return earned in 1926 on the Springfield line, with the present fares and full allowance for the company's book value of intangibles, was 21.34 per cent; on the basis of present fares and no allowance for intangibles this

line earned a return of 39.15 per cent. On the basis of the proposed fares and full allowance for the company's book value of intangibles, the line would have earned in 1926, 52.02 per cent rate of return, and on the basis of the proposed fares and no allowance for the company's book value of intangibles, the line would have earned in 1926, a rate of return of 95.43 per cent.

Q. Turning to page 46 of this exhibit, what is the result of the analysis that you made of the proposed zone divisions of the Irvington bus lines? A. This analysis shows that the proposed divisions of the routes at the Newark-Irvington boundary line results, in the case of the Clinton Place line in eighty-six and one-half per cent of the route being made into one five cent zone and thirteen and one-half per cent being made into the Irvington five cent zone. The four Irvington routes averaged together show that 70.1 per cent of the mileage is in the proposed Newark zone and 29.9 per cent in the proposed Irvington zone.

Q. Have you an analysis on that same page of the Hawthorne lines? A. Yes, sir, I have.

Q. Will you explain that? A. On the main Hawthorne line, this analysis shows that 31.4 per cent of the mileage under the proposed plan will be in Paterson and 68.6 per cent in Hawthorne. On the Madison Avenue-Hawthorne line, considering only the route operated in the nonrush hours, it shows that 66.2 per cent of the mileage will be in Paterson and 33.8 per cent in Hawthorne.

Municipalities' Witness, Edward A. Roberts, Direct

Q. What about the rush hour route? A. In the rush hour, when the line is extended in Hawthorne, 54.1 per cent of the route will be in Paterson and 45.9 per cent in Hawthorne.

Q. Have you also on that page an analysis of the Roselle Park routes? A. Yes. The Roselle Park route is 5.79 miles long. The Elizabeth zone proposed will consist of 67.2 per cent of the distance and the Roselle Park zone of 32.8 per cent.

Q. Mr. Roberts, what other method than the one proposed by the company's petition could you suggest to remedy the situation caused by the unequal trolley and bus fares between Newark and Irvington? A. A common zone point can be established at any place along these routes that have unequal fares, and get the same results, the same operating results as will follow the proposed zoning. For instance, this common zone could be established at the westerly boundary of Irvington instead of at the easterly boundary of Irvington.

Q. What will be the operating advantages to the company in establishing a common zone point at the westerly boundary of Irvington? A. The operating advantages of establishing a common zone point there will, as I say, be the same as those resulting from establishing a common zone point at any other place on the routes. The passengers will be free to choose the vehicle they want to ride in without regard to the present fare differential, and as a result it is to be expected that there will be a diversion of passengers from buses to trolleys. The

operating effect of it will be that the severances of the bus traffic peak will be modified and the wasted service now furnished by the railway in Irvington will be utilized and will produce revenue. The service of both bus and trolley can under that condition be adjusted efficiently to meet the requirements of the traffic. If the number of passengers who are diverted from bus to trolley is at all considerable, the bus miles furnished during certain periods of the day can be reduced.

Q. That is, you mean now furnished? A. Yes.

Q. Will the operating advantages that accrue from the extension of the present trolley zone to the westerly boundary of Irvington be the same as the operating advantages that accrue from the contraction of the present bus zone to the easterly boundary of Irvington? A. Yes, the advantages will be the same regardless of the location of this common fare zone point.

Q. Will these operating advantages be the same if the bus and trolley zones are established at any common point? A. Yes.

Q. As, for example, the center of Irvington? A. Yes.

Q. What then is the effect of establishing a common zone point at the various places that I have been mentioning, the westerly boundary of Irvington or Irvington Centre or the easterly boundary of Irvington. A. The further east this common zone point is established, that is, the nearer Newark it is established, the more people will be affected and the more people who

are affected, the greater will be the increased revenue to the transportation companies.

Q. Then by proposing to establish this common zone point at the easterly boundary of Irvington, the Public Service Railway and Transportation Companies have selected the point, which will give them the maximum possible increased revenue, is that so? A. That is correct.

Mr. Blake: I do not think either counsel or the witness means just that.

By Mr. O'Connor:

Q. Take the Roselle Park-Elizabeth line. Mr. Roberts, referring to Exhibit O28, what portion of it has to do with the Elizabeth-Roselle Park line? A. Pages 41 to 46.

Q. Have you caused to be prepared a map of the Roselle Park line, Mr. Roberts? A. Yes, I have.

Mr. O'Connor: I would like to offer the map in evidence.

Map of Roselle Park line received and marked Exhibit O30.

Q. How many passengers daily are affected by the proposed zoning of the Roselle Park-Elizabeth line? A. 5,399 per day according to Mr. Warner's testimony.

Q. Have you estimated the increased revenue that will result from the proposed zoning? A. Yes, sir, I have.

Q. Can you give it to us? A. This estimate is made on the same basis as those of the Irv-

New Jersey State Library

ington lines and it shows that the estimated additional annual revenue from the establishment of the proposed zone at the Elizabeth-Roselle Park line will be $50,265.

Q. What method did you use in arriving at that? A. The method was to take the passenger receipts in 1926 as shown by the company's books, the bus miles in 1926 as shown by the company's books and the passenger receipts per bus mile as shown by the company's books, the passengers per day crossing the proposed zone as testified to by Mr. Warner, and the total passengers per day on the line as testified to by Mr. Warner; then a study in the field to determine the per cent of the total passengers using that line who get on or off within a half mile of the proposed zone point and who presumably will walk under the proposed zone arrangement in order to avoid the payment of the additional fare. In the Roselle Park situation 14.67 per cent of the total passengers on the line were found to be in this group whose origin or destination is within a half mile of the proposed zone point.

This percentage was applied to the total passengers on the line as testified to by Mr. Warner and it developed that 2,048 passengers per day of the 5,339 per day who cross the line will walk. That will leave 3,351 per day to pay the increased fare, and at $15 per annum they will pay the company $50,265 per year, thus increasing the 1926 revenue from $159,682 to $209,947. This increases the receipts per bus mile from 25.72 cents to 33.82 cents.

Municipalities' Witness, Edward A. Roberts, Direct

Q. What is the present revenue of the Roselle Park-Elizabeth line per year, did you say? A. In 1926 the revenue of the line was $159,682.

Q. Have you determined the average length of ride on the Elizabeth-Roselle Park line? A. Yes, that determination was made.

Q. What is it? A. That shows an average length of ride on the Elizabeth-Roselle Park line of 1.91 miles.

Q. How many passengers were checked to determine this average? A. Approximately 600.

Q. How does this compare with the average length of ride on the four Irvington lines which you studied? A. It is very appreciably less, the Irvington average being 2.55 miles as compared with the Roselle Park line's average of 1.91 miles, a difference of about 25 per cent.

Q. Do you consider the average length of ride on the Roselle Park line excessive for a five cent fare? A. No, I would not consider a ride of less than two miles excessive for a five cent fare.

Q. What does the fare per passenger mile amount to on the basis of five cents for a trip of this length? A. About 2.6 per passenger mile.

Q. What is the reason for the average length of ride on the Roselle Park line being so short? A. The reason is that the Roselle Park bus line is a through route. In other words it consists of a route from Roselle Park to Elizabeth, giving a service connecting Elizabeth with Roselle Park, and it consists of a service between the center of Elizabeth and the Bayway section, in

other words the nature of the traffic on the line is that most of the passengers are destined for the center of Elizabeth.

Q. You mean by the center of Elizabeth, between West Grand Street and Caldwell Place on Broad Street? A. Yes.

Q. There is an interchange of load there? A. Yes. To explain that further; where a route leaves a business center, such as Elizabeth, and goes to Roselle Park, it carries the passengers from the business center and distributes them along the line, but if the route goes through the business center and on to the other side of the city, it does that and it also picks up a group in Elizabeth and distributes them along the Bayway end of the line.

Q. So this particular route does pass through the business center and on down into another section of the city? A. Yes.

Q. Is the Roselle Park line now co-ordinated with the trolley system as far as possible? A. Yes, sir, it is.

Q. Is there any trolley service in Roselle Park? A. We observed about three trips a day between Elizabeth and Roselle Park.

Q. Has co-ordination of the two services anything to do with the proposed installation of the additional zone on the Roselle Park line? A. No, I can find no relation between co-ordination and the proposal to establish a fare zone at the Elizabeth-Roselle Park line.

By Mr. Lindabury:

Q. Have you a map of the Kenilworth line?

Municipalities' Witness, Edward A. Roberts, Direct

A. I have a map of the Roselle Park line which also shows most of the Kenilworth line.

Mr. Blake: That is on O30, isn't it?

The Witness: Yes.

Q. That refers to Exhibit O30? A. Yes.

Q. Will you indicate on this map, Mr. Roberts, the route over which the Kenilworth line travels? A. The line comes in from Kenilworth to Roselle Park over Chestnut Street, and then turns onto Westfield Avenue and parallels the Roselle Park-Elizabeth line into Galloping Hill Road; there it turns north and detours through the Elmora section of Elizabeth, coming back to Westfield Avenue at the center of Elmora. When this proceeding started, the route then followed the full line shown on this map, going in Grand Street to the Elizabeth Arch. The dotted line, however, shows a change in routing that has been made during this proceedure, the route making a detour on the south side of the Jersey Central tracks through the Murray Street section of Elizabeth, and then going into the center of Elizabeth over Grand Street. The extension also sends this route down Broad Street to Elizabeth Avenue and then down to Elizabethport.

Q. So that has the same features as the Roselle Park line, taking traffic in Elizabeth and also along the route, in other words it unloads in Elizabeth and takes on new passengers to the lower end of Elizabeth? A. That is correct.

Q. Would you call the route from Kenilworth to Elizabeth direct or indirect transportation?

A. I think the map speaks for itself. The route from Kenilworth to Elizabeth is very indirect.

Q. Do you consider that this very circuitous route of the Kenilworth line has anything to do with its low rate of earning? A. Yes, sir; I think it has considerable to do with the low rate of earning, for the reason that passengers from Kenilworth can go to Elizabeth quicker by paying their first five cent fare on the Kenilworth line, coming down to the center of Roselle Park, getting off and boarding a Roselle Park-Elizabeth bus going straight in Westfield Avenue to the center of Elizabeth. Another reason why this route has such low earning is that the Elmora detour discourages passengers who would normally board the Kenilworth buses between Chestnut Street and Galloping Hill Road; they now pass up the Kenilworth buses because of the time consumed in these detours and wait for the Roselle Park bus.

Q. Is there any trolley service to Kenilworth? A. No, there is not.

Q. Is there any other method of travel than buses from Kenilworth to Roselle Park and Elizabeth? A. None at all.

Q. In your opinion have the proposals to add another zone to the Kenilworth line anything to do with co-ordination? A. No, nothing at all.

Q. There is nothing to co-ordinate it with, is that true? A. That is true.

Q. Then you would consider, so far as the Kenilworth line is concerned, that this is nothing more than a rate case, isn't that true? A. It is certainly not a co-ordination matter.

Municipalities' Witness, Edward A. Roberts, Direct

Q. Have you studied this situation so that you might suggest a proper way to handle the Kenilworth situation? A. A better way than the present, from the standpoint of Kenilworth, would be, to have this Kenilworth route follow the route of the Roselle Park-Elizabeth bus line straight into Elizabeth over Westfield Avenue, rather than going through these complicated detours that it now follows. This would give the Kenilworth passengers better transportation. It would give the passengers at Roselle Park and along Westfield Avenue better transportation, because they could avail themselves of these Kenilworth buses and get direct transportation rather than having to wait for the Roselle Park-Elizabeth buses as they do now.

Q. Do you think it might be possible to work the Kenilworth service as part of the Roselle Park service? A. Yes, from the operating standpoint the natural way to do that would be to make the Kenilworth line a branch of the Roselle Park line.

Q. Utilizing the same buses that now run on the Roselle Park line for the Kenilworth service, that is, at various intervals? A. Yes, that is correct.

Q. Running some to the Aldene terminal and then branching some off at Chestnut Street in Kenilworth? A. Yes, sir.

By Mr. O'Connor:

Q. Mr. Roberts, since this Kenilworth line and the Roselle Park-Elizabeth line are running through the center of the city, have you any

opinion as to where the zone for the Roselle Park line might be established other than now proposed? A. Yes. The practice on a through route in some places is to create a zone point in the business center of the city rather than at an arbitrary boundary line. If this was done on the Roselle Park route it would mean that those persons making the long trip from points on Westfield Avenue to points in the Bayway section would cross this zone point in the center of Elizabeth and pay a fare more in proportion to the ride they are getting. This would in some respects be fairer than the mere arbitrary method of establishing a zone point at the boundary line and charging a double fare for people going from the center of Elizabeth to points in the adjoining residential sections.

Q. May I ask one more question to make the record clear. Referring to Exhibit O30,would you define the route of the Roselle Park line which you studied; just define the route of the Roselle Park line which you studied. Just describe the route of the Roselle Park-Elizabeth line. A. The Roselle Park-Elizabeth line starts at the westerly boundary of Roselle Park and Westfield Avenue in the Aldene section, runs straight in on Westfield Avenue to Morris Avenue, then to the center of Elizabeth on Morris Avenue, down Broad Street to Bayway and along Bayway to the Jersey Central Railroad bridge.

By Mr. Lindabury:

Q. Mr. Roberts, one more question on the Kenilworth line. Under this proposed change

of zones, where would the biggest distance be on the Kenilworth line? A. On the Kenilworth line as operated, the longest zone will be from Elizabethport to the intersection of Westfield Avenue and Galloping Hill Road.

Q. That takes in the entire City of Elizabeth from one end to the other for five cents, doesn't it? A. Yes.

By Mr. Evans:

Q. On the main Hawthorne line, what is the length of the proposed Paterson zone? A. 1.303 miles.

Q. What would you say about the length of this zone? A. That is a particularly short maximum ride to offer for a single five cent fare.

Q. Just a little over a mile for a nickle? A. Yes, sir.

Q. What is the length of the proposed Paterson zone on the Madison Avenue line? A. 2.794.

Q. Have you delineated on Exhibit P11 in red lines the city line on each of those lines? A. Yes.

Q. So the Commission may observe the relative distances. Would you conclude from this wide discrepancy in the length of the proposed Paterson zones of the two Hawthorne lines that they would be properly co-ordinated in the event this proposed zoning becomes effective? A. Considering these two lines alone, the establishment of this fare zone arbitrarily at the Paterson-Hawthorne line results in a very peculiar condition, because there will be a point just above the Passaic River in Hawthorne where a

person can walk in one direction and get one Hawthorne line into Paterson for a five cent fare, whereas if he walks in the other direction he will have to pay ten cents. In other words, it unco-ordinates them to that extent.

Q. Is there any trolley service to Hawthorne? A. None that we were able to find.

Q. Has your investigation discovered any respect in which the Hawthorne buses are not fully co-ordinated with the trolley system, as is possible? A. No, I have not.

Q. Will the granting of this petition add anything to the completeness of bus and trolley co-ordination? A. No.

Q. Taking Diamond Bridge Avenue as the business center of Hawthorne, would that not be a more proper zone point? A. It would, if the theory of charging a five cent fare from business center to business center is to be followed.

CROSS-EXAMINATION by Mr. Blake:

Q. Mr. Roberts, in Exhibit O27, page 28, which has been offered, if we will disregard the pictures for a minute and go to the text, look at the lower part of the first column on the left; it states that the average street railway fare has increased slightly during 1926, from 7.32 in January to 7.42 cents in December? A. That is correct.

Q. Do you interpret that to mean that the average street car fare in the United States in December, 1926, was 7.42? A. No.

Q. That is what it says in the text however, does it not? A. I can explain that by saying that Richey in compiling his index of street railway fares disregards the fare in the largest city in the country.

Q. New York City? A. New York City.

Q. Nobody takes that seriously over there but the riders? A. Politicians do.

Q. Excluding New York City then from the average fare, would you say, was 7.42? A. That is correct.

Q. Is that what Professor Richey does? A. Yes, sir.

Q. In the other items which go to make up the text, and the chart, is New York City omitted also? A. I believe Richey includes New York City in his labor index, as I recall it.

Q. You testified as to materials and supplies, did you not? A. Yes.

Q. And construction costs, I think you mentioned. Other elements go in, do they not, to railway operating figures? A. Platform labor.

Q. Any labor; isn't labor separated, shop labor? A. The construction cost indexes include labor used in construction.

Q. I am talking about shop labor and maintenance labor. You do not know of any railways that built an extension in the last five years, do you? A. That is true. But the index of electric railway construction costs would be applicable to electric railway track maintenance cost, the same class of labor builds both.

Q. But the operating cost, operating labor is not put in that account, is it, car maintenance,

repairing cars and shop; all our shopmen? A. Not car maintenance, no. My point is that the index of electric railway construction costs includes labor as well as materials.

Q. Construction labor? A. Yes.

Q. I am talking about operating maintenance labor; where would that be; that would be in the labor column, wouldn't it? A. Yes, sir.

Q. Electric railway wages? A. Electric railway wages is an index of platform labor.

Q. It includes maintenance labor, doesn't it? A. No, it does not, not as Richey compiles it.

Q. It does not? A. No.

Q. You gave the 1923 figure, didn't you, the labor figure, the figure on the operating costs? A. Yes.

Q. What was the 1923 labor; wages, as you term it? A. The 1923 index of elctric railway wages by Richey is 212.1.

Q. What is it in December, 1926? A. 226.3.

Q. Before going down into the detail of your exhibits; street railway companies and bus companies have to be operated, keeping in mind the practical difficulties, do they not, that confront the managers? A. Certainly.

Q. They cannot be operated theoretically, can they; you have some practical difficulties that have got to be surmounted? A. That is correct.

Q. That is where these fellows that establish blueprints do not help you very much. Hasn't it been the custom and haven't most street railways found that they have to charge a uniform rate of fare throughout a certain district? A. It depends on what you mean by uniform.

Municipalities' Witness, Edward A. Roberts, Cross

Q. Take the system such as we are operating, a five cent fare within a municipality without regard to the length of the ride, without regard to traffic density or without regard to the peaks, isn't there some limit, from the practical operating standpoint, where you have to ignore those elements and put down a flat fare as the cost of the service? A. Yes, there is some limit to the length of ride you can give for a five cent fare.

Q. And it is usually within the municipalities, is it not? A. Usually that is a heritage of the franchise.

Q. And that is the practice that has grown up and that is the way it is handled, is it not? A. That is the way it has grown up. There have been other methods devised to care for special conditions.

Q. If you are going to measure the rate of service by the actual cost of service and the rate to be paid for it, you have to get right down to so much per mile, based on the zone basis for a transportation utility? A. Not arbitrarily on that basis.

Q. Practically you have to meter your service, haven't you? A. Yes.

Q. Generally speaking, from the practical point of view, however, you maintain one fare, a unit fare within certain prescribed limits? A. No, not an exact length of route for one fare.

Q. I say, ignoring the length of ride and ignoring the traffic density and ignoring the peaks, within some limits you have to take a unit fare, do you not? A. Yes, sir.

Municipalities' Witness, Edward A. Roberts, Cross

Q. That is what this company has done, has it not, the Transportation Company and the Railway Company, in zoning most of its lines? A. I understand the Transportation Company has taken conditions as they found them.

Q. The Railway Company has taken the municipal boundary lines? A. Yes, sir, they took municipal boundaries several years ago.

Q. The Transportation Company, with the exception of these eleven lines here involved also have municipal boundary lines as their fare limits, do they not? A. I have not studied the fare limits of other than these eleven lines, eight lines.

Q. Generally speaking, you have forecast that this traffic in the various zones, if the fares are increased or the zone points changed, that all the excess of passengers who rode would ride on the buses? A. All the excess passengers from where?

Q. That rode in these various municipalities, the additional revenue passengers, would all ride on the buses? A. I have assumed all those passengers that Mr. Warner testified were riding on the buses will either walk or pay an increased fare.

Q. But you have designated a certain number under half a mile who would walk? A. Yes.

Q. All the rest you assumed who rode would ride the buses? You have not assumed any of those would go to the trolleys? A. They are all riding on the buses now.

Q. You have assumed they would continue to ride the buses? A. Yes.

Q. And none of the traffic came from the buses and goes to the trolleys; that is the basis of your opinion? A. Yes; the basis of that is, that those passengers who do not walk will ride and pay an increased fare.

Q. And will ride on the buses, pay an increased fare to the transportation company? A. Yes. I have credited all that increased revenue to the transportation company.

Q. None of it has gone to the trolleys. Of course, the theory of co-ordination is that they are operating both facilities with the same service, and the same rate of fare, that the riders will divide, and those who wish to will ride the trolleys and those who wish to will ride on the buses; that is the theory of it? A. I have heard two different theories in this case; one is Mr. Young's theory that duplicate service should be eliminated, and the other is Mr. Warner's theory that everybody should be given a free choice. Which theory do you mean?

Q. On the theory Mr. Warner testified to, that every one is given a free choice and then after we found out what riding habit was developed then cut down the wasteful service, if any exists after that period had past. A. Yes.

Q. So after you get the riding adjusted you get back to Mr. Young's theory, that the wasteful service should be eliminated, and the duplication should be eliminated. A. That is not my idea of duplication.

Q. Did you assume there would be duplication if two vehicles were going over the route

with the same rate of fare, if they were half filled? A. Yes.

Q. You considered that duplication? A. I consider that duplication of service, physically.

Q. Assume there were fifty bus trips and fifty trolley trips, one hundred trips, with the vehicles half full with passengers, you would assume that would be duplication, would you not? A. Yes.

Q. If you found the same number of passengers that could be carried through the same territory with, say, sixty bus trips and twenty trolley trips, or twenty trolley trips and sixty bus trips, you would say then some of the duplication was eliminated? A. No. I would say furnishing the two services, that one is duplication.

Q. It is duplication in kind, but it is not duplication in quality of service? A. Yes, it is, because you can never adjust your traffic to just exactly fill the seats in the bus or car.

Q. There would be a little slopping over, but by and large you can so control the traffic, can you not, and so control your schedules so there will not be excessive service on the line? A. Yes; you can do that.

Q. Under one management that ought to be able to be accomplished, ought it not? A. You can't accomplish it efficiently with two services there.

Q. Do I understand you to mean the only way it can be done efficiently is to take one service off entirely? A. No. Getting back to Mr. Young's testimony, he said that the plan was to eliminate duplication.

Q. Yes. A. My understanding of the testimony was that he meant one service or the other should come off.

Q. He didn't testify to that. A. That is my understanding of the use of the word "duplication."

Q. Then I think you are laboring under a misapprehension. Duplication is having two vehicles do the work of one, and at one time. Is all your statements predicated on the assumption that one service or the other will be absolutely withdrawn, when you speak of duplication and the elimination of duplication? A. No. This discussion started when you mentioned the theory involved. I stated then Mr. Young had one theory that was directly opposed to Mr. Warner's that he wanted to eliminate duplicate service, which to me is double service. Duplication means double. And Mr. Warner wanted to give everybody a free choice. I asked you what your theory was, what you meant in asking the question.

Q. I explained to you what I understood Mr. Young's theory to be after Mr. Warner's theory; you still think there is a variation in those two? A. I still think Mr. Young's theory of duplication is contrary to the definition of the electric railway's definition of duplication.

Q. When you have stated that duplication would be eliminated, in certain testimony you have given on your direct-examination, did you mean by that one or the other facilities would be removed from the field of operations? A. I have always stated in my testimony wasted mileage would be eliminated.

Q. Isn't wasteful mileage duplication of service? Aren't we quibbling about terms? A. No. Duplication is to me two services on one street, is my idea and wasted mileage is giving more service than is necessary.

Q. If you are giving more service than is necessary by two vehicles which are unrestricted, you wouldn't be reducing wasteful service and you won't be reducing competition. A. You won't be reducing wasted mileage. You can't reduce the duplication to either without having to eliminate a company that is there.

Q. My understanding and all understandings, and I so understood it was treated, that when we speak of duplication of service on the street, we mean two units, one bus and one trolley, running side by side over the same route, carrying an ample load. That we call duplication of service; operating with a five minute headway and each running side by side. If, instead of that, a vehicle went every five minutes and another vehicle went every five minutes, would we then not be reducing a duplicate service? A. Yes.

Q. That is our idea of duplicate service; perhaps we were a little indefinite in the use of the terms.

You further testified, in discussing the Kenilworth-Elizabeth route, that the length of the route in Elizabeth is not affecting the rate of fares in Kenilworth; there was no reduction in the rate of fare in Kenilworth with the lengthening of that route, operating through Elizabeth to Kenilworth. A. Yes, sir.

Q. Just what did you mean by that? A. I meant that the great majority of the Kenilworth riders are going to the business center of Elizabeth.

Q. Both of them, you mean? A. Yes.

Commissioner Autenreith: Both business centers or both customers?

Mr. Blake: Both men.

The Witness: And that it doesn't concern them whether after they get out of the bus in Elizabeth, the bus goes to Elizabethport or goes to Rahway.

Q. No, but to enable it to render the service to the Kenilworth man and make it possible for him to get to Elizabeth to shop, there must be some revenue derived from that line so it can continue the service? A. Yes.

Q. From your study of this situation you think it possible for a bus line to operate from Kenilworth to Elizabeth and depend entirely on the Kenilworth revenue, over any route into Elizabeth? A. No. I don't think that is possible if the line has to depend entirely on the people who originate in Kenilworth and are going—

Q. Just into Elizabeth? A. —to a point on the line.

Q. Then, if it is necessary, in order to keep that line to tap into remunerative territory, whether you have to go by devious lines or a straight line, you have got to operate the buses through a sufficiently populous territory, no matter what route you take in order to get

sufficient revenue to keep it going, to the end that Kenilworth may have some service from there into Elizabeth? A. The line has to get its fares principally from the intermediate traffics, in order to get enough to keep running, but it could do that by sharing with the Roselle Park traffic.

Q. But to the extent it competed and shared with the Roselle Park traffic, the existing traffic, it would reduce the earnings of the Roselle Park line, would it not? A. The gross earnings of the two combined shouldn't be any different than they are now.

Q. Let us follow that statement through: If the gross earnings were a certain amount on the Roselle Park operations, through the Roselle Park section, so they take some money away from the Roselle Park operations, it is going to reduce their revenue, is it not? A. Yes.

Q. You have figured out in your method the return on the Roselle Park line, the receipts per mile and so forth? A. Yes.

Q. Just the receipts per mile on that line, you figure it? A. Yes.

Q. That would be affected, would it not, if the service were not there? A. It would be affected if the Kenilworth buses ran along there and took away business that now goes to the Roselle Park buses.

Q. Isn't it better management and isn't it better operation rather than taking the Kenilworth bus line and extending it through a territory now served by a bus line, to divert it from that avenue of traffic and send it through

another portion not now served or heretofore served, in a developed territory, and send it through there in order that it may pick up some revenue? A. I wouldn't apply that description here by the operation with the detours that this Kenilworth bus line goes through.

Q. It goes through a territory that is developed? A. Yes.

Q. Do you know the history of the line, how much it developed in receipts since it operated through that territory? And what the receipts were prior to its operation through that territory? A. No. I have just looked at—

Q. You have not studied that? A. I have studied the receipts and figures given in Doctor Bauer's exhibit on the Kenilworth line, which shows no special trend during the last year and three months.

Q. During the last five months you have noticed no difference in the earnings of the Kenilworth line? Do you know what the receipts per bus mile were when they operated down Westfield Avenue? A. No, I don't.

Q. It was about ten cents a mile, was it not, at that time? A. I don't know.

Q. Assume it was ten cents a mile, a bus mile, with the earnings of ten cents a mile, they couldn't last very long, could they? A. No, not individually.

Q. If through a change of the route, which appears on this map, it had increased earnings from ten cents a mile to some fourteen to sixteen cents a mile, would you say that rerouting was not a desirable thing to do? A. Looking at

it only from that standpoint, it may be desirable. It certainly was not desirable from the standpoint of the Kenilworth people.

Q. The Kenilworth people couldn't hope to be carried on a line earning ten cents a mile from Kenilworth into Elizabeth? A. They couldn't hope to be carried at that rate, on that individual line, no.

Q. The natural result would be they would have no service at all, if they were not content to make that ridge through the Elmora section, would they? A. I don't know what the policy of your company is with regard to discontinuing low earning lines.

Q. You wouldn't expect any line to indefinitely continue at the same rate of fare earning ten cents a mile, without some fare adjustment? A. It is poor business to continue it.

Q. You mean, it is poor business to continue indefinitely such operations? A. Yes.

Q. You have figured in your summaries the return on all these eleven lines? A. I have figured the return on the four Irvington lines.

Q. You figured on the lines showing a return or that might show a return. You didn't figure anything on the lines that didn't show a return? A. If you can suggest a method I will.

Q. That is what we are all here for. In figuring what you consider the tangible investment on these four lines, you have taken the total tangible capital as shown in the company's statement and divided that by the total number of bus miles, is that correct? A. I have taken the figure that Mr. Young testified, was

the amount on which the transportation company considered itself entitled to earn a fair return, eighteen and a half millions.

Q. As of December 31, 1926? A. Yes.

Q. Eighteen and a half million? A. Yes.

Q. Then you have taken the number of bus miles operated in 1926, have you? A. Yes, sir.

Q. In order to arrive at your figure of the revenue cents per bus mile? A. The investment per bus mile.

Q. You figured the investment by doing that as giving the average per bus? A. Yes, correct.

Q. Regardless of the fact that more money might have been paid for a profitable line like the Springfield Avenue line, as against a bus on the Kenilworth line, is that correct? A. I took into consideration the fact that the average price paid for buses on all four of the Irvington lines was considerably lower than the price that Mr. Boylan testified was paid over the system as a whole.

Q. The average price on the four lines in Irvington you have worked out is less than the average price on the system as a whole? A. Mr. Boylan testified, I believe, that the average price paid over the system as a whole was $16,800.

Q. Yes. A. And the average price paid for buses on the Clinton Avenue line, according to the data submitted by the company, $15,040; Springfield Avenue, $15,326; Lyons Avenue $6,750, and the Clinton Place figure wasn't submitted; I believe that was a creature of the transportation company.

Q. What figure did you use? A. I didn't use any, but that—

Q. What does this figure work out, taking the investment and taking the bus miles, what does it work out, the investment per bus? A. Well, you can assume a figure for the number of bus miles operated annually by a bus, multiply it by fifty-one cents and get a figure.

Q. You didn't need to have a figure in order— A. No. In this method, I eliminated any assumptions like that.

Q. You made this on two bases, did you not, one of what the company had expended for the property, and the other what you call the intangible property, is that correct? A. I set up two bases here, in order that the variation in the rate of return might be shown. One basis, as I say, was Mr. Young's figure of eighteen and a half million, and the other basis, on account of the discussion that has entered into this case on the intangible account, I arbitrarily eliminated the intangible account from it.

Q. In the second method, you took Mr. Young's figure just figuring on the tangible property? A. Yes.

Q. Without any overheads of any kind? A. That is correct.

Q. What operating figure did you use? A. I used 29.688 cents per bus mile.

Q. How did you arrive at that? A. That is the figure shown on the transportation company's operating statement for the year ending December 31, 1926.

Q. 29 what? A. 29.688.

Municipalities' Witness, Edward A. Roberts, Re-direct

Q. There was one question asked you, Mr. Roberts, and you answered in respect to the Irvington situation, when you said placing the zone point at the Irvington city line, that that was the point where the maximum revenue would be obtained by the railway and by the transportation company; is that statement entirely correct? A. It is in so far as the Town of Irvington is concerned.

Q. That is limited to Irvington. There may be some point in Newark you can put the zone point and get a great deal more revenue? A. Yes.

Q. You meant looking at it from the standpoint of Irvington? A. Yes.

Mr. Stewart: And looking at it entirely from your standpoint, to make the Irvington-Newark boundary an arbitrary line.

Recess from one to two o'clock.

After recess.

EDWARD A. ROBERTS, resumes the stand on behalf of municipalities.

Mr. Blake: I think that is all, Mr. Roberts.

RE-DIRECT EXAMINATION by Mr. Stewart:

Q. Mr. Roberts, you were asked on cross whether Professor Richey's index included the New York labor charges? A. Yes.

Q. Does it? A. It does include the New York labor charges. It is compiled of the labor charges of all the companies of the United States employing over one hundred platform men.

Mr. Stewart: I understand that the wages of the platform men on the Public Service system in 1923 were fifty cents until August, then became sixty cents, and now they are sixty-five cents. That is correct, isn't it, Mr. Blake?

Mr. Blake: Yes.

Q. How does the one man operation of the trolley that is in effect on the Public Service affect these indexes or the use of these indexes where they are based on two man operation? A. The index is an index of platform labor over the county. In this case, however, it is so simple to get at the relative changes in wages here, that it is unnecessary to resort to the use of indexes, because we have the few simple figures that you quoted, showing the relative advance in wages.

Q. You were asked on cross-examination whether the municipal boundaries were not the boundaries that were established for fare zones in the system now, not with relation to the transportation company, but the trolley company. Isn't it a fact that it is only the municipality boundaries of the larger cities that are used for the fare zones, that there is no fare zone, for example, between Irvington and Maplewood, no fare zone between East Orange and Orange, West Orange? A. That is my understanding.

Municipalities' Witness, Edward A. Roberts, Re-direct

Q. If the passengers who will be affected by this change of zone or establishing of zone, so far as Irvington is concerned, and who are within the half mile limits of the proposed zones and who do not walk, but continue to ride, if they distribute themselves between the transportation company's facility and the trolley company's facility, that will result in an increase of the trolley company at the expense of the income of the bus company, is that not so? A. Yes, that is so.

Q. You were also asked with regard to duplication of service, if the two facilities were using the same number of transporting vehicles, 50 buses and 50 trolley cars, and they were running on the same headway and over the same route with the same rate of fare, would you consider that duplication; as a matter of fact, is that what now exists in the transportation system with regard to the number of buses and number of trolleys running at any given time? A. Well, in the particular Clinton Avenue situation in Irvington, there are a great many more buses than trolleys.

Q. They do not run on the same headway? A. No, there are about four times as many buses as trolleys.

Q. So that the fact that they are running more buses and fewer trolleys, partially over the same route does not necessarily constitute a duplication of service, does it? A. No.

Q. You are not now having duplication of service in the sense that the two services are equal or nearly so? A. No.

Mr. Evans: If the Court please, Dr. Gourley asked me to say he would like to have an opportunity of presenting a few witnesses for Clifton, so that if one more day could be set in which to close up the case he would appreciate it. I am somewhat in the same position.

(Discussion.)

ARTHUR T. WARNER, recalled on behalf of Public Service.

Direct-examination by Mr. Blake:

Q. Mr. Warner, Dr. Bauer, in making up his estimate, in making up his schedules, in order to arrive at the operating income, took the last three months of 1926 and the first three months of 1927 and projected the probable revenue. What criticism have you to make of that method and why do you make the criticism? A. Dr. Bauer's testimony was, I believe, that he had considered the experience of 1926 and 1925 and had based his operating results, that is the miles and revenues on the experience of 1925 and 1926 and had practically taken the trend of those years, and projected that trend through 1927. The difficulty with that, taking the Transportation Company's figures for 1925 and 1926 and taking the trend of those years to reach any normal year, is unsound, for the simple reason that those are such abnormal years, each being abnormal in a great many respects. For instance, for all practical purposes we started

bus operation early in 1924, with no organization, no plant or equipment. What buses we were buying, as we took them over, we had to procure housing accommodations, for them, wherever we could secure such accommodations, regardless of whether it was an economical point or proper point or whether the accommodations were proper; we had to get what we could wherever we could. Now, as that operation grew, the improvement in the organization, and obtaining either through rental, purchase or erection of proper garages, the kind necessary to make investigation as to what equipment should be obtained in replacements, in the way of new buses, and then the purchase and installation of those new buses, lead to a continuously improved efficiency in operation, which was reflected in better receipts per unit of operation. The trend of those two years, I laid the main features of that out here in graph form.

Mr. Blake: I ask to have that marked. Graph showing bus operations received and marked Exhibit P25.

The Witness: I have shown here by months for the years 1925 and 1926 the revenue passengers on the Transportation Company's buses, the bus miles operated per month, and the average number of buses operated per day during each month, the three curves for 1925 being on the left-hand part of the sheet and three similar curves for 1926 being on the right-hand side of the sheet. In the first place, examining 1925, you will note that the two curves which are revenue passengers and bus miles

paralleled themselves practically throughout the entire year.

Q. What does that show, Mr. Warner? A. That shows that as we bought more buses and as that meant more business, consequently the bus miles and passengers carried in each month increased in proportion.

Q. And decreased in the same proportion? A. Well, the decrease is there in those two curves largely due to varying lengths of months and slightly as the traffic changes in the year took place.

Q. That is the point I was getting at, that the two curves tend to follow each other, bus miles and passenger revenue, whether there is an increase or decrease? A. Yes. In 1925 the relations of January to December for both those curves showed that December is practically one hundred and thirty-five per cent of January. That is no normal year, when the relation between the end of the year, the last month, and the first month is thirty-five per cent higher. That is no normal traffic year. That fact alone is enough to throw it out of a normal traffic year. That is an average figure per day, so the fact that February is a twenty-eight day month and January being a thirty-one day month don't change that curve lower than February. But the trend of the curve follows exactly the same trend as passengers and the miles by the month, showing that as more buses were available by purchase from independents and were operated, more passengers were carried and more miles were operated.

The buses in 1925 started at slightly under six hundred in January operated per day, and in December were 785, I think it was, an average per day operated in December. The miles increased from one million eight hundred and sixty thousand in January to 2,580,000 in December, or almost a forty per cent increase, between thirty-five and forty per cent increase, December over January.

The same figures hold in 1926 on the other side of the sheet. The buses at the beginning of the year were 790 and at the end of the year were 928, I think it was, for December.

Q. Representing bus purchases from individual owners? A. Representing additional purchases of buses from individual owners. The miles which were 2,700,000 in January were 3,500,000 practically in December, or an increase of over 900,000 miles a month, December compared with January, which is another thirty-five per cent increase, which also shows that the year is absolutely abnormal as to the trend.

There is one thing that the curves in 1926, show, in addition to the abnormality of the year. You will note that the curves showing buses operated follows the trend of other curves throughout 1926 up through June, in the same manner as it did for the entire year 1925, but then after June that curve dips sharply and leaves the parallel trend to the other curves that it had in the prior eighteen months.

Q. What occasioned that? A. That is due to the fact that by July of last year a large number of the new gas-electric buses were then in operation and it did not require the same num-

ber of maximum buses operated per day to furnish the miles. There was half the fleet by that time composed of new buses that were reliable and efficient and could be operated to furnish the miles, where the others had to be changed and withdrawn from service and crippled and so forth, before that. This shows the economic result of putting those four hundred new buses into operation.

Q. What about the passengers that they carried? A. The passenger curves for 1926 followed very much the same way as it did in 1925, the mileage curve.

Q. These buses, were they a larger type bus that you put in operation? A. They were larger type buses; they seated 31, where the buses they replaced averaged I suppose about 21, 22, possibly 23.

Q. If they were able to and did carry more passengers, that would increase the receipts per bus mile? A. That would increase the receipts per bus mile. In that matter, that is the effect of the operation of the gas-electric buses, I picked off last night two or three lines where conditions were exactly similar otherwise prior to the change in the gas-electric buses, immediately prior to and immediately following. For instance, take the line operating from Newark to Hillside, the Township of Hillside, down Elizabeth Avenue into Hillside. We put in the gas-electric buses on that line just about a year ago this time. In March, April and May of 1926, the receipts per bus mile on that line were: March, 1926, .15 per bus mile; April, 1926, .09 per bus mile, and May, 1926, .31. In

June the line was equipped with gas-electrics, the same number of buses exactly. The June receipts were 29.36, July 30.15, August 29.44, September 32.39, and so on; never since then has the line been under thirty cents.

Q. Have you other lines that show the same thing? You need not give us all the figures? A. The same thing on a line in Hudson County, operating from Fourteenth Street Ferry through Hoboken, Union City, and up into Bergen County. A year ago at this time we owned fourteen buses out of 43 on that line, the other 29 being independents. The receipts per bus mile on our buses on that line in March and April, 1926, were 20.64 in March, cents per bus mile, and 20.46 cents per bus mile in April. We put fourteen gas-electrics on that line in May. The May receipts came up to 25.9, June 29.06, July 29.06, August 27.79, September 29.19. The line has never been under thirty cents since. We felt that after watching those gas-electrics take the place of the other buses, that we could take gas-electrics and put them on any line and increase the revenue and revenue per mile from ten to twenty per cent without any further factor entering in, and that actually worked on every single line we put them on, except the Kenilworth Line where we were getting one hundred per cent of the traffic out of the Kenilworth Line already and there was not anything more to do.

Q. Then those elements that you have detailed, such as the acquisition of buses from independent operators, and the addition of gas-electric buses; they would have to be duplicated

in 1927, in order to substantiate Dr. Bauer's theory that the riders in 1927 would approximate the number that he gives? A. That there would be a sharp upward lift, as he expressed it, Mr. Roberts did not do that. He took the first three months and multiplied them by four.

Q. What have you to say as to that method? A. I have tried to develop very carefully in the last three days what is, I believe, the best available average traffic year, to bring it up to date as far as we could. What I wanted to find out was the relation of the first three months of the year to a normal year. It is very evident in 1925 and 1926, taking the entire operations of the Transportation Company, they were abnormal, very abnormal. So I took all our operations both railway and bus and analyzed every line of both companies and took for 1924, 1925 and 1926, throughout each year, took each line, both bus or car, on which no major changes had taken place.

For instance, if we abandoned a trolley line in June of the year, we threw out that trolley line the entire year. If we started a bus line in June of that year, we threw out that bus line, but the next year we put it in. If we owned ten buses on the line in one year and the next year we owned twenty or thirty or forty, I considered that a major change in operation and would not include that bus line until it became throughout the year a stable operation.

That gave me a series of lines, both car and bus operations, that carried in 1924 four hundred and eight million passengers, a series of

lines in 1925 that carried four hundred and eighty-eight million passengers, and a series of lines in 1926 that carried five hundred and twenty million passengers.

I then found that the average for January was 8.4 per cent of the entire year, the average February was 7.7 per cent of the entire year, the average March was 8.5 per cent of the entire year, the April average was 8.3, May 8.7, June 8.4, July 8.3, August 8.1, September 8.0, October 8.5, November 8.2, December 8.9. Showing what I said in direct, that December is the heaviest month of the year followed by May as the next heaviest, with October, March, January following them. The first quarter of the year, the first three months is 24.6 per cent of the entire year. Mr. Roberts, I noticed, considered it twenty-five per cent and multiplied by four to raise the first three months of 1927 to the whole year of 1927, so there is only four-tenths of a per cent of a difference between the way it works out and—

Q. The way Mr. Roberts worked it out and your results arrived at month by month? A. Yes.

Mr. Evans: You are both right.

The Witness: We are right within four-tenths of one per cent. I will check with anybody that close and call it square.

Q. Using that as a basis, what did you estimate the revenue? A. I estimated if the first quarter was 2.46 per cent of the year and if the passengers carried by the Transportation Company during the first three months of 1927

were 60,204,896, which is 24.6 per cent of the year, the total passengers carried for the whole year 1927 will be 244,000,000 and taking the average fare per revenue passenger, likewise from the first three months figure 5.409 cents, will give a revenue for the entire year 1927 of $13,198,000 or say for round numbers $13,200,000, which is approximately a quarter of a million dollars less than Doctor Bauer figured.

Mr. Stewart: How much?

The Witness: Approximately one-quarter of a million dollars less in revenue than his figure of $13,440,000; I got $13,190,000 and he got $13,440,000; approximately one-quarter of a million dollars less in revenue.

It is certain, we have to assume that 1927 will not have the abnormal tendency that 1925 and 1926 has because there is not the additional buses left to buy and we are not putting in four hundred gas-electrics the middle of this year.

Q. In addition to increasing the revenue in the last six months of 1926, what would the operation of the 400 gas-electric buses, which I understand are new buses, when put in operation, what effect did they have on the maintenance? A. Well, half of this period was with brand new buses, consequently the maintenance was considerably reduced because there was for a while practically no maintenance on them, practically no maintenance on half of your fleet. That is one reason 1926 had a final black figure that it did have.

Q. The reduced maintenance on half your fleet? A. The gas-electric buses in the last six months.

Q. It is not fair to assume that will continue indefinitely? A. No. This year those buses will gradually require more and nearly more normal maintenance.

Mr. Blake: Is there anything further, Mr. Warner?

The Witness: No.

Mr. Blake: Cross-examine.

CROSS-EXAMINATION by Mr. Stewart:

Q. On your theory then, I take it, as far as the Springfield Avenue line and the Clinton Avenue line of buses is concerned, 1926 was the first normal year that you had? A. No. That wasn't normal.

Q. That was not normal either? A. No.

Q. On those two lines you haven't had any normal year yet? A. No; that is it.

Q. How many miles per gallon of gas do you get on the mechanically operated buses? A. I don't know, without—

Q. Do you know how many you get on the gas-electrics? A. No.

Q. As a matter of fact, isn't it the experience of the company that you get very many less miles per gallon of gas with the gas-electrics than you formerly got on the mechanical buses? A. No.

Q. That is not so? A. No.

Q. On this graph you presented, Exhibit P25, why didn't you make that graph run right out on one continuous year? Was it so you could have a parallel comparison there? A. What do you mean; connected with 1926 on with 1925?

Q. Yes; have it run on up? A. I don't know as it would have made any difference if it had. I don't know why they didn't, except I started laying out these curves yesterday afternoon in my office and I was more or less monkeying with them to see what they looked like, and I laid it out this way and they were copied in that way.

Q. As a matter of fact, in making this graph for 1925, you took the column marked bus operation and spaced it with the figures 25 apart, that is, 7.25, 7.50, 7.75? A. Fifty to the inch and the other year I used 40 to the inch.

Q. And you used 40 to the inch? A. Yes.

Q. On the bus miles and the revenue passenger service you kept the variation the same on both graphs, didn't you? A. Yes.

Q. So that distorts on the 1926 graph, for comparative purposes, the line marked bus miles, doesn't it? A. No.

Q. It wouldn't distort it? A. No.

Q. If you are comparing them correctly? A. It don't distort that at all because the same scale is used on both graphs. If it distorts anything it is the buses operating.

Q. What did I say? A. You said "bus miles."

Q. I beg pardon. It is the buses operating is the one distorted? A. Yes.

Q. So when you compare the 1926 graph with the difference in the buses operated of only twenty, but maintain the difference in the columns marked bus miles and revenue passenger miles, 100,000 in one instance, or 100,000 in both instances—no, one is 100,000 and the other 1,000,000? A. 1,000,000, that is it.

Q. You compare this with 1925 where you have used a different bus operation of 25, but maintain the 100,000 bus miles and million revenue for passenger service, the comparison between the three lines is not the same, is it? A. The difference in scale there on that one graph, that is, the buses operated curve, which is 50 to the inch in 1925 and 40 to the inch in 1924, would not make those two curves comparable.

Q. You mean 1925 and 1926? A. 1925 and 1926, would not make those two curves comparable, but it doesn't destroy the trend value.

Q. No, but it would give a picture on the 1926 graph of a very much larger space— A. No.

Q. Just a minute (continuing)—a very much larger space between revenue passenger service, for example and bus miles than it did on 1925? A. I don't believe it would make much difference. I can put that on one curve and see what that looks like. I can change that scale very easily.

Q. All right; let us see what the difference is?

(Witness makes computations.)

Mr. Stewart: I will tell you what to do—

The Witness: It don't make any difference at all. It don't make any difference; I can put it down either way, as far as the relation of the curves to each other.

Mr. Stewart: My suggestion was going to be this, so as not to hold up the Commission: Suppose you fix up one for the Commission and fix up one for us and one for yourself before the next meeting.

The Witness: All right. I will change it.

Mr. Stewart: Make them both on the same scale.

The Witness: Yes. There they are there (indicating); you can see what difference there is.

Mr. Stewart: Make them out on both scales and then they will both look alike. That is all.

CROSS-EXAMINATION by Mr. O'Connor:

Q. When was the modern gas-electric buses put in effect? A. They started to arrive here last year and go into operation, I think the first bus I think started operation the 10th of May, 1926, and then they went in, the full hundred went in from then on during the summer, as they arrived and were ready for operation; finishing the 390 odd in early September, I think.

Q. There were more than fifty per cent in by August, 1926? A. More than fifty per cent were in, yes, I guess that is right.

Q. What about July 1st? A. I don't know. I don't believe fifty per cent were in by July 1st.

Q. Could you tell me about what percentage, Mr. Warner? A. No; not without—

Q. —further study? A. Yes; going back to the records. I should say that for the first of August fifty per cent were in operation, but I don't—

Q. Could you give me the percentage of the number that was in on July 1st? A. If it is possible. I don't know whether I can tell you that on that date or not. I would have to go back and look it up.

Q. Isn't the curve for receipts per bus mile in 1926 practically the same as in 1925 except up on a higher level? A. Fairly parallel, yes; both were abnormally parallel.

Q. Abnormal? A. Yes. That is just what this set of curves here show, that the years, comparing 1925 and 1926, there was some similarity between the years but they were both abnormal, very abnormal.

Q. There were no new buses in 1925? A. Yes; there were new buses in 1925.

Q. None of the gas-electric buses? A. None of the gas-electric.

Q. In 1925? A. None of the gas-electric buses in 1925, but new buses.

Q. Not until the middle of 1926? A. Yes; that is true.

Mr. O'Connor: If your Honor please, in order to have a little better understanding of what Mr. Warner has testi-

fied to, may I reserve further cross-examination until the next hearing?

Commissioner Autenreith: Yes.

Mr. O'Connor: I can't grasp it, as he has given it here. Could I have the data upon which Mr. Warner makes his computations and calculations in his testimony?

Mr. Blake: It is all right here.

The Witness: It is all here. This is all made up since yesterday morning at ten o'clock. What do you want me to do, copy all that stuff for you (indicating)?

Mr. O'Connor: I am not asking for anything unreasonable.

Commissioner Autenrieth: Who wants this, Doctor Bauer? Why not let him have the notes?

The Witness: Yes; he can have it. I think they are all in the record; Doctor Bauer has them now.

Commissioner Autenrieth: You may reserve further cross-examination until next Wednesday, Mr. O'Connor. Is there anybody else?

Mr. Stewart: I want to ask Mr. Warner to look up between now and the next session, the number of miles per gallon you get on the gas-electrics and what you get on the mechanically operated buses.

The Witness: As of when? I will give you that, but I want to tell you this: It don't mean anything at all, for any purpose at all. In the first place, your gas mechanical buses are a

combination of the riff-raff of the earth, with some good ones, and the gas-electric buses are all one standard. If the answer to that is going to mean anything to anybody at all after I have given it in that form, I will give it.

Mr. Evans: Did you get much of the riff-raff when you purchased?

The Witness: We got quite a bit when we purchased. We had 56 different types and we had to go around looking for parts for them.

Mr. Blake: I understand Mr. Warner is to be back on Wednesday to finish in that one hour, and go on with Mr. Tuson.

Commissioner Autenrieth: Can you finish with Mr. Boylan in seven minutes?

Mr. Blake: Mr. Tuson I can. I suppose he will be asked to come back with the supporting data.

Commissioner Autenrieth: Let us try it.

EDWARD A. TUSON resumes the stand on behalf of petitioners.

Further direct-examination by Mr. Blake:

Q. Will you turn to Exhibit O12? A. I have a copy of it.

Q. Mr. Tuson, referring to Exhibit O12, which purports to be an analysis of the estimated operating revenue deductions for the calendar year 1927; it consists of accounts, does it not? A. Comprises the operating revenue deduction ac-

count, excluding federal income taxes, estimated by Doctor Bauer for the transportation company for the year 1927.

Q. Arrived at a sum or total operating expenses, exclusive of taxes of twenty-seven cents? A. That is correct; that is what he arrived at, at least.

Q. There are certain account numbers in there I would like to direct your attention to; Accounts 20, 34, 35 and 36? A. Yes, sir.

Q. Prior to 1927 how were the so-called general office overheads treated in your charges to the transportation company? A. With respect to the general officers of the company, comprising the president, vice presidents, secretary, treasurer and general operating officers, legal department, the transportation company paid nothing whatsoever toward the salaries of such officers prior to January 1st, 1927.

Q. The transportation company was operating approximately, in round figures, 1,000 buses and 40,000,000 miles a year and the railway company 1,000 units and 40,000,000 miles a year, a variation either way? A. Approximately that.

Q. Based on that operation what, in your opinion, would have been a fair division of the overheads; the same officers doing the same work for each company? A. Well, several bases that could be suggested would be, the actual time that these men devoted to their respective affairs of the two companies; the respective gross earnings of the two companies; the number of units operated by the two companies; the mileage operated by the two companies and all

those I think are bases I think that are in reasonably common use.

Q. On the basis of the number of units operated and the mileage operated would a division of fifty per cent for each company be justified, in your opinion? A. As of December 31st, 1926, from then on, yes.

Q. On a basis of the revenues, how would the revenues of each company compare? A. The revenue doesn't split quite as evenly. The ratio was approximately two dollars of railway revenue for one dollar of transportation revenue, transportation company revenue.

Q. On that basis how would you divide the overhead? A. Two-thirds to the railway and one-third to the transportation company.

Q. In the 1927 figures the first three months, how have you actually divided these four accounts? A. Upon the basis of two-thirds railway and one-third transportation.

Q. You have based it on the— A. (Continuing.) Which is the basis which burdens the transportation company least.

Q. Based upon the revenues? A. Based upon the revenues, yes. I might add to that, I think you included Account 20 in your question.

Q. I did, yes? A. That account prior to January 1st, 1927, was based upon the theory that—it was hardly a theory; upon the practice that when an independent garage was opened which operated buses, not trolley cars, of course, the individuals in charge of that garage would be carried by the transportation company. But at joint points where the railway company

had established operation the transportation supervisory force was continued on the railway company's pay roll until the bus operation should be well enough established to carry its proper share of what that overhead was.

Q. What would be the amount that would be added, in dollars and cents, for this estimate of Exhibit O12 in order to take care of the so-called overheads on the basis of two-thirds railway and one-third transportation? A. Using two-thirds and one-third with respect to the items to which it applies, the costs to the transporation company as cited by Doctor Bauer in his estimate, Exhibit O12?

Q. Yes? A. Should be increased by approximately $320,000 for the calendar year of 1927.

Mr. Stewart: All four items?

The Witness: Three items; Accounts 34, 35 and 36.

Q. And 20? A. And for Account 20, which is not being charged on the two-thirds and one-third basis but on the basis of the actual services rendered by this supervisory force at the various transportation points, his estimate should be increased by $115,000 for the calendar year of 1927. These are costs which have gone to increase the loss of the railway company, of course, in the calendar year just preceding.

Q. So that with Mr. Warner's figure of $250,000 less revenue and your figure of $320,000 plus $115,000, $435,000; Doctor Bauer's net would be reduced $685,000? A. That is right. Of course, there would be a minor adjustment there for changes in taxes, which

would still leave the figure something in excess of $600,000. I would have to figure it to get it exactly.

Adjourned until Wednesday, June 1st, at the Industrial Building, Newark, N. J., at 10:30 A. M.

BOARD OF PUBLIC UTILITY COMMISSIONERS,

Newark, N. J., Wednesday, June 1st, 1927.

PUBLIC SERVICE RAILWAY COMPANY & PUBLIC SERVICE TRANSPORTATION Co. Application for adjustment of fare zones and other relief.

Before Commissioners: Joseph Autenrieth, Esq., Pres., F. W. Gnichtel, Esq.

For petitioners appears George H. Blake, Esq.

For Irvington appears Charles H. Stewart, Esq.

For Hawthorne appears W. W. Evans, Esq.

For Roselle Park appears M. P. O'Connor, Esq.

For Clifton appears Wm. B. Gourley, Esq.

For Kenilworth appears Joseph F. Lindabury, Esq.

EDWARD A. TUSON, recalled on behalf of petitioners:

Cross-examination by Mr. O'Connor:

Q. Mr. Tuson, referring to Exhibit O12, do I understand that to the Accounts 20, 34, 35 and 36 there is to be added the sum of about $435,000? A. My estimate as to what those accounts will be, actually be for the calendar year 1927 is $435,000 more than Dr. Bauer estimated.

Q. In other words, it is $435,000 in addition to what appears in the exhibit now? A. That is correct.

Mr. Blake: In those four accounts?

Mr. O'Connor: In those four accounts.

The Witness: In those four accounts, yes.

Q. If that $435,000 is to be added this year, that means that if the relief is granted in this case, that that $435,000 would be borne by the six petitioning lines, would it not? A. Well, I would not presume to say where the exact dollars would come from.

Q. If you put it in there and charge it to the transportation company it would be an expense and cost that the transportation company would have to satisfy? A. Of course, it is conceivable that it might happen that the trolley company would get the major part of the revenue, the new revenue.

Q. I know, but on the apportionment you have made, I believe two-thirds to the railway com-

pany and one-third, which equals $435,000, plus what now appears in the account, going to the transportation company, the transportation company would nevertheless have to satisfy that account? A. It is true that the transportation company will have to pay this $435,000, no matter where they get the money from.

Q. Exactly, in addition to that which now appears in the account? A. That is it.

Q. Now, then, the people who are affected by this petition will have that much more to pay? A. No, there isn't any question of there being more money to pay; it is just a question which company is paying it.

Q. Exactly; I understand that is true, but the companies— A. This money will be paid whether or not there is any increase in rates.

Q. Exactly, but you are going to get, if you get this relief, estimated $600,000 additional revenue? A. I hope we are.

Mr. Blake: You said "we."

Mr. O'Connor: I refer now to the transportation company.

Mr. Blake: That is not the testimony. The testimony is they will get some portion of it; how much they do not know, and they won't get it this year, Mr. O'Connor, because six months is past already.

Mr. O'Connor: I will withdraw the question.

Q. The people affected by the petition will have about $600,000 more to pay? A. That is our estimate, yes.

Q. Now, then, if $435,000 is now placed to the account of the transportation company to meet, these eleven lines will have to satisfy that particular account, won't they? A. No, I don't see it that way. Whether or not the increases are granted, the cost of the transportation company will be increased $435,000 for the calendar year 1927.

Q. Now, then, if the petition is granted, then the people would have to pay something more than what they pay now, won't they? A. We are estimating that there will be an additional revenue of $600,000 on either trolleys or buses for the year.

Q. But this $435,000 is an added expense that the transportation company will have to meet this year? A. That is correct. It is an expense that they should have been bearing these several years, but we are just putting it up to them in 1927.

Q. Now, the only means available now to meet that $435,000 will be the relief that you got under this petition? A. No, because these costs were all paid last year. These costs are in total about the same as in 1926.

Q. Yes, but they were paid last year by the railway company? A. We do not know now where the new revenue is going to, if we get the new revenue.

Q. Anyway, there will be $435,000 for the transportation company to satisfy this year? A. That is correct.

Q. Now, then, as a matter of fact, this $435,000 represents no more than what the railway com-

pany and the bus company together met last year? A. Approximately that.

Q. Now, the only question involved in the apportionment of those accounts is the question of the reasonableness of those charges for apportionment, isn't it? A. There would be that question, yes.

Q. Now, then, in 1924, the charge to maintenance of passenger and combination cars of the railway company was $956,377.30? A. Yes.

Q. In 1926, there was a sharp drop there of $788,691.87—that is, it was a drop to that amount? A. $787,691.87.

Q. That is correct? A. Yes.

Q. That is due in no small measure to a part of the labor being charged over to the transportation company by the railway company? A. Practically not at all.

Q. What is that due to? A. Due to reductions in the number of cars being operated by the railway company and the reduction in the number of miles operated by the railway company. This account had no bearing whatever on transportation costs.

Q. I am not saying it has, just yet. I am merely saying that there is that sharp drop between the years 1924 and 1926? A. That is true.

Q. You say it is due to what? A. The decrease in the number of cars operated and the decrease in the number of miles operated by these cars.

Q. And when you decrease the number of cars operated you affect also the labor account, don't you? A. That is true, yes, surely.

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Q. Now, then, that involves a question of apportionment too, doesn't it, as between the railway company and the transportation company? A. No.

Q. Doesn't it involve any apportionment whatsoever? A. No. All these accounts are direct labor and material costs, and there is no question of apportionment whatever.

Q. Mr. Tuson, you say this account does involve the question of labor? A. Yes. There may be this—perhaps I can answer what may be in your mind—that there are places where the same crew, the same labor crew does work for the railway company and also for the transportation company, but where that occurs, assuming them to be on the pay roll of the railway company, their work is charged out, as I think I testified before, on the basis of the actual time they spend in doing that work for the transportation company. It is not what is known in the accounting sense as an apportionment. It is a billing.

Q. Now, then, there has been a large amount involved in that, hasn't there, Mr. Tuson? A. Well, there is a—

Q. Well, say, considerable? A. A considerable amount, yes. Not so much with respect to this particular account.

Q. If it had not been for the reduction in the railway—rather the railway reduction was due to the transportation company's operation, wasn't it? A. No, it has no relation to it at all.

Q. These men that were working for the railway company, some of them were laid off, you

say? A. It would amount to that, when there is a reduction. I have not the numbers of the men employed in the two years before me, 1924 and 1926.

Q. You say there is no apportionment of these items or any portion of those items between the transportation company and the railway company? A. There is no arbitrary apportionment whatever of such items as that.

Q. Now, then, if it was not for the organization and the operation of the transportation company, could your street railway maintenance, passenger and combination car account, have been reduced? A. Yes, sir, it could.

Q. Would it have been? A. I assume that it would. The only thing that would affect it would be the fact that due to such measure of co-ordination as we have already been able to effect, there has been a cut in the miles operated by the street cars, and because of that reduction in miles there has been a reduction in costs.

Q. Then if it had not been for the organization of the transportation company you would not have had the reduction in the labor feature or element that is in this account, would you? A. It has nothing to do with the transportation company, the reduction, except for this reduction in miles that I speak of.

Q. I say the transportation company operations have had some effect upon reducing the operations of the street railway company, Mr. Tuson? A. Oh, it did that, but of course, when the railway company reduced its miles, it also reduced its revenues and in considerable part

the buses have been picking up that revenue.

Q. Now, then, when you reduced your miles and brought about the reduction in the labor, that meant additional labor going into that twenty-five miles originally? A. That transportation company, didn't it? A. No, except as they operated more miles by the transportation company.

Q. Exactly; as they operated more miles, and they continued to operate more miles, didn't they? A. I know, but your question did not—

Q. In other words, you absorbed labor in the transportation company that was charged to the railway company? A. No, that would not be so at all.

Q. Isn't that a fact? A. No.

Q. In other words, the labor account of the railway company remained the same? A. No, it was reduced for the reasons I have already given.

Q. What caused that reduction? A. The reduction in miles on the railway company.

Q. What was that due to? A. It was largely due to the co-ordination with the buses that I speak of.

Q. Exactly. A. But that might result in a net reduction in the cost of labor to the two companies.

Q. So that the transportation company took on more labor, in other words, more labor was charged to the transportation company? A. That does not follow at all.

Q. Your operations were more extensive? A. I can make this clear by an example, perhaps. Assume the railway was running one hundred miles a day in a given location, and the buses

were running one hundred miles a day, and twenty-five miles of that might well be eliminated, and it was decided that the railway was the place to eliminate it; you would not need to add any miles on the buses; the net saving would be the railway twenty-five miles. That would not cost the transportation company any more. It would be a net saving in labor.

Q. It is true if there was a reduction of twenty-five miles in the railway, there was also a corresponding reduction in labor to maintain that twenty-five miles originally? A. That would be a reduction, not necessarily corresponding, but there would be a reduction.

Mr. Blake: Counsel assumed in his question you would take and add that twenty-five miles on the transportation company.

Mr. O'Connor: No, I do not. I do not say that at all.

Commissioner Autenrieth: I think the witness has made it perfectly clear, what he means by that.

Q. Now, then, take the maintenance of the electric equipment in cars; in 1923 the charge was $672,878.17 and then there was a sharp drop to $409,344.81 in 1926. Could you tell me what that was due to? A. The same reasons I have given you for the other accounts, passenger and combination cars.

Q. What, was it a question of labor too, Mr. Tuson, involved in this account? A. Natur-

ally both labor and material are reduced as between the two years.

Q. Between the two years? A. Yes.

Q. Now, then, of course, there is a joint expense now of that account, as between the railway company and the transportation company? A. Well, I don't know what you mean by a joint expense, but if you assume an apportionment at any point, there is no such apportionment.

Q. In other words, there is an apportionment involved in that account, isn't there? A. No.

Q. Don't some of the labor work for both companies; doesn't some of the labor involved in this account work for both companies? A. The same is true in this account as in the other account. At the Plank Road shops and at a given general repair point, the electric gangs might work on bus apparatus, as well as on trolley car apparatus, but that would be on a direct basis of labor expended.

Q. It involves also the question of materials, doesn't it? A. In direct charges, in the same way that I say.

Q. The materials in this case now are purchased by the railway company and charged to the transportation company? A. Not if they are peculiarly transportation company materials, no. Only in the case of some general items is that so.

Q. If they are not peculiarly transportation company items, but materials, that are common to the use of both companies, then it involves the question of an apportionment, doesn't

it? A. No, no apportionment whatever. There is a common stock of such items as screws, nuts, bolts and that sort of thing. We would not set up a stock in the storerooms of both companies for such general items, but when they are used for the purpose of the bus company they are charged out by the storeroom direct to the bus company. There is no apportionment whatever.

Q. In other words, there are charges made in that case by the street railway company to the bus company? A. Yes, that is so.

Q. The question then arises in connection with those charges always, is the question of the reasonableness of the charges? A. No question of reasonableness whatever, because that is on the basis of the direct use of labor and material.

Q. And the cost of the material is charged to the transportation company at the same rates that it is purchased by the railway company? A. Exactly the same rates, nothing added for handling, nothing added for overheads of any kind.

Q. Now, then, will you turn to the items law expenses. In 1923 for the railway company it amounted to $74,851.34, and in 1926 there was a sharp drop to $22,693.03. A. In the year 1923 we had tremendous legal bills, because we were in the courts most of the year, as I recall it, from July 1st on.

Commissioner Autenrieth: That was the time of the strike, wasn't it?

The Witness: Yes, that was the time of the strike.

Q. That is an exceptional year? A. Yes, that is an exceptional year. There were other legal expenses there beside the mere salaries of our own legal department. We had called in outside legal help.

Q. Do you maintain a direct legal department for the transportation company? A. There is one general legal department for all public service companies.

Q. And then, of course, there is an apportionment of the costs of maintaining that department between the several companies? A. There is, but the transportation company did not share in that apportionment until January 1st, 1927.

Q. There is, of course, involved in that apportionment always the question of the reasonableness of it, is there not? A. Yes.

Q. Now, taking the item of stationery and printing, in 1923 for the railway company it was $117,810.91 and in 1926 there was a drop to $78,401.09; what brought about that reduction, Mr. Tuson? A. Without an analysis, I don't know. But the same thing would hold true, that the operations of the railway company were on a larger scale in 1923 than they were in 1926. These legal troubles I spoke of would occasion certain additional printing expense.

Q. In other words, there is an apportionment of that account as between the railway company and the transportation company?

Mr. Blake: I think it was due to the letters we wrote during the fifty-one days

of the strike, as to why we couldn't give the service.

A. There is now an apportionment of the account stationery and printing, yes, in 1927, I think.

Q. That involves all the public service companies, don't it? A. No; not so much so. That isn't a general item. It is pretty well established which are railway company forms and which are transportation company forms and which are gas company forms, and which are electric company forms. There might be a minor few that would be split in some way.

Q. So that there is really nothing of any consequence of apportionment of that particular account? A. No, nothing substantial.

Q. I would like to call your attention to the account of general expenses, general office supplies expenses; in 1923, $90,583.69; there was a jump in 1926 to $483,518.54. Does that account involve an apportionment as between the railway company and the transportation company? A. Since January 1st, 1923, yes, but not before that date.

Q. In fact, it involves an apportionment between all the Public Service companies, don't it? A. Not to the extent that would appear. The reason for the large increase in the railway company's expense under that heading, between the two years you named, is the fact in 1926 it was paying rent for its occupancy of Public Service terminal, whereas in 1923 it owned that building.

Q. Then there is, of course, a question of the

apportionment of that account between the several Public Service companies? A. But not with respect to this rent. The rent is purely—

Q. Taking the account as a whole? A. The rent is the major item in that whole, but there are some minor items included there that do involve an apportionment, I think.

Q. The question of the rent, that is a question of the railway company charging the transportation company? A. A question of the corporation, Public Service Corporation of New Jersey, who now owns the building, charging the rent.

Q. Some of those structures are used and occupied by the transportation company and the railway company? A. That is right.

Q. Then there has got to be an apportionment of those rentals? A. Yes.

Q. That apportionment of the rental also involves the question of the reasonableness of them, don't it? A. That would. The transportation company has shared in that apportionment since January 1st, 1927.

Q. Then, of course, the question of the rent itself would involve the question of the reasonableness? A. It does involve that, but the Commission has already passed on that question, with respect to that building.

Q. Has the Commission passed on the other question of the reasonableness of the charges between the two companies? A. You mean, the other items involved in this account?

Q. The other items as well as this charge of rent? A. Only in a general way. I don't believe they have in detail, I don't know.

Q. Then, of course, comes up the question of the property of apportioning the sum of $435,000 to the transportation company until there has been passed upon the reasonableness of the other items that are subject to apportionment? A. I have stated the basis we have used and that naturally puts it before the Commission for its decision whether that is reasonable or not.

Q. It is hardly fair then to charge the transportation company with this $435,000 until the reasonableness has been passed on and until the other items that are subject to apportionment have been passed on as to their reasonableness, by the Commission, or the inter-company charges? A. I think it would be highly unreasonable for the railway company to shoulder that burden, part of which belongs to the transportation company.

Q. I am not saying the railway company should shoulder any burden that don't belong to it. I say, the reasonableness of these items should be passed on with this $435,000? A. We are making a charge against the transportation company starting with January 1st, 1927; such a charge might well have been made from the very inception of the transportation company. We have taken the basis of apportionment which is most favorable to the transportation company. Of course, as I say, it is for the Commission to ultimately decide whether that is a fair basis. We think it is.

Q. In 1926, wasn't there paid by the transportation company about $800,000 of joint costs or charges. A. We went into that at some de-

tail with Mr. Lindabury. Joint in the sense that the railway company had rendered bills to the transportation company.

Q. That is what I meant. A. But "joint" doesn't necessarily mean apportionment; there is nothing arbitrary about it.

Q. There were inter-company charges? A. There were inter-company charges largely for direct labor and material furnished.

Q. Those charges have not as yet been passed upon by the Commission as to their reasonableness? A. You might as well ask the Commission to pass on the reasonableness of a bill of the White Motor Company for repairing an engine.

Q. You mean to say that amounts running $800,000 are so insignificant that it becomes negligible? A. I am trying to convey to you what has been paid to the railway company is direct labor and material costs, of work that has been actually, physically done by it, without taking into consideration overhead charges or anything of the sort, during the period prior to January 1st, 1927.

Q. It gets right down to this: That the basis of these charges, some of which are fixed, the reasonableness of them has never been passed upon? A. It wouldn't require any action by the Commission to say that if John Jones did one hour's work for the transportation company at one dollar an hour he should be paid that hour.

Q. Why select a small item? A. That is the only thing enters into the picture, prior to January 1st, 1927.

Q. The $800,000 is made up of small items of the kind you mentioned? A. I didn't say it was a small item; that sort of item, direct labor and material costs.

Q. Take the larger of them; the reasonableness of them have never been passed upon by the Commission? A. You refer to these since the first?

Q. Any of them?

Mr. Blake: May I suggest to counsel and the Commission, the items counsel is inquiring about are items representing direct, actual labor costs or bills for materials furnished, Mr. Tuson went on the stand before and explained if a railway man did work on a transportation company truck, he filled out a time card showing the time spent on it, and the transportation company was billed for it. There was no apportionment; they were billed for the actual hours' time, at sixty-five cents an hour, or whatever it was. The same thing for the material. There is no apportionment. The same as if the cars had gone in a general garage, the mechanics work on four or five cars and they don't charge one car, but make out a time card for the cost.

Commissioner Autenrieth: Either company were billed if the work applied to it?

Mr. Blake: Yes.

Q. I don't know whether you call it an apportionment or what you call it, the railway com-

pany billed the transportation company? A. That is correct. The railway company had established facilities with which it could serve the transportation company and as it has worked out they have done up to date quite a bit of work for the transportation company.

Q. And who fixed the charges in these bills? A. As I told you several times, Mr. O'Connor, the bill was based on the direct cost of labor to the company and the direct cost of material.

Mr. Blake: We pay the union wages at a certain rate per hour.

The Witness: We do.

Q. I understand the labor element, Mr. Tuson, the labor is charged at so much per hour; but labor is not the only item involved? A. Material also, as I said; that is based on exactly what the railway company has had to pay. It is not only based on it, it is billed on the rates the railway company have to pay to buy the material.

Q. It gets right down to this: The bill is made out by the railway company and there is no independent check? A. We went into that quite fully before.

Q. Isn't that so? A. It is so. We have throughout the organization men who have both the interests of the railway company and the transportation company before them.

Mr. O'Connor: All right. That is all.

Petitioners' Witness, Edward A. Tuson, Cross

CROSS-EXAMINATION by Mr. Stewart:

Q. These three items, 34, 35 and 36 on Exhibit O12, the part that is in that exhibit apportioned to the transportation company, is that taken from a gross charge made to all the constituent companies under the Public Service Corporation, that is, the electric and the gas and the railway and the transportation? A. Do you mean Dr. Bauer's figure or my figure?

Q. I mean your figure corresponding to these items? A. Part of it; for the general, the real general overheads, including the president and the general vice presidents, applies to all companies in the Public Service family. Starting from the vice president in charge of operations, on the operating side, and on down and from myself on the accounting side, and coming on down those which are purely transportation company department costs are split up on the basis of the transportation department interests. By the transportation department I mean the buses and trolley cars and the ferry we operate.

Q. As a result of billing the transportation company for $435,000 additional, I think you said it was, there has been a corresponding reduction in the charges that will be made to the other constituent companies for these accounts? A. The whole apportionment has been rehashed.

Q. Rehashed? A. Rehashed.

Q. So there will be or has been a reduction, for instance, for these same items to the ferry company by reason of the increase in the

charges to the transportation company? A. I don't carry the figures in my mind.

Q. I say there has been? A. There must have been, yes.

Q. Which, of course, results as far as the trolley company is concerned, in what is equivalent to a net increase in revenue? A. Yes, surely.

Q. You said on Mr. O'Connor's cross-examination that there was a possibility that out of this $600,000 increased revenue that you expected your two companies to get (I think that is what you said), that it was very possible that the trolley company would get the major share of that $600,000? A. I said it was possible.

Q. That's what I said; it is possible. If that should have happened then the distribution of these charges on the basis of two-thirds to the trolley company and one-third to the transportation company wouldn't be fair, would it? A. It would all depend on how the two figures worked out, if the ratio is substantially changed the apportionment should be changed, of course. $600,000 out of approximately thirty million dollars isn't a large sum.

Q. Yes; I agree with that. Would the apportionment be changed if the trolley company got the major or got a substantially larger portion of this estimated $600,000 increase? A. We are now charging two-thirds to the railway and one-third to the transportation company. As I recall it, the revenues are now running about sixty per cent railway and forty per cent

transportation company. If they continue to run that way, we will change the apportionment to that basis, charging the transportation company forty per cent instead of one-third as we do now. So that if all this $600,000 revenue we are hoping to get from this relief should go the railway company, it would hardly affect the large picture enough to change that apportionment. It won't save the transportation company any money.

Q. These Items 34, 35 and 36, have they been increased in amounts for the various constituent companies over what was paid in 1926? A. What do you mean by the various constituent companies?

Q. Well, the transportation company, the trolley company, the ferry company, the electric company and the gas company? A. With respect to the general part?

Q. Yes. A. I am not familiar with the general pay roll. There may have been salary increases to increase the general total supplied. I don't remember.

Q. With regard to the men below the vice presidents, these items here charged in this general overhead, have not been increased in 1927 over 1926? A. The total pay roll, you mean?

Q. Yes. A. Applied to all companies? I think there has been some increase; not a major increase.

Q. Are these figures of $435,000 that you propose or have put in on the Items 34, 35 and 36, are they based on a budget that the company made up in the beginning of the year? A. No, they are based on the facts as they now

exist or as they existed the first of January, 1927.

Q. Your company does make up an annual budget? A. Yes.

Q. Of estimated revenues and estimated expenses? A. That is so.

Q. I presume that the trolley company made up an estimated budget? A. It did.

Q. And the transportation company? A. Yes.

Q. And a corresponding reduction made in the trolley company's budget? A. Yes.

Mr. Stewart: I think that is all.

By Mr. Blake:

Q. What about the average investment, cash investment in Public Service Transportation Company for the year 1927? A. The average that is invested in the properties of the transportation company during the year 1927 will be something in excess of twenty million dollars.

Mr. Blake: That is all.

ARTHUR T. WARNER resumes the stand on behalf of petitioners.

By Mr. Blake:

Q. Judge Stewart asked you to revise that Exhibit P25? A. I have done that.

Mr. Blake: May I offer this in lieu of Exhibit P25?

The Witness: It is marked in the corner, "Revised P25."

Blueprint marked Exhibit P25 revised.

Mr. Blake: I offer Mr. Warner to cross-examination.

FURTHER CROSS-EXAMINATION by Mr. Stewart:

Q. How many buses on the transportation company's last order are now in operation? A. Between thirty and forty, I think.

Commissioner Autenrieth: Between thirty and forty?

The Witness: Between thirty and forty.

Q. When was the last order put in for the new buses? A. Early this year, I think in February.

Q. How many buses were ordered? A. Two hundred and twelve.

Q. Are they all gas-electrics or are they mechanical or what? A. No, they are not all gas-electrics. They are divided between gas-electrics and gas mechanical. We had planned to use the gas electrics for city service work and the gas mechanical for the longer distance, higher speed operations.

Q. The balance of this 212 buses that were ordered the early part of the year and of which you have received thirty? A. We have received more than thirty, but there are about thirty operating—

Q. When will the rest of these 212 go into operation? A. Well, the delivery is started at the present time. It will continue. Different

lots have different delivery arrangements. One group calls for the delivery of the chassis and we are to build the body. Those are some of the gas-electrics.

Commissioner Autenrieth: Keep your voice up.

The Witness: One group calls for the delivery of the chassis and we are to build the body ourselves. These chassis are starting to come in this month. Some of the others are being delivered complete in the lead, they go to our paint shop, as soon as they are painted and inspected they go in operation. Those are the approximately thirty I spoke of that are already in operation. I would say now, subjest to whatever happens to the delivery schedule, that those two hundred buses should be in operation by Labor Day.

Q. By Labor Day? A. Yes.

Q. There will be a sort of infiltration of buses between now and Labor Day? A. Through the summer.

Q. Are those buses to be put out as replacements for old buses or going to be additions? A. In part each.

Q. Have you any idea of the proportion? A. I think there are about 125 replacements and 80 odd new buses.

Q. Are they going to be put on the lines that are affected by this petition, or are they going in other parts of the state? A. When that group is in operation we will probably largely revise our assignment because we try to get buses of a similar kind by the garages; that

is, we try to assign them by garages, all the buses in the garage of one type, which means better maintenance and general operation. What that assignment will be at the present time I can't tell you in detail. It will probably involve change of equipment and improvement of equipment on some of the lines before the Board now.

Q. The result would be the buses you would take off the affected lines in the petition and put on in place of them these new buses, the buses you would take off would go to some other part of the system to be used? A. Either that or scrap, depending on whether they are part of the replacement program or not.

Q. There is one other question: I asked you the other day to give me the number of miles per gallon gotten by the gas-electric buses and those by the mechanical drive? A. Yes, sir. I have looked that up since last Friday. We have at the present time no data showing the number of gallons used by the gas-electric compared with the number of gallons by the gas mechanical, but inspecting the records by garages, which is the way we keep it, I would say (and this is a fairly general figure, but I am trying to answer your question as far as I can) that the average consumption of the gas-electric buses now operated as they are here, largely in city service, with frequent stops per mile and being six-cylinder buses, is between three and three-quarters miles to the gallon. And the average consumption of the gas mechanical buses, operated as they are on higher speed routes, and being largely four-cylinder

engines, is a little under four miles per gallon. Possibly between one-half a mile and three-quarters of a mile difference between the two types.

Analyzing that further; take the Hilton garage, as one garage where all the equipment there is gas mechanical, with possibly the exception of a few, but the major portion of the equipment of the garage is gas mechanical, and compare it with the Sherman Avenue garage or the Lake Street Garage, which is largely gas-electric, and the operation of the lines operating from each one of those garages being approximately the same, that is, the city type service, with four-cylinder engines in Hilton, the gas mechanicals are using practically the same amount of gas as the six-cylinder gas-electrics at Sherman and Lake Streets.

Q. But they run over different types of routes? A. Run over different routes, but I don't think there is much difference in those two. I think putting the gas-electrics and the gas mechanicals on exactly the same route, city service, with eight or ten stops to the mile, that the gas consumption would be just about the same, or if anything it would be higher on the gas-electrics. The gas-electrics would use more gas whatever difference there was.

Q. I understand you to say that your company doesn't keep any record of the amount of gas consumed by the individual buses? A. Yes, we do. If I had a week or ten days to answer your question, I could have got it up.

Q. I thought you said it didn't keep it? A.

I said I didn't have the records available in the time, since last Friday. If gas is put in any bus, there is an order put out and it is signed.

Mr. Stewart: That is all.

CROSS-EXAMINATION by Mr. O'Connor:

Q. Your modern buses you began to install in April, 1926? A. Yes, sir. The gas-electrics, they were put in last year.

Q. If I understand you rightly, you concluded substantially the installation of those buses in August, 1926? A. You asked me the question Friday, and I have it here; I can give it to you in this way: During April, 1926, thirty-two of those buses were placed in operation. By the 15th of May there were 88; by the 1st of June there were 143; by the 15th of June there were 205; by the 1st of July there were 279; by the 15th of July there were 300; by the 1st of August there were 313; by the 15th of August, 325; by the 15th of September, 337; at the end of September, 361. The ending of October, 380 and the balance were scattered throughout the rest of the year.

Q. You said 395 was the total? A. Yes, sir.

Q. That is both kinds? A. They were all gas-electrics.

Q. 393 were gas-electrics? A. 395 were all the gas-electrics placed in operation last year. There were two orders. The first order was 333 and the second was 60.

Q. There were some gas mechanical buses new, too? Were there not? A. Last year?

Q. Yes. A. I don't recall. There may have been a few. Every once in a while we pick up a bus and put it in for test purposes, something like that, but no order placed.

Q. It looks then as though there were more than fifty per cent of these buses, modern type buses in operation in August, 1926? A. Yes, sir; I told you Friday that I did not think that fifty per cent were in operation by the first of July, but fifty per cent were in operation by the first of July.

Q. Now, it is your contention, Mr. Warner, that the sharp increase in the last quarter of 1926—I am speaking of bus receipts per bus mile—is due to the modern type bus? A. Partly, very considerably to that.

Q. In fact, the major portion of it? A. Well, it was a very important factor. It was a very important factor in our results for the last half of last year.

Q. Now, if that is so, why doesn't the bus receipts per bus mile show itself in the second quarter or the third quarter? A. The third quarter is the summer quarter, that is July, August and September, when traffic is light due to the vacation periods and so forth. No matter what kind of equipment you put on, you would not get it.

Q. What about the second quarter? A. The second quarter they were not in, only toward the very end of it.

Q. You see, you have April, May and June that you were installing the buses? A. Yes, but they were being scattered around; there was no concentration of them.

Q. They nevertheless were present? A. They were present to some extent.

Q. In operation? A. They were present to some extent, yes.

Q. Of course, there was a sharp drop, was there not, in July and August, 1926? A. Yes, a sharp drop in July and August, every year.

Q. There was also a corresponding drop for the same period of 1925? A. Those are the light traffic months from the 4th of July until the middle of September.

Q. So that is the light traffic period? A. Yes, sir.

Q. Now, then, there was no reduction of buses? A. When?

Q. In that period; in other words, you cannot reduce the bus miles to correspond with the light traffic, can you? A. You cannot reduce the bus miles to correspond with the traffic, no; but you make some reduction. You try to keep up with that as much as you can, but you cannot cut the miles horizontally as the traffic goes.

Q. How do you account for the fact that the bus receipts per bus mile in 1926 seem to run about two cents higher than in 1925? A. Well, I think it was due to a series of reasons. In the first place, it was due to better operation, constantly improved operation; it was due to better buses, it was due to more control of the service; it was due to an organization that was, we will say, two years old instead of one year old and consequently had benefited and improved by that age and experience, and it was due to more steps in co-ordination, as we were able to put them in. In other words, it was

due in part to all of them, to no one in particular, but to the combination. It was due further to the fact that we were continuously acquiring more independently owned buses and they were in many respects good, on the better lines, and more revenue, and more revenue per mile was coming in.

Q. And it was also due, Mr. Warner, was it not, to the normal growth in traffic? A. Yes, it was due to the normal growth in traffic, insofar as that went. The normal growth in traffic you do not want to figure much over five per cent per year. The growth there so much exceeded the five per cent per year—

Q. How much revenue per bus mile did the company obtain for the first quarter of 1927? A. 31.7 cents, I think it was.

Q. How much above this figure did Doctor Bauer base his estimate for the year 1927? A. I think he took thirty-two cents for the entire year.

Q. That is three-tenths above what the company showed for the first quarter of 1927. A. Yes, sir; of course, you cannot go on increasing the receipts per mile forever.

Q. I wanted to bring out the fact that his estimate for the whole year was only three tenths above the first quarter shown by your records for 1927? A. Three tenths of a cent means $126,000 when you are talking 42,000,000 mile figures.

Q. I understand that you claim that Doctor Bauer's estimate is wrong. I am referring to the receipts per bus mile? A. I did not say anything about his estimate. I did not refer

to Doctor Bauer's figure, receipts per bus mile, in any way, I think.

Q. Then I will withdraw that. A. Although I think the thirty-two cents is high for the year. I hope we make it. I do not believe we will.

Q. Your contention is that a greater volume of traffic is to be had the early part for the first quarter of the year rather than the last quarter? A. No, sir.

Q. You do not contend that? A. No.

Q. Then, Mr. Warner, will you place tell me, if I misunderstood you; will you please tell me what your criticism of Doctor Bauer's estimate is? A. I think he figures the last part of the year will be too high.

Q. He figures it will be too high? A. Yes. In other words he assumed, as I took it, that the extreme lift, as he expressed it, that occurred in the fall of 1925 and 1926, would also occur in the fall of 1927, when the reasons that caused that increase in 1925 and 1926 will not be present in 1927; and that the first three months of the year is 24.6 per cent of a normal year, and I said that checked fairly closely with Mr. Roberts in his compilation, where he took the first three months and assumed twenty-five per cent; and it was four-tenths per cent difference between us. As a matter of fact my method will give a higher number of passengers for the year than Mr. Roberts would.

Q. You think Doctor Bauer's estimate of the last quarter is high? A. As far as I could get, from his method, as he analyzed it. If he took

and built up traffic—which I don't know whether he did or not—if he took and built up the traffic and divided that traffic by forty-two million and got thirty-two cents, he built up too much traffic at the end of the year. If he took thirty-two cents as the revenue and multiplied by forty-two million miles to get the gross for the year, I think that is a backward way; if he did that—I don't know whether he did it or not—it is a backward way to do it.

Q. Do you know he checked it back and forth, both ways? A. I don't know how he did it. As I go at it, the way to build up an estimate of revenue is to start and build up your business, that is, build up your passengers first, the people you are going to carry, your traffic, and then get that into money and not say, well, we ought to make thirty-two cents a mile and then multiply that by a bunch of miles.

Q. Then you think his estimate for the last quarter is too heavy? A. That is the only place that I can allocate it, that he has assumed too much during the last part of the year over the first part of the year.

Q. I just have my attention called to Exhibit O9. On Exhibit O9 the first page, it shows there in the second line, operating revenue at thirty-two cents per bus mile amounts to $13,440,000; that is right, isn't it? A. Yes, sir.

Q. Now then, turn to Exhibit O10. A. That is why I said I could not tell from that statement whether he had actually built up a revenue of thirteen million four hundred and forty thousand dollars or whether he had reached that

simply by taking thirty-two cents as a fair revenue per bus mile and multiplying that by forty-two million miles.

Q. I call your attention to Exhibit O10. What Mr. Roberts did was to take $3,276,373.65, being the total for the first quarter of 1927, and multiply it by four, and he got $13,505,494.60, which is a little bit more than the estimate of Doctor Bauer of $13,440,000. A. Then he did not take $3,276,000 and multiply it by four.

Q. He took $3,276,373.65, which was the total for the first three months of 1927— A. And multiplied that by four?

Q. Yes. A. Do it and see what you get.

Q. He did? A. No, he did not.

Q. What do you get? A. I get $13,104,000 which is less than what I have.

Q. You are right, Mr. Warner about that. Mr. Roberts has $13,105,494.60. A. Yes, sir.

Q. Now then, that is probably due to the fact that Doctor Bauer took into consideration a lift in the fourth quarter, which Mr. Roberts did not. That would explain that difference. A. The point is just this: If he takes his lift in October, November and December he ought to at the same time take the drop that occurs in July, August and September.

Q. Well, he did. A. All right. Then he took too much lift for the last three months.

Q. Then it is your contention that Doctor Bauer—your criticism that Doctor Bauer assumed too much traffic in the last quarter of 1927? A. I think he paid too much attention to what happened in 1925 and 1926 at that portion of those years, yes.

Q. Now then, if you will turn to Exhibit O11, you will notice that 1925, the first, second, third and fourth quarters are very similar to the corresponding quarters of the year 1926, except upon a higher level of about two cents? A. Yes, sir.

Q. Isn't that right? A. Yes, sir.

Q. You also find in the first quarter of 1926, as compared with the first quarter of 1927, the same similarity, except a higher level? A. The first quarter of 1927 is higher than the first quarter of 1926, but not as much higher as 1926 was over 1925.

Q. That is true, that those figures are right, are they not? A. I don't know. I have not checked them. I suppose they are right.

Q. They are company figures. Now then, take the light traffic period in July and August, 1926.

Mr. Blake: What exhibit?

Q. Exhibit O11. A. You notice during 1926 there, even with the gas-electric buses going on at that time, that the receipts per bus mile dropped materially in that quarter, even with the gas-electric buses going on.

Q. The same as in 1925? A. The same thing happened in 1925.

Q. Then, of course, that will happen this year too, I suppose? A. I suppose it will. Of course, last year in October and September—well, largely in September and October, we bought a number of independent operations that were pretty good operations. There does not exist similar operations to buy this year.

Q. Do you notice in parallel columns there, entitled revenue per bus mile, that in the last quarter of 1925, the same conditions prevailed in the last quarter of 1926; you have got that same relative difference? A. Yes, sir.

Q. Isn't that so? A. The same relative difference, only not as much.

Q. You did not have any new buses in 1925? A. Yes, sir, we did have new buses in 1925 and we were buying a lot of buses in 1925. Every fall, the fall of 1924, the fall of 1925 and the fall of 1926, after the summer season is over, we have usually purchased in large groups independent buses, in September and October.

Q. But you had no modern type buses on in the last quarter of 1925? A. We called them modern when we bought them.

Q. But they are not the modern type bus? A. They were not the gas-electrics, but they were new buses that were purchased and put on and they were modern at the time and I think they are modern still.

Q. How many were there? A. Between one hundred and two hundred.

Mr. Blake: Do not get confused in your testimony, either you or counsel. You are speaking of new buses. You use new in two senses. You testified there were 300 added in 1925, you purchased 300 buses from independents, 1924, 400 from independents and 400 new buses in 1925 you bought 200 new buses. You must not get confused between buses purchased from independents, new buses, and new buses purchased from manufacturers to replace the ones purchased from independents.

The Witness: I have tried to put in the word independents every time I have spoken of them.

Mr. Blake: I want to keep that clear in the record.

Q. You then say in the latter part of 1925 you had these new buses? A. You mean new equipment, new buses purchased?

Q. New buses, new equipment? A. New equipment, yes.

Q. Consisting of what? A. The first one hundred were twenty-five Mack's, twenty-five White's, twenty-five Yellow's and twenty-five Fageol's. The second group were Mack's and Yellow's. The third group were Yellow's and White's.

Q. Now then, what is the capacity, do you know? A. They varied from twenty-five to twenty-nine.

Q. Mostly twenty-nine? A. Mostly twenty-nine.

Q. Now then, in the last quarter of 1927 you expect to have new buses too, don't you? A. They will be coming on from now on.

Q. So that you have got the same marked relative difference in each quarter? A. Except that the replacements the buses that the new buses replaced are getting better all the time.

Q. What I intend to convey is that you have that same relative difference in each quarter? A. Except it was accentuated last year because of the popular interest in the gas-electric and the fact that that number was so much greater than it had been before or will be this year.

Q. But you had the same lift in 1925 and 1926, each quarter? A. Yes—no, we did not have the same lift each year. Remember, there is that big sink hole in the summer time that is not a lift.

Q. All right, take the fourth quarter. A. October, November and December went up, receipts per mile.

Q. Wasn't the fourth quarter over the third quarter of 1925, just as great if not greater than the fourth quarter over the third quarter of 1926? A. No, it was not quite as great. The difference in 1925 was 3.1 cents. The difference in 1926 was 2.8 cents. And that cannot go on forever. To reach Mr. Bauer's thirty-two cents a mile, assuming that the first quarter is 31.7—

Q. Just one minute, Mr. Warner.

Mr. Blake: Can't he continue his answer, Mr. O'Connor, if he wants to continue his answer may he not do it?

Mr. O'Connor: I did not mean to interrupt you.

The Witness: I was just going to say, your first quarter was 31.7, April was a good month, May did not run as high proportionately as April did.

Q. You say the first quarter was 31.7? A. 31.7 cents a mile, the first quarter of 1927, I am talking about now. If the second quarter goes thirty-two cents even thirty-two cents, it will do well. To follow Doctor Bauer's trend, the third quarter will then drop somewhere

under the first quarter, somewhere between one cent and two cents. Let us say it only drops one cent. That will mean that the whole fourth quarter of 1927 will have to show almost thirty-four cents a bus mile and that is a terrible figure.

Q. Thirty-three and one-half. A. I tell you that is an awful revenue figure for this whole system to show. I hope it does. I will be tickled to death, but I doubt it.

Q. That thirty-three and one-half cents that Doctor Bauer has is no greater lift than took place in 1926 and 1925. A. That is just the trouble I am finding with his estimate, that he cannot carry such a lift on in indefinitely. Now, he might start with two cents a mile and the next year get a lift to four cents a mile and say that is one hundred per cent increase, but he cannot carry that on indefinitely. Or he might say that was two cents a mile, and if you carry that on indefinitely there is no limit.

Q. You know he has not carried it on indefinitely; he has merely estimated for 1927. A. No.

Q. That is not indefinite? A. No, it is not.

Q. I am only pointing out to you that this figure of thirty-three and one-half cents is about the same lift as you had in the last quarter of 1926 and 1925? A. Yes, sir. I asked through counsel, to have his figures by months, and I have not seen them yet.

Q. We gave it to you by quarters. A. By quarters, yes, you gave them by quarters, but you have got to build up a quarter.

Q. We build up the quarter. A. Yes, you have to build up a quarter. When I start to make an estimate I start with a day.

Q. It is your theory then or understanding that in the last quarter you do not show as much as in the first quarter? A. No, sir, I did not say that. I say this: That I think Doctor Bauer has allowed too high a fourth quarter or not enough of a drop in the third quarter, if you want to put it that way.

Q. Don't you always have a larger lift in the last quarter than in the first quarter? A. No, not necessarily.

Q. I mean a larger proportion, a larger volume? A. The last quarter of the year is the largest three months of the year, yes.

Q. So Doctor Bauer has taken the last three months as the largest quarter of the year? A. But he has taken it too large, or he has not taken the third quarter small enough, one or the other or a combination of both.

Q. Mr. Warner, I am looking at a schedule that you used at the last session, entitled "buses." In the year 1925 your figures show in the first quarter a large percentage—rather, in the last quarter, a larger percentage than you did in the first quarter of 1925. A. May I see the sheet you are looking at?

Q. Yes. Those are bus figures, that is right, isn't it? A. That sheet shows that, yes.

Q. Those are the figures you used at the last session and from which you testified? A. Well, I testified to them in the way I testified to. Just exactly that way and that one way only.

Q. I say, you used those figures? A. Yes, sir.

Q. Take the first quarter of 1925, as I have it worked out here, it shows a percentage of 22.9, and the last quarter of 1925, of your figures shows a percentage of 28.8; the first quarter of 1926 your figures work out 23.9 per cent and in the last quarter it works out 27.6 per cent. A. What is the first quarter figure?

Q. Of what year? A. 1926.

Q. 23.9 and in the last quarter of 1926, 27.6. A. Yes.

Q. Doctor Bauer's distribution shows the first quarter of 1927 to be 24.3 and the last quarter of 1927, 26.6. Now then, if Doctor Bauer had used your percentages for the first quarter of 1926, of 23.9 per cent and your percentage of 27.6 for 1926, the last quarter, he would have been justified in estimating a larger revenue for the year 1927, than he did? A. Yes, but I did not use those percentages. This is about one-third of the story; you have taken one-half or one-third of the story.

Q. You say you did not use it? A. No, I did not use it.

Q. Neither did Doctor Bauer use it. A. If you say I used these, I did not use these. This is only part of the story. This is only simply the bus element. In other words, he took one sheet out of a whole stack I gave him and used this one sheet. That is not the whole story. That is only a part of it.

Q. Those figures as far as they go are correct? A. As far as they go are correct. They are the first chapter of the story.

Q. What would you add to those bus figures? A. I added a whole lot of railway figures; the rest of the traffic of the state, as far as we go.

Q. I think you made a sort of combination of the traffic of the buses and the railway, didn't you? A. That is the business that we have to handle, yes.

Q. I think this is it, is it not, Mr. Warner (indicating)? A. Yes, that was the percentage of the three years, that is right.

Q. What does that represent, those percentages? A. The precentage each month bears to the total year, the total year being 100 per cent, and the proportion of each month to that total year.

Q. Now then, that is railway traffic and bus traffic? A. Yes.

Q. Would you say the figures you have there in that combination represent normal distribution of traffic? A. I would say that it does represent as near as I could ascertain, the normal distribution of traffic. The last column there is the column I used.

Q. That is, you used this column marked aggregate? A. Average, yes.

Q. Now then, you take the first quarter in that column, and you see a percentage of 24.6 per cent? A. That is right.

Q. If you take the last quarter in that column you see 25.6 per cent? A. 25.6 per cent, yes.

Q. That includes both railway and bus? A. Yes.

Q. Now then, that takes in the years 1924, 1925 and 1926? A. Comparable operations during each year, yes.

Q. Now then, I show you another paper that I believe was prepared by you; it is marked, Public Service Railway Company riding by months to total year after making adjustments for lines wholly or partly discontinued during the year? A. Yes, sir, that is the railway.

Q. You used those same figures that appear on that sheet? A. In part, yes.

Q. In arriving at the averages you just testified to? A. Yes, sir.

Q. In other words, you used the two sheets to get these averages? A. Yes.

Q. One marked buses and one marked railway? A. One marked buses and one marked railway.

Q. Would you just let me see the railway sheet, Mr. Warner, please? A. There is the total sheet.

Q. Beginning with the year 1924 there was a decrease in the railway traffic? A. Year by year?

Q. Yes. A. Yes, some railway lines were discontinued, buses operated in their place. The bus traffic increased and the railway traffic decreased.

Q. That occurred also in 1925? A. It did.

Q. And there was a very marked drop in traffic of the railway in 1926? A. That sheet that you have is not the entire traffic of the railway company.

Q. I mean the comparable lines, the lines that were running throughout the year? A. If you know, you make the statement. I won't.

Q. As I understand, Mr. Warner, this sheet represents the system of lines that were oper-

ated throughout the years 1925, 1926 and 1927, one year comparable to another year? A. No, sir, it was not.

Q. What is it then? A. Every line that was operated for the whole year of 1924 is in there in 1924.

Q. And 1925? A. Every line that was operated for the whole year of 1925 is in there for 1925. If a line was discontinued in March, 1925, it would not show at any point in the year 1925, although it would show for the whole year of 1924. And the same thing in 1926. It is all lines that operated for the entire year in whole in 1926. So there are lines out of there. I gave Mr. Bauer the list of every one of these lines by months.

Q. Don't misunderstand me. I know there are lines out of here. A. So that 1924 shows a number of lines that do not appear in 1925 and also a number of lines that do not appear in 1926, so it is not comparable. It is not comparable to compare 1926 with 1924 or 1926 with 1925 or 1925 with 1924, because there are different elements in each year, but each year is a whole by itself.

Q. Now then, the big sag in the street railway traffic up to this time occurred in 1926? A. That don't show any sag, because 1926 is not comparable. In 1926 we carried less passengers, on the railway in 1926, than we did in 1925, but that was due to the replacement of service. That is not the place to get that figure. That is what I am after.

(Discussion.)

The Witness: I simply want to have it clear in your mind what that sheet shows and does not show.

Q. If I do not understand it I think I am proper in asking for information. A. Yes, sir.

Q. Now then, can you tell me what lines that were eliminated in 1926, that appeared in the column of 1925? A. Doctor Bauer has all those statements. My working sheets on that I gave to him Friday afternoon. In 1925, there was taken out of the records—I am speaking now of railway operations, sir—the North line, the 22nd Street line, the Ironbound line, the Governor line, the Arlington Avenue line.

Mr. Stewart: Would you mind indicating as you give those, where those lines are located?

The Witness: The Grand line. The North line operates in Jersey City, Hudson County, 22nd Street in Bayonne, the Ironbound line in the City of Newark, the Governor line and the Grand line in Paterson, and the Arlington Avenue line in Plainfield. They were all taken out in 1925.

Q. The number, Mr. Warner, please, the number of lines? A. Six.

Q. Can you give their aggregate in 1924? A. No.

Q. Can you approximate it, about? A. Less than a half million dollars, that is as close as I want to approximate it, probably between 450 and $500,000.

Q. That is equal to how many passengers?

A. Multiply that by twenty; about 10,000,000 passengers.

Q. Would you be good enough to do that same process for me in 1926, the number of lines out? A. In 1926 there were taken out of the list that appeared in 1924 and 1925, the Singac line, the Riverside line, the Haledon line—

Q. I am only speaking now of 1926. What did you drop out in the year 1926 that was in 1925? A. In 1926 there were taken out lines that appeared in 1925 and 1924, the following lines: Singac, Riverside, Haledon, Hawthorne, all operating in the City of Paterson, Highland and the 6th and 8th; the Highland line in New Brunswick and the 6th and 8th in Camden.

Q. I make that eight lines? A. Six. The sixth and eight is one line.

Q. Six lines? A. Yes, sir.

Q. And the number of passengers? A. Just about the same amount.

Q. 10,000,000 passengers? A. Yes, sir, about that. If you added those passengers to the railway figures, the railway would have shown in 1925 more passengers then it showed in 1924 and it would show in 1926 just about the same number.

By Mr. Stewart:

Q. Mr. Warner, do any of those lines that you took out in 1925 come back in your computation in 1926? A. No.

Q. They were permanently out? A. They were out and stayed out, so far.

By Mr. O'Connor:

Q. Now then, the difference in the passengers carried between 1925 and 1926 according to the schedule I have before me is 19,000,000; that is, as I make it? A. Yes. If the lines that were in 1924 were in 1926, those figures would be about the same, within one million or two million, not allowing, of course, any five per cent growth on those particular lines for those two years.

Q. Then there was a drop of about ten million in 1926, of the lines that were in in 1925, but not in 1926? A. Somewhere between eight and ten million, according to that, yes.

Q. Mr. Warner, would you say that there was a sag of about nine million in the lines that were in in 1925 that were also in in 1926? A. Why, if that is what those figures show, approximately I guess that is about right.

Q. If that is so, Mr. Warner, isn't that 9,000,000 taken up by the buses? A. Yes.

Q. In fact, all the sag in the street railway lines is absorbed by the buses, substantially all? A. As I say, in many places we are deliberately taking cars off and putting buses on. So have been accused in lots of places of trying to drive people on the trolley cars; as a matter of fact we are doing exactly the opposite.

Q. In addition to the buses taking that loss of the street railway company, the buses are also taking up the normal growth of traffic? A. Well, some of it, yes.

Q. That five per cent that you spoke of, that you say is the normal growth, five per cent?

A. Yes, sir. They are not getting all the five per cent.

Q. Substantially all, Mr. Warner? A. No, not substantially all. They are getting some part of it.

By Mr. Stewart:

Q. The only reason you have been deliberately, as you expressed it, driving people from the trolleys to the buses; you have always done that in cases where you find you could operate the buses more economically than you could the trolley, isn't that so? A. Well, different places have had different reasons behind them. Largely it was a question that we thought the co-ordination called for the buses as the most efficient vehicle in that particular place.

Q. You found it more economical? A. Yes, most efficient, all phases of economy.

Q. And your present application is one which will tend to drive some of the people back from the buses in the affected localities to the trolleys, isn't it? A. I don't think it will drive them. I think it will allow them to go by their own free will.

THOMAS J. MALATESTA, sworn on behalf of Hawthorne:

Direct-examination by Mr. Evans:

Q. Mr. Malatesta, you are president of the Paterson-Hawthorne Bus Company? A. I am.

Q. Did you make any application for bus permits to the Borough of Hawthorne? A. I did.

Q. How many bus permits did you apply for? A. Fourteen.

Q. Do you remember how they were divided? A. Eight on the Paterson Lafayette Avenue route and six on the Madison Avenue route.

Q. Did you undertake to impose a condition upon yourself, that you would charge a five cent fare for a period of time? A. I did.

Q. For how long a period, if any, did you apply? A. In my application I stated I would guarantee operating these buses for a period of three years at a five cent fare.

Q. Was that in case the public service application was granted for a ten cent fare? A. Yes, sir.

Q. Upon what did you predicate this self-imposed condition of a five cent fare for a period? A. On my past experience as a bus man.

Q. What experience was that; of what did that consist, rather? A. I operated a fleet of fourteen buses in the year 1922 to 1924. I operated buses from 1920, all told, from 1920 to 1925. I operated fourteen buses in the City of Paterson and then I operated twelve buses in the Town of Englewood; that was in 1925.

Q. Upon what did you predicate the rate of fare? A. On my operating expenses.

Q. Did you condition that upon any rise in prices of commodities or of operating costs? A. Prices of different materials, operators wages, buses and so forth had been gradually getting

higher since 1920 and I found that when the cost of materials and cost of buses were at their peak, that I was still showing a profit on the operation of the buses.

Q. And from the experience that you have had and your knowledge of conditions you are satisfied that you could make a profit upon a five cent fare, carrying practically the same amount of passengers that are now being carried by the public service, and installing on those routes new buses, is that true? A. Positively.

CROSS-EXAMINATION by Mr. Blake:

Q. How many passengers were carried on those routes in 1926? A. I do not have my figures with me.

Q. How many were carried in 1925? A. I could not tell you.

Q. And yet you think, if you were permitted to operate there at a five cent fare, you could make money? A. I don't think; I know.

Q. Give me your data on which you base that? A. I can bring the data here.

Q. Didn't you know you were going to testify that carrying the number of passengers that the Public Service Transportation Company was carrying that you were going to make money at a five cent fare; didn't you know you were going to testify to that and you were going to be asked for your data? A. I could just answer the questions offhand as a practical man. I did not think I needed the figures.

Q. You did not think you needed the figures? A. No, I don't need any figures.

Commissioner Gnichtel: Won't you send your figures down here?

The Witness: Yes, certainly.

Commissioner Gnichtel: Make up a statement of your income and receipts and disbursements.

The Witness: Yes, certainly.

Q. In Englewood you operated twelve buses there? A. For a certain time.

Q. Where did you operate them from and to? A. From Haworth to Fairview.

Q. How long did you operate them? A. Three months.

Q. What happened at the end of three months? A. When I took the thing over it was a losing proposition; in three months I turned it into a paying proposition. I turned it over to the directors because I had to withdraw and go back to my own business.

Q. What other operation did you have? A. That is all.

Q. That is the only operation? A. That is outside of the operations in Paterson.

Q. Have you operated from Paterson to Hawthorne? A. No.

Q. Never operated there? A. No.

Q. Do you know how many routes are operating, how many bus lines have started operating from Paterson to Hawthorne? A. I do not. I know there are two routes there.

Q. Do you know what has been the success of other companies operating between Paterson and Hawthorne, as to whether they have been able to carry on the business at a profit? A. I don't know.

Q. Do you know how many businesses have started and stopped operating from Paterson to Hawthorne? A. I do not.

By Commissioner Gnichtel:

Q. Do you know what the amount of your profit was? A. I do not quite get that. What do you mean by that?

Q. What percentage on the investment? A. I am not prepared to state figures now, because I have not got my figures at the present time.

Q. Can you give all those figures? A. I can give all those figures.

Commissioner Gnichtel: All right, send them down.

Mr. Evans: We will have those in for you.

Mr. Gourley: For the City of Clifton, if your Honor please, I have about two witnesses.

ARTHUR S. MAHONEY, sworn on behalf of City of Clifton.

Direct-examination by Mr. Gourley:

Q. Mr. Mahoney, you are a civil engineer by profession? A. Yes, sir.

Q. Did you make this map that I hand you now, for the purpose of presenting it today before the Commission? A. I did.

Commissioner Gnichtel: Just mark it. Describe what it is on the record. What does this map show?

The Witness: This map shows the territory lying between Paterson and the City of Newark, showing the bus route of the North Newark bus line.

Map showing territory between Paterson and Newark, North Newark bus line, received and marked Exhibit O31.

Mr. Gourley: I suppose you have heard so little about Clifton it is about time now somebody spoke for it. The petition presents a request for five cent fare for a single ride within the City of Passaic, on the Passaic-North Newark line, within the City of Clifton, five cents, and through Nutley and Belleville to North Newark Station, five cents. It is in reference to the contemplated changes there, if your Honor please, that this map is presented.

Q. What is the distance, Mr. Mahoney, from the City of Pasaic line, from Burgiss Place to the end of that contemplated zone, in other words from Burgiss Place to the line of the City of Passaic? A. The first fare zone from Burgess Place to Brook Avenue, Passaic is 2.6 miles.

Q. Within the City of Clifton? A. 1.1 miles.

Q. And through Nutley and Belleville to the North Newark station, how much is that? A. 4.7 miles.

Q. The City of Clifton, in passing from Nutley, let us say, to Paterson, you go through the City of Clifton and then Passaic and then Clifton again? A. That is correct.

Q. In other words, it is like, you might say, the point of a cresent thrown around Passaic, is that right? A. That is correct.

Q. How many municipalities are there between that line and the North Newark station? A. There is Passaic, Clifton, Nutley, Belleville and Newark.

Q. Three? A. Five in all.

Q. Five in all; Passaic is one and Clifton is one? A. Nutley, Belleville and Newark.

Q. Three and the last one, three municipalities and the last one? A. The last would be Newark, Belleville and Nutley; there is one fare in the three municipalities.

Q. And the present fare is what? A. The present fare takes in two and three, that is, Passaic and Clifton is one fare and Nutley and Belleville and Newark is one fare.

Q. Burgiss Place, coming south, where does the five cent fare carry you at the present time? A. Takes you to the south side of Clifton, Kingsland Avenue.

Q. That is how far, I mean, in miles; how much is that? A. The first fare is from Burgiss Place to Washington Avenue, in Nutley, 4.2 miles.

Q. And from that point to the station? A. Also 4.2 miles.

Q. So that any five cents carries you through both zones over four miles, at present? A. That is correct.

Q. The contemplated change in the City of Clifton would be one mile and a fraction? A. Yes.

Q. For the same rate? A. The two fares would be Burgiss Place to the Clifton Line, Brook Avenue, would be 2.6; the second fare would be through the City of Clifton 1.1 miles, and the third fare, would be overlapped, Nutley, Belleville and Newark, 4.7 miles.

Q. Do you know anything about the conditions of the traffic; I mean, is it congested? A. There is very little traffic in Clifton. The majority of the traffic is through traffic from Passaic to Newark.

Q. What about people living in Delawanna, where do they mainly travel to? A. The people living in Delawanna, which is part of Clifton, the southern end of Clifton, travel largely to the City of Newark and the City of Passaic.

Q. They would then have to pay a fare of ten cents? A. Under the new schedule they would have to pay an additional fare, no matter what direction they went in, either north or south.

Q. And the distance from the center of that point to the center of Passaic is how far? A. From the center of Delawanna to the center of Passaic?

Q. Yes? A. I could only estimate that. I would say about two and one-half miles.

Q. For that they would have to pay ten cents? A. That is correct.

Q. Is there much travel there, people doing business in Passaic, morning and evening travel from Delawanna? A. Very light traffic except in the neighborhood of Delawanna, people in Delawanna travelling in either direction.

Q. People living there? A. Yes.

Q. What is the fare from Paterson to Newark on the trolley line? A. The fare from the center of Paterson to the center of Newark on the trolley line, at the present time, is twenty-five cents.

Q. What is the fare on the buses from Paterson to Newark? A. The present fare?

Q. The same, isn't it? A. Twenty-five cents.

Q. So then if a change was made in this rate then the bus fare between Paterson and Newark would be five cents higher than the trolley fare? A. Yes.

Q. I notice in this petition filed as to Passaic-North Newark buses, they say the through bus fare is ten cents at the present time; the through street railway fare on the Paterson Line is fifteen cents; but does that embrace the same distance? A. No. The buses start in Passaic, just south of the northerly end of Clifton. They are referring there to the new rate from Crooks Avenue, which is the Paterson line.

Q. In other words, the through street railway fare here on the line following the trolley is four miles longer than the bus line? A. What was the question?

Q. The line running from the Paterson-Clifton Line on Main Avenue, to the North Newark station? A. There is a difference there. The distance from the Passaic-Clifton to the Paterson-Clifton Line is nine thousand feet, that is about a mile and one-third.

Q. What I want to get at is this: This petition says the fare from the Paterson line, the Passaic and North Newark, is fifteen cents,

and proposed five cents from the Paterson-Clifton boundary, the boundary of Paterson and Clifton to Crooks Avenue; from there to the North Newark station is how far, roughly speaking? A. Ten miles, 10.1 miles.

Q. What is the fare for that same distance on the buses? A. The present fare?

Q. Yes? A. It would be fifteen cents.

Q. In other words, it is the same on both the trolleys and the buses, notwithstanding this petition? A. Yes.

Q. In case the Commission, after a study of the subject, should deem it proper to make some change, have you any suggestions to make where the change could be made with fairness to the public, if it is to be made at all? A. Well, if it is necessary to increase the rate in order to operate the buses, we would much prefer to have the boundary, that is, the fare limit instead of Brook Avenue, Passaic, have it increased in a southerly direction to Delawanna Avenue; it would more or less equalize the distances traveled, and it would not penalize the people of Clifton an extra fare to get to and from their work and to and from other parts in Clifton.

On the alternate route, there is an alternate route through Clifton by way of Oak Street. If, on that route, the fare limit was Delawanna station and the corner of Oak Street, it would be satisfactory, of course, provided it is necessary to increase the total revenue on the line.

Q. If that were done would that have a tendency to equalize the distances? A. Yes, very much so.

Q. Instead of the marked discrepancy now appearing on their request? A. The petition asks for the first fare, or the first distance of 2.6 miles, then 1.1 and then 4.7. Our proposal the distances would be equalized to that extent; the first fare from Burgiss Place to Delawanna Avenue 3.2 miles; Delawanna Avenue to the Nutley-Belleville line, 2.9; the Nutley-Belleville line to the terminal in Newark, 2.3 miles. They are reasonably equal.

Q. In other words, if it has to be done at all? A. That is the point.

Q. That would be the suggestion? A. Yes.

Mr. Gourley: I think that is all.

CROSS-EXAMINATION by Mr. Blake:

Q. If that last system of zoning were inaugurated that would make the cost to the Nutley people who want to come to the center of Newark fifteen cents, wouldn't it? A. Yes. No; wait a minute. Nutley to Newark?

Q. They would have to pay ten cents to North Newark and five cents in? A. That is right.

Q. Did I understand you to say, correctly, Mr. Mahoney—

Witness: Wait a moment. I don't ask to change anything except move Brook Avenue down to Delawanna Avenue crossing at Nutley-Passaic; that wouldn't affect any other municipality except Clifton.

Q. Where would that leave Nutley? A. I am not saying that—

Q. Assuming those changes were made? A. Let me see if I can make it clear. You want

Brook Avenue and some other point in Newark; three limits. Our position is, simply move the Brook Avenue zone, the first zone, down to Delawanna station.

Q. Mr. Mahoney, the through street railway fare on the Paterson Line between Passaic and North Newark is fifteen cents, isn't it? A. From where to where?

Q. From Passaic to North Newark? A. That is correct.

Q. And with the rate of fare that the company has applied for in effect it would permit a ride within the City of Clifton for five cents, would it not? A. Yes; within that portion of Clifton they are running through.

Q. Yes. You can ride to any place in Clifton where the buses are now running for five cents? A. Yes, 1.1 miles.

Q. If you wish to go to a point out of Clifton or into Delawanna, it costs you ten cents? A. My point is, any person living in Delawanna would be penalized five cents for a shorter ride than any other zone you have.

Q. How about the other direction? A. I am not particularly interested in the other direction. I am asking you to divide the zones up into three fairly equal parts.

Q. On a mileage basis? A. On a mileage basis.

Q. You still think Nutley would not be affected if we should shift the zone as you have stated to Brook Avenue? A. I think it is unfair for the citizens of Nutley to ride 4.7 miles for five cents and the citizens of Clifton to ride two and a half miles and pay twice as

much. In other words, you are asking our citizens to pay four times as much as the citizens of Nutley.

Q. For the same ride? A. If your rate in Nutley is five cents, for 4.7 miles, and your ride in Clifton is five cents for two and a half miles, that is double, or four times the rate when you work it out on a per mile basis.

Q. On a mileage basis? A. Yes. You are making us to pay four times as much as Nutley.

Q. With regard to the traffic density, there is a great deal more traffic from Nutley in than from Clifton in? A. There are a few pick-ups in Clifton, if that answers your question.

Q. I mean, a great many more people are carried from Nutley than Clifton? A. I wouldn't say so. The majority of the people are through riders.

Mr. Blake: All right. That is all.

Mr. Gourley: That is all.

JOHN BAUER resumes the stand on behalf of municipalities.

Direct-examination by Mr. Gourley:

Q. Have you the receipts there of this part of the line for 1926? I want to ask you a few questions about it? A. The Passaic-North Newark Line?

Q. Yes? A. Yes.

Q. What were the receipts for the year 1926? A. $186,333.

Q. That is approximately, about how much a month? A. About $15,000.

Q. About what per cent? A. Per month, you said?

Q. Never mind. Can you tell we whether those receipts have substantially increased since the beginning of the year? A. Yes. They increased very substantially. For January, 1926, they were $14,741 and December, 1926, $18,000.

Q. That was an increase of how much per month? A. That was an increase of not quite four thousand dollars in December over January.

Q. What have you to say about the decrease, if any, in bus miles? A. The bus miles during that period changed from 58,500 in January, 1926, to 59,529 in December.

Q. How do the receipts affect the per bus miles? A. The receipts per bus mile changed from 25.20 cents per bus mile in January, 1926, to 30.24 in December, 1926.

Q. How does that compare with the average of the system? A. The increase during the period was substantially greater than on the system as a whole, but the receipts at the end of the years were very close to the system as a whole; slightly under.

Q. What have you to say about the operating expenses? A. The operating expenses are not separately shown for this line, neither for this line or any other line. The operating expenses are shown together for the system as a whole, but an analysis can be made by lines. Most, or some of the most important expenses depend upon the speed, that is to say, they vary in-

versely with the speed. The greater the speed the less the cost per mile.

That is true especially of drivers, bus drivers. It is true to a less extent as to quite a number of other expenses. This line I find has developed during the period under consideration, considerably, in speed.

In January, 1926, the total bus hours were 6,582, the bus miles 58,500, which gives an average of 8.8 miles per hour. For January, 1927, just a year later, the bus hours were 5,602, the bus miles 56,900—this is blurred; I think it is 56,984; which gives a speed of a little over ten miles an hour. In March, 1924, the speed is increased slightly above January. So that it appears during the year there has been quite a marked lift in the speed, which means a reduction in expenses, and the speed is now higher than the average of the system; so that the expense per bus mile would be lower than the average.

Q. Showing it would be more profitable than the average operations? A. Taking the receipts together with the expenses I should say that this line would be somewhat better than the average for the system. Not greatly better than the average, but somewhat better than the average for the system.

Q. Is this proposed change, of carrying passengers two and one-half miles in one unit, and one mile of Clifton as another unit, and the remaining unit about three or four miles, scientific co-ordination? A. Well, I should say that the zones are quite disproportionate in length and also that don't follow systematically the prin-

ciple of municipalities. In two cases each zone includes a particular municipality; the third zone operates through three municipalities. So there is no fundamentally scientific basis in the proposed arrangements at all, that I can see.

Q. Are they not discriminating against the traffic between Clifton and Passaic, which Mr. Mahoney says is the larger of the two and dividing that up into two zones and leaving the other part in one; is that scientific? A. It seems to me it has that effect; there is that discrimination and there is a glaring disproportion.

Q. Have you anything to say about the buses acquired for that line, the number of buses purchased for the North Newark Line; how much they carried that intangible capital? A. Yes, I have.

Q. Just very briefly? A. Yes. In Exhibit O14 I have set out—

Q. How many buses were purchased on that line from private operators? A. I don't know that I have the data just in the form of this question, here. The schedule showing the buses purchased for that line I haven't here with me. But I have here in Exhibit O14 the schedule relating to the buses that were both purchased for this line and that had been retired or disposed of by the end of 1926.

Q. Yes? A. That includes eleven buses.

Q. Eleven retired? A. Eleven buses that had been purchased and had been retired, and for those eleven I computed the relative tangible and intangible capital. For any other buses that have been installed and were still in service I haven't the data in front of me.

Q. Very well, give us that. What was the purchase price? A. For the eleven buses that had been retired by the end of 1926 the total purchase price was $95,612.56; that gave an average of $8,692.05. The total charged to the intangible account for the eleven buses was $77,261.08. This includes both the charge made at the time of purchase and the charge made at the time of retirement.

This makes an average of $7,023.73 of intangibles per bus.

The total charge to tangible capital for the eleven buses was $18,351.48 or an average of $1,688.32 per bus. This makes, in round figures, a ratio of intangible to tangible amounting to forty-one; that is to say, there were four times per bus as much charged for the intangible as for the tangible.

Q. In view of the fact, Doctor, of the improved earnings of the line, as you have shown us, and the lower operating expenses on this traffic toward Passaic from Clifton, is there any need, in your judgment, as a professional man, for a change of zones? A. I don't think so. I believe there is no justification in making a change in the zones on this line unless the entire bus system were thoroughly gone over and a systematic adjustment in zones are made throughout, so as to make a whole system of zones and fares that would form a logical or scientific apportionment or relationship. The proposal, it seems to me, gives a lope-sided arrangement that is bound to result in sectional discrimination.

Mr. Gourley: Take the witness.

CROSS-EXAMINATION by Mr. Blake:

Q. Have you ever ridden on the Passaic-North Newark bus line? A. I have not, no, sir.

Q. Have you ever ridden over on the trolleys running from Newark to Passaic and Paterson? A. I have, but not in connection with this study.

Q. Do you know what portion of Nutley and Clifton the bus line runs through? A. I do, as far as the maps are concerned.

Q. You don't know anything about the developments there? A. I haven't gone over the territory, no, sir.

Q. You don't know what territory is passed or the character of the territory it passes through, the buildings and manufacturing plants, cemeteries and parks? A. Not by sight, except I have gone over the map with the engineer and have had the engineer's description.

Q. Will you turn to Exhibit O14? A. Yes.

Q. I will ask you this question: Doctor Gourley asked you the question— A. Did you say Exhibit O22 or O11?

Q. O22? What were the receipts, the average receipts per bus mile in 1926 on the Passaic-North Newark line? A. The average for 1926 was 26.9 cents.

Q. Do you know what the average system cost was for 1926 per bus mile? A. That is, you mean operating expenses and taxes?

Q. Yes. A. No. I haven't those particular figures here.

Q. In excess of thirty cents, isn't it?

Mr. Gourley: What is it?

Mr. Blake: In excess of thirty cents.

A. Mr. Tuson has the schedule; I will answer it whatever it is.

Q. 29.688 cents? A. It seems to me that is it, 29.69, that is the average for the year.

Q. The average for the year? A. Yes.

Q. Your average operating expenses and receipts of twenty-six cents are three cents less than the average cost? A. The average for the year, that is correct.

Q. You pointed out in December it was 30.24 cents per bus mile? A. That is correct.

Q. Do you know whether the type of equipment was changed on that line in the fall of 1926? A. I don't know definitely of my own knowledge that is so.

Q. Do you know what is on that now? A. I do not.

Q. You don't know whether they changed from the old type to the modern gas-electrics? A. I do not.

Mr. Blake: That is all.

By Mr. Gourley:

Q. Did you give us the receipts per bus mile for 1926, January? You have given the average in answer to Mr. Blake's question? A. January, 1926, it was 25.20.

Q. What was it in December, 1926? A. 30.24.

Q. Do you know whether the trolley paralleled this bus service nearly all the way from Paterson to Newark? A. I haven't a clear enough picture in mind to give it.

Mr. Gourley: That is all.

Commissioner Gnichtel: Have you any other witnesses?

Mr. Blake: That is all.

Commissioner Gnichtel: The case is closed?

Mr. Stewart: Except I want to offer some exhibits.

Commissioner Gnichtel: Shall we adjourn until two o'clock?

Mr. Stewart: I will be very short. I offer in evidence a list of a number of buses, that is, the bus numbers and the owners, when the permit was first granted and the various renewals on the buses operating on the Clinton Avenue Line, Irvington, down to and including the time that the Public Service began operating, in the year 1924 and 1925.

List of buses, etc., on Clinton Avenue Line, Irvington, marked Exhibit O32.

Mr. Stewart: And a similar schedule pertaining to the buses on the Springfield Avenue Line?

List of buses, etc., on Springfield Avenue Line, marked Exhibit O33.

Mr. Stewart: A similar schedule on the Lyons Avenue Line.

List of buses, etc., on Lyons Avenue Line marked Exhibit O34.

Mr. Stewart: Then I should like to offer in evilence a schedule which was prepared by the Public Service at my request entitled, "Public Service Transportation Company, Details of Amounts Charged to Maintenance Department, Rents and Transportation Rents during the year 1926."

Schedule entitled, "Public Service Trans-

portation Co., Details of Amounts Charged to Maintenance Dept., Rents and Transportation Rents during the year 1926," marked Exhibit O35.

Mr. Stewart: I would also like to offer in evidence a plan of settlement of the transportation crisis offered by Public Service Railway Company, Newark, N. J., August 23, 1923.

Plan of settlement of Transportation crisis marked Exhibit O36.

Mr. Stewart: And a letter to the Public Service Railway Company, it is a copy of one; you have the original?

Mr. Blake: Yes.

Mr. Stewart (continuing): By the Board of Public Utility Commissioners, dated September 25th, 1923.

Letter of Public Service Railway Company to Board, September 25, 1923, marked Exhibit O37.

Mr. Stewart: And a letter to the Board of Public Utility Commissioners from the Public Service Railway Company, dated September 27th, 1923.

Letter to Board from Public Service Railway Company, September 27, 1923, marked Exhibit O38.

Mr. Stewart: And a letter dated September 27, 1923, to the Public Service Railway Company, signed by the Board of Public Utility Commissioners.

Letter September 27, 1923, to Public Service Railway Company from Board marked Exhibit O39.

Mr. Stewart: As I understand, we are not to come back this afternoon.

Mr. Blake: Yes.

Mr. Stewart: So at this time, on behalf of the municipalities, I should like to renew the motions which were made at the opening of this case, which are undecided.

Mr. Evans: This morning you wished me to supply those figures from my witnesses; how will I do that? Not by evidence, but simply forward them to the Commission and they can be marked in evidence?

Commissioner Gnichtel: You better send copies to the other side.

Mr. Evans: I will send a copy to the other side.

Commissioner Gnichtel: If they desire to cross-examine on them further we will have to come back.

What are you going to do; submit this on brief?

Mr. Stewart: As far as the Town of Irvington is concerned we are going to submit briefs.

Commissioner Gnichtel: Within what time do you want to submit briefs?

Mr. Stewart: I think we should have the Public Service's brief first; they are the moving parties; we should have theirs first.

Mr. Blake: I wasn't going to submit any brief. We have been five months on this now.

Commissioner Gnichtel: Suppose you submit a brief on your claims. They are just comprised in this petition (indicating)?

Mr. Blake: Yes.

Commissioner Gnichtel: And send it to them, and they may make a reply, if they desire.

Mr. Blake: We only have this month before the rate goes into effect.

Commissioner Gnichtel: It has been suspended.

Mr. Blake: Yes; suspended six months; two periods of three months each.

Commissioner Gnichtel: What is the date of the suspension?

Mr. Blake: The first of July.

Commissioner Gnichtel: Put in your briefs, and we may be able to decide it by that time.

Mr. Blake: I am willing to submit it without briefs. I don't see why we should be requested to submit a brief.

Commissioner Gnichtel: If you don't care to submit a brief, let the other side submit a brief, and if you desire you can answer.

Mr. Blake: Yes; that is our claim.

Mr. Stewart: That is just exactly the way the case was put in. They put in a case which don't make out a case at all, both on their petition and on their evidence, and then we have to shoot all over the lot to try to answer it. I don't know exactly what they were driving at, except in the most general way. I think we are entitled to a brief, so we know what their claim is.

Commissioner Gnichtel: Their brief, as they say is based on their claim that they have put in. If it is not you may base your brief on that presumption. If they haven't sustained their petition you can argue from that and then send them a copy of it. When will you put in a brief?

Mr. Blake: I said I didn't want to submit a brief. Counsel insists we should have a brief.

Commissioner Gnichel: I think you should have a brief.

Commissioner Autenrieth: It might be helpful to the Commission.

Mr. Blake: There has been about 1,500 pages of testimony and 220 are mine.

Commissioner Autenrieth: You might cut out the unnecessary pages of testimony, that you don't have to go over.

Mr. Blake: I realize I would have to write a reply brief, only the minute you did that, when I write a brief and they submit an answering brief and I submit a reply, I can see the four weeks occupied in brief writing and the Commission have no time to decide the case.

Commissioner Autenrieth: If the Board can't dispose of this by the first of July, is it your intention to make these rates effective?

Mr. Blake: Yes.

Commissioner Autenrieth: Suppose the Board needs until July 15th?

Mr. Blake: I wouldn't do anything to unnecessarily hamper the Board. I direct your attention to the fact this brief was filed the 14th of September.

Commissioner Autenrieth: I understand that. We have been going on continuously.

Commissioner Gnichtel: We have been going on as fast as the Board can go on.

Mr. Blake: As fast as the Board can go, but not as fast as the municipalities can go. It was three months before they started.

Commissioner Gnichtel: During that time we have heard about seventy-five other cases and have done a tremendous amount of work.

Mr. Stewart: It was not entirely our fault;

Mr. Blake was taken sick and he took a month out on account of sickness.

Mr. Blake: I was away three days.

Commissioner Autenrieth: Can all briefs be filed by June 15th and any reply briefs necessary put in before the first?

Mr. Stewart: My situation is this: As I said before, I think we are entitled to know from Mr. Blake's brief what he thinks he has proven, and how he thinks he has made his case before we are compelled to try to figure out what he does think he has done.

Commissioner Autenrieth: Can't you suspect what he thinks he has done, by this time?

Mr. Stewart: He hasn't proven anything. I think he has proven himself out of court. I think he suspects the same thing, but I want him to say so.

Commissioner Autenrieth: Suppose you start your brief on that. Maybe he will admit that.

Mr. Stewart: Maybe he will admit it.

Commissioner Autenrieth: We want to fix a time for putting in the briefs. I think if Mr. Blake doesn't want to serve his brief, I think that is his prerogative.

Mr. Stewart: I think it puts us in a very embarrassing position.

Commissioner Autenrieth: It may put him in a very embarrassing position.

Mr. Stewart: It may. You are asking the different municipalities to answer something which we don't want to answer.

Commissioner Autenrieth: I suggested before it might be advisable for all sides to file a

brief, in the interest of giving the Board some assistance.

Mr. Stewart: I think he ought to file a brief.

Mr. Blake: I expected to file a brief; I didn't expect to file an answering brief and a reply brief and take a month.

Commissioner Autenrieth: Suppose you file a reply brief first.

Mr. Blake: I might do that. If I had closed this case by a summation they certainly would have had to go ahead.

Mr. Stewart: We would have had an opening and know what we have to meet.

Mr. Blake: I can give an opening very briefly.

Commissioner Autenrieth: How much time do you think you would need to file a brief? Can you get it in by June 15th?

Mr. Stewart: I would say I would get my brief in ten days after Mr. Blake serves me with a copy of his.

Commissioner Autenrieth: Let us assume he is going to file it, when could you file yours or serve him?

Mr. Blake: As I say, we have taken about fifteen hundred pages of testimony, of which I am responsible for two hundred.

Commissioner Autenrieth: I think Mr. Young is responsible for two hundred.

Mr. Blake: I mean only two hundred on my witnesses on direct-examination and on my cross-examination. I think it would be a week before I could get anything finished; I could get it in in probably ten days.

Commissioner Autenrieth: I think all briefs should be filed, no matter what you want to call them, an answer, affirmative or rebuttal,

or whatever they are, should be filed not later than June 25th. And, of course, the Board meanwhile will be getting its case gradually unravelled as your briefs come in, reading them in the light of the discussion that is going on. That will give us a week beyond that, if it is possible, to endeavor to get the determination in such shape that it can be put out.

Mr. Evans: Possibly it will work out ten days for the Public Service, ten days for us and five days for reply.

Commissioner Autenrieth: That is what I have in mind, ten days either way and five days if necessary, if either side wants it.

Commissioner Gnichtel: You can start on yours at once.

Mr. Stewart: Yes.

Commissioner Autenrieth: I will say this: If the Board finds at that time it cannot determine, properly determine, make a conclusion and determination by the first of July, we will notify counsel on both sides that we think we ought to have a week or ten days, or whatever reasonable time is necessary, and request that whatever change be involved, if there is one, be deferred until the matter is finally disposed of. I imagine a week or ten days won't bother your plan; if you put it in and have to tear it out, that would not be satisfactory.

Mr. Blake: I think we ought to meet that when we come to it. I hate to do anything that will hold out the lamp to these gentlemen.

Commissioner Autenrieth: All right, let it stand that way.

(Matter taken into conference subject to the submission of briefs.)

Memorandum on Motion.

STATE OF NEW JERSEY,

BOARD OF PUBLIC UTILITY COMMISSIONERS.

IN THE MATTER

of

The Application of PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY for the Adjustment of Zones and other relief.

E. W. Wakelee and George H. Blake for Petitioners.

W. W. Evans for Borough of Hawthorne.

Raymond F. Davis for Town of Bloomfield.

Charles H. Stewart for Town of Irvington.

John J. Griffin for City of Elizabeth.

Martin P. O'Connor for Borough of Roselle Park.

Luther Shafer for Township of Lyndhurst.

J. S. Lindabury for Borough of Kenilworth.

Mr. Halverson, President, Watchung Civic Association, Bloomfield.

H. F. Nichols for Inhabitants of Watchung Heights, Bloomfield.

At the close of the testimony given by the petitioners in the above matter, counsel for the various municipalities addressed motions to the Board to dismiss the petition on the grounds of lack of jurisdiction on the part of the Board and also because of the insufficiency of the evidence to support the allegations and prayer of the petition. Without going into the detail of the reasons raised by the motions the Board

is of the opinion that the motions should be reserved to the end of the case and should not be considered until after all parties have had an opportunity to present their evidence.

Application was made for an adjournment of three months in order to obtain additional data from the transportation company so that counsel for the municipalities might be prepared to present their side of the case. The petition in this matter was filed December 14, 1926, and brought on for hearing on January 19, 1927. The petitioners produced evidence in support of their petition and at that time, at the request of the municipalities, in order to give them an opportunity to prepare their case, the Board adjourned the matter to February 16th. Under the circumstances, the Board feels that an adjournment to March 21st should allow ample time for the counsel for the municipalities to obtain the necessary data for the preparation of their case.

The Board will, therefore, set the matter down for hearing on March 21st and March 25th.

Dated, February 17th, 1927.

BOARD OF PUBLIC UTILITY COMMISSIONERS,
By (Signed) Jos. F. Autenrieth,
(Seal) President.
Attest:
(Signed) Alfred N. Barber,
Secretary.

I hereby certify the foregoing to be a true copy of a memorandum adopted by the Board of Public Utility Commissioners and ordered filed by said Board.

ALFRED N. BARBER,
Secretary.

(Seal)

Decision and Order.

STATE OF NEW JERSEY,

BOARD OF PUBLIC UTILITY COMMISSIONERS.

IN THE MATTER

of

The Application of PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY for the Adjustment of Zones and other relief.

E. W. Wakelee and G. H. Blake, for the Public Service Railway Company and Public Service Transportation Company.

Jerome T. Congleton, for City of Newark.

Frank J. Travis and John J. Griffin for City of Elizabeth.

Charles H. Stewart for Town of Irvington.

Raymond F. Davis for Town of Bloomfield.

H. F. Nichols for Inhabitants of Watchung Heights, Bloomfield.

Wm. Halverson for Watchung Civic Association.

W. W. Evans for Borough of Hawthorne.

Martin P. O'Connor for Borough of Roselle Park.

Luther Shafer for Lyndhurst.

J. S. Lindabury for Kenilworth.

William B. Gourley for City of Clifton.

W. W. Crane for Verona.

C. J. Fagg for Newark Chamber of Commerce.

This matter comes on to be heard on the petition of the Public Service Railway Company and Public Service Transportation Company for modification and readjustment of certain fare zones on bus routes of the transportation company hereinafter mentioned in detail, the general purpose of which is to make the bus routes, as to fare zones, commensurate with the present existing railway fare zones.

The petition asks for this modification at several points in the applicants' system, it being represented that these are the only points where the bus routes and trolley routes are not co-extensive. The points at which it is proposed to shorten the present bus routes to make them equal in length to the present trolley routes are as follows:

1. Clinton Avenue, Clinton Place, Springfield Avenue and Lyons Avenue bus lines operating from Newark into Irvington. It is proposed to make a five cent zone to the Newark City line and an additional five cent zone beyond the Newark City Line, creating a five cent zone in Irvington and in Newark.

2. Newark to Bloomfield. It is proposed to make a five cent zone in the City of Newark, ending at the Newark City line, and a separate five cent zone in Bloomfield.

3. Roselle Park Route from Elizabeth to Roselle Park. It is proposed to make a five cent zone in the City of Elizabeth to the city line and a separate five cent zone in Roselle Park.

4. Kenilworth Route running from Elizabeth through Roselle Park to Kenilworth. It is proposed to zone this route in three five cent zones, in the City of Elizabeth to the city line, in the Borough of Roselle Park to the borough line, and the last or third five cent zone in the Borough of Kenilworth.

5. Paterson to Hawthorne. It is proposed to divide this route into two zones of five cents each, one zone in Paterson to the city line and the other in the municipal limits of Hawthorne.

6. Rutherford-Newark Route. It is proposed to eliminate overlaps so that the bus routes will be co-extensive with the railway.

7. Passaic-North Newark Route. It is proposed to make the bus zones co-extensive with the present trolley zones as to fares.

It is also proposed on the Newark-Montclair trolley route to zone the bus line with a five cent zone to the city line of Newark, a five cent zone in Bloomfield to the Verona-Montclair line, and five cents beyond.

The representatives of nearly all the municipalities in which the proposed changes in bus routes were to be effective appeared and objected to any change being made in the present bus routes and fares.

On the part of the petitioners evidence was introduced in support of their joint petition to establish the fact that the railway company under present operating conditions was operating at least without a proper return on the

value of its property and that the transportation company had been operating since its inception in 1923, at a deficit up to December 31, 1926, the petitioners contending that to make the present bus lines co-extensive with the railway would produce increased revenue to the transportation company and would likewise afford to the passengers a service on either trolley or bus along the same route at the same rate of fare, giving greater flexibility to the service offered and a choice of vehicles to the passengers without having any length of ride or fare differential involved in the choice of method of travel.

The petition, which is supported by testimony, recites facts, largely historical, of the difficulties of the railway company at the time of the railway strike in the summer of 1923. It appears that the company upon resuming railway service pursuant to the order of the Chancellor of this state embarked on a program to acquire the then existing bus transportation facilities being operated by so-called independent operators; that the resumption of service on the part of the railway at that time was on a new basis of fares than had existed theretofore in the hope of increasing the patronage on the railway, and the acquisition of the bus transportation systems was made so that the costly competition might be eliminated and the two services so co-ordinated that the public would be afforded a more comprehensive transportation system and the railway company's financial operating condition might thus be improved. There was then established some-

what arbitrary fare zones as to the railway as a means of adopting a five cent fare as the unit of fare. The then established railway fares were in the main two zones, a five cent zone within the limits of the larger cities and an additional zone of five cents beyond the city limits, thereby giving the short riders in the congested areas a lower fare, the riders in the outlying sections being obliged to pay a larger fare for a longer ride. It was not intended by this method of zoning to establish a measured service nor was it assumed that the five cent fare routes within all municipal limits would be equal in length, but as above indicated, it was an effort on the part of the company and of the Board as well to bring about some practical solution of the financial requirements of the company in railway operation and at the same time offer to the traveling public a more satisfactory basis of fare rates. It might be well to point out that several years before 1923 the Board approved a fare schedule on a measured service basis throughout the state but the result produced so much confusion in the practical handling of fare collections and delays in traffic that it was soon abandoned by the company with the consent of the Board.

It appears that during the years of 1924, 1925 and 1926, the Public Service Transportation Company (an allied company formed to acquire the bus transportation systems), finally acquired in a large measure all the independent bus transportation systems in the northern and southern part of the state, with the exception

of some long interurban lines running largely through territory not served by the railway, and that they are now operating approximately 1,100 buses throughout the state. The company contends that it has invested in bus transportation the sum of approximately Eighteen and One-Half Million Dollars as of January 1, 1927.

From the standpoint of operation it appears that both the bus and trolley companies use jointly the facilities that are available in common to both companies, such as supervision, management, shops and barns, repair and maintenance, and that there is now allocated to each company the proper costs and charges involved in these joint services. This arrangement is decidedly advantageous to both companies as it eliminates wasteful and unnecessary duplication of service and facilities that would be involved in operating both companies separately.

Testimony was offered on the part of the petitioners which indicates that the railway company for some years prior to 1923 operated at a deficit and since that time has been receiving by way of operating income an amount quite insufficient for a fair return to the company on the value of its property. During the early years of the bus transportation there also accrued a large deficit due to the acquisition and development of the bus transportation systems. Testimony indicates that the improvement in the railway company's financial conditions is due to extensive economies in operation

put into effect during the past few years and the elimination and discontinuance of some unprofitable lines. The companies contend that the present application is not designed to make up the large deficits which have accrued in the past but rather to improve the revenues of both companies so that the present scheme of the five cent fare may be maintained and continued in operation, it being the contention of the companies that the increased revenue that will accrue in the proposed change in the bus routes will not bring an adequate return on the value of the property to either the railway or bus company but will tend to improve the financial condition of both companies. From the standpoint of service it is contended that the equalization of the bus routes and trolley routes will tend to equalize the service to make more uniform the use of both methods of street transportation and more equally distribute the riders among both facilities and to eliminate what is now a competitive feature due to the inequality in the length of ride now offered by the buses as compared to the railway routes.

The objectors contend that the present bus routes, which were developed by the independents, were profitably operated then and are now operated with a proper return to the company by the transportation company and from this standpoint alone there is no justification in changing the bus zones, the effect of which would be to increase the fare on these routes. The objectors further contend that the

petitioners' application is solely an application for increased fares on the transportation lines and that the railway's financial or operating conditions are not material or relevant to be considered in determining a proper rate of fare on the bus routes.

It is apparent that the consequent increase in fares is an element that must be considered. If the transportation company is earning sufficient revenue to provide an adequate rate of return, the revenue beyond a fair rate of return will not be lawful, even though its object would be to equalize the railway and bus operation. The Legislature, by statute P. L., 1925, Chap. 244, in authorizing railway companies to operate bus transportation lines, provided that the accounts of the business and operations of the two forms of transportation should be kept separate and the profits of one should not be used to make up the deficits of the other, and while this is not the situation before us, the Board nevertheless interprets this statute to indicate the policy of the State to the extent that the operations and earnings of the two forms of transportation should stand on their own basis and not be affected by the conditions of the other. The Board can therefore only determine the matter of the equalization of the operations of the Public Service Railway Company and Public Service Transportation Company if it appears that neither company is at the present time earning a return that is adequate or a rate of return that would be excessive, with such increased

revenue as may accrue from the modification or adjustment of the zones.

With respect to Public Service Railway Company, the Board concluded a rate case in 1921, in which there was determined a value of the property used and useful in the operation of the railway company of $82,000,000. The Master appointed by the Federal Court upon review of the Board's determination found a value for the railway property of upwards of $100,000,000. The proofs in this case on either valuation above referred to, indicate that the railway company is not earning an adequate return on the value of its property.

The transportation company, however, began operations in 1923 and, as heretofore indicated, acquired many existing bus lines, together with their equipment, from independent operators. No valuation has ever been made of the transportation company's property and in order to determine whether or not this company is at the present time, under present conditions, earning an adequate return, it will be necessary to analyze the proofs before us, offered on behalf of the company and the municipalities. The company offered testimony to show the amount of investment in its property, to wit, the sum of $18,229,197 as of December 31, 1926, exclusive of working capital. The testimony also indicated that the average capital net additions for the half year 1927 would approximate $2,000,000. The sum of $18,229,197 represents the cost to the company as of December 31, 1926, to acquire the transportation business together with its equipment, but does not in-

clude any item of depreciation or working capital. No effort was made on the part of the company to establish the value of its property by means of testimony of experts as to reproduction cost or any other recognized basis, but the proofs on the part of the company as to value related entirely to cost to the company. The testimony as to value offered by the municipalities was given by Professor John A. Bauer.

Mr. Bauer assumes only the physical cost of the buses as acquired by the company, less depreciation. He then adds thereto the annual deficit below a 7 per cent return and brings his totals to December 31, 1926, and thereby calculates the going concern cost on the basis of deficits below a fair return. By adding to this total items of working capital, cash, materials and supplies, he ascertains a value of the property as of December 31, 1926 of approximately $11,600,000. By assuming only the cost of the physical property to the company, Mr. Bauer ignores the fact that nearly all of the buses purchased by the company were in operation with business attached at the time of the purchase. He does not give any weight in his estimates to the fact that when the company purchased bus lines it acquired not only the physical buses but also the permits under which they were operated and the business that had attached thereto during the several years prior to their purchase. If Mr. Bauer had assumed the value of the buses with the business attached at the time of acquisition by the company in developing his going concern cost, his result

would more nearly reflect the present value of the property of the company used and useful in its business. The result would have produced a value substantially in excess of that shown in Exhibit O13 of $11,600,000. Moreover, Prof. Bauer does not continue this value to July 1, 1927, by the addition of property acquired during the first six months of 1927. He takes the estimated operating experience for the year 1927 in order to determine the operating income of the company and his value, therefore, should be taken as of the mid-point of such operating period nor does he allow for overhead expense borne by the railway prior to 1927 and not charged to the transportation company, the beneficiary of such expenditures.

The testimony indicates that the transportation company will bear these additional operating expenses beginning January 1, 1927, of $435,000 annually. These charges are expenses representing services rendered the transportation company by directing officials, together with their pertinent expenses, which heretofore had been borne entirely by the railway company, although the transportation company received the benefit of them and these expenses should be properly chargeable to the transportation company. These additions considerably alter the rate of return found by Mr. Bauer as to the transportation company's operations. The company, on the other hand, by introducing evidence only of cost of property to the company, leaves the Board without any evidence to determine whether this cost was prudently expended or not, so that the Board is confronted with two ex-

tremes in the matter of proof as to value of the property between the result ascertained by Mr. Bauer on the one hand and the company's investment on the other, neither of which, in the Board's judgment, reasonably represent the true value of the property used and useful for rate making purposes.

In the proposed plan of adjusting the fare zones, the testimony indicates that there is anticipated approximately $650,000 additional revenue which will be shared in part by both companies. The proofs do not indicate how much of this increased revenue will go to either company. If it is assumed that the entire $650,000 of additional revenue enures only to the benefit of the railway company, then it is obvious that this company will not thereby receive an excessive rate of return on the values heretofore indicated. In any event, the $650,000 item is subject to state franchise tax of 5 per cent in the sum of approximately $32,500 and an income tax in the sum of approximately $83,350, which would make net income to the railway company of only $534,150 nor would it receive a 7% return with the further addition of the $435,000 to its operating income. If, on the other hand, it is assumed that the entire $650,000 increased revenue goes to the transportation company, there must be deducted increased operating costs of $435,000 hereinabove referred to, leaving a difference of $215,000. If we make a further deduction of franchise tax in the sum of $10,750 and Federal income tax in the sum of $27,575, we find a net increase of $176,675 to the transportation company. This

net increase is upon the assumption that the adjustments in fare zones are to be carried out as proposed by the applicants. The Board, however, as hereinafter indicated, has made substantial changes for the purpose of equalizing the service from the plan proposed by the companies, the effect of which will further reduce in a substantial manner the anticipated net income of the transportation company, even assuming that all of the anticipated revenue will enure to its benefit alone.

A study of the record as revealed in this case and of the operating records of the respective companies indicates that the moving of the zone points of the Springfield Avenue line and the Clinton Avenue line of the Public Service Railway Company and of the Springfield Avenue and the Clinton Avenue bus lines of Public Service Transportation Company to Irvington Center would effect a reduction in gross revenue approximating the anticipated net revenue, even though taxes based on revenue and income be excluded from the calculation.

The Board is not required, in passing upon increased rates, to determine the value of the property of a company and its consequent rate of return. It was decided in the case of O'Brien v. Board, 92 N. J. L. 587, where application was made for increased rates to make up deficits in operating costs due to extraordinary conditions, that the Board was under no obligation by statute to make an appraisement of the value of the property. The reason for the foregoing rule becomes apparent not only from an analysis of the effect of the changes on revenue and cost

of operation but also from the readjustment of the proposed fare zones determined herein by the Board at points other than those proposed by the company which will produce substantially less revenue than anticipated by the companies, in fact a negligible net income.

It appearing that the anticipated increased revenue to the companies will not produce a rate of return that will be excessive, it becomes necessary, therefore, to determine from the standpoint of public convenience and necessity whether the adjustment of zones as proposed by the company is suitable and proper or whether some other modification thereof would be more in the public interest.

Edward A. Roberts, traffic expert, appearing for the municipalities in his testimony stated:

"A common zone point can be established at any place along these routes (through Irvington), that have unequal fares, and get the same results, the same operating results as will follow the proposed zoning. For instance, this common zone could be established at the westerly boundary of Irvington instead of at the easterly boundary of Irvington."

With respect to the Newark-Irvington routes, it appears that the Springfield Avenue route and the Clinton Avenue route leave the center of Newark and meet at Irvington Center, the Springfield route continuing on to 43rd Street and Springfield Avenue, and the Clinton Avenue route diverging at Ball Street, Irvington, and arriving at the junction of 40th Street and Stuyvesant Avenue, returning by way of Clin-

ton Avenue to Irvington Center. At present the railway lines have their fare zone at the Newark city line, a distance of approximately one-third of a mile east of Irvington Center. The evidence does not demonstrate that either of the foregoing routes serve any common point of distribution at the Newark city line. This point was originally adopted for the trolley fare zone somewhat as an arbitrary point in the plan of installing a uniform five cent fare as heretofore indicated. There is no question but that Irvington Center is a common loading and distribution point for both buses and trolleys that operate over both of these routes. It will be in the public interest to the citizens of Irvington to have both buses and trolleys establish the fare zone at Irvington Center. At the present time the trolley does little business between Irvington Center and Newark city line due to the very short distance that would require an extra fare for those desiring to use the trolley to the center of Newark. To establish the fare zone at Irvington Center for both buses and trolleys will equalize the service and fares and will offer a better service to the public.

With respect to the Clinton Place bus route and the Lyons Avenue bus route, it appears that neither line parallels the route of the trolley in the Town of Irvington; that they reach the Town of Irvington at points distantly removed from the center and serve a community which could not otherwise be served with facilities having Irvington Center as a distribution point. To establish the fare zone as to these lines at the Newark city line would make these two routes

about equal in length with the Springfield Avenue line and the Clinton Avenue line. It appears, however, that the Clinton Place line ends at Kuna Terrace and Chancellor Avenue, one block away from the line of the Clinton Avenue route which runs along Chancellor Avenue. To establish a zone point at the city line as to this route would make an unusually short second zone. We are of the opinion that the Clinton Place route should be continued along Chancellor Avenue to 40th Street, following the route of the Clinton Avenue line, and along 40th Street to the end of the Clinton Avenue line, thereby substantially lengthening this line and affording a better service for patrons of this route. It will be necessary for the Town of Irvington to grant to the Public Service Transportation Company upon its application, in order to extend this line, the necessary municipal permit so that the Clinton Place line may be extended as heretofore indicated from Kuna Terrace and Chancellor Avenue to 40th Street and Stuyvesant Avenue. The Lyons Avenue route has a relatively short zone by establishing a zone point at the city line. The Board deems it in the public interest that this line be extended from its present connecting point at Springfield Avenue, along Springfield Avenue to 43rd Street. This likewise will require municipal consent for this extension.

The foregoing adjustments of the trolley and bus zones will offer a more extensive service to the residents of Irvington and eliminate the differences in fares and zones now existing between trolley and bus. This the Board finds to

be in the public interest and will direct the companies to bring about the adjustments indicated.

With respect to the Bloomfield route, it appears that the Bloomfield trolley line and the Bloomfield bus line parallel each other on the same streets from the center of Newark to Bloomfield Center, at which point the bus route diverges, passing to and through the eastern section of Bloomfield. The first zone point out of Newark on the trolley route is at Watsessing Avenue, about 0.6 mile north of the Bloomfield-Newark city line. The first zone point on the bus route is at Bloomfield Center, about one mile north of the trolley zone point, with an overlap between this point and the Newark city line. This permits a passenger to ride from the city line to Bay Avenue for one 5¢ fare. The trolley zone point was originally located at the Bloomfield-Newark city line, in accordance with the general plan. This, however, was later moved to Watsessing Avenue, at the suggestion of the Board, because of traffic conditions which made it more desirable and logical to have the zone limit located at this point. To establish the zone point for both bus and trolley routes at the city line, as requested by the petitioners, would restore the trolley zone point to its original location, which experience has indicated to be incorrect. On the other hand, the first zone on the bus route, extending from the Newark terminal at Lincoln Park to Bloomfield Center, a distance of 5.21 miles, is abnormally long under the existing conditions. It would appear logical and proper, therefore, to continue the trolley

zone point as at present, that is, at Watsessing Avenue, and move the bus zone point from Bloomfield Center to Watsessing Avenue, making the zones on both routes coincident and establishing the zone point at the logical location.

This adjustment of zones on the Bloomfield line, the Board finds to be in the best public interest and will direct the companies to establish the same.

With respect to the Roselle Park route, from Elizabeth to Roselle Park, it appears that at the present time this route extends from what is known as the Bayway section in the eastern end of Elizabeth, through the City of Elizabeth to and into Roselle Park, a total distance of 5.79 miles, all for one 5¢ fare, the entire route comprising one zone. It is proposed to divide this line into two zones at the Elizabeth-Roselle city line. This route is paralleled on the same street over a considerable portion of its route by a trolley line. The trolley line comprises two zones, divided at the Elizabeth-Roselle city line. If the zone point of the bus route was established at the city line, as prayed for by the petitioner, not only would the fare be equalized on both methods of transportation over this route but a 5¢ fare would also be maintained within the City of Elizabeth, to the benefit of the greatest number of the patrons of the line.

It appears to the Board that it is in the public interest through the preservation of the 5¢ fare within the city limits of Elizabeth, that the zone point be established on the Roselle Park bus line at the Elizabeth-Roselle city line co-

incident with the trolley line zone point and it will approve this proposed change.

With respect to the Kenilworth route through Roselle Park to Kenilworth, this route extends from the City of Elizabeth, serving the general territory served by the Roselle Park line, and also the Elmora section. From this section the route continues along the Roselle Park route to Chestnut Street in Roselle Park, thence on to Kenilworth. This route is at present divided into two zones, one including Elizabeth and Roselle Park, and the other extending from Roselle Park to the terminal in Kenilworth. It is proposed to divide this route into three zones, one from the Elizabeth terminal to the Elizabeth-Roselle City line, another from this point to the northerly boundary line of Roselle Park at Summer Avenue, and a third from this point to the terminal in Kenilworth. Co-ordination with the trolley route is not directly involved in this case, no trolley route extending into Kenilworth, which is that portion of the route where the change in zoning is proposed.

From the testimony it appears that the traffic on this line is very light and that more revenue must be obtained in order to maintain the service. The Board is of the opinion, however, that in place of establishing the zone point at the Kenilworth-Roselle Park line, this point should be moved slightly further northward to the intersection of Galloping Hill Road and Chestnut Street. At this point the route also intersects that of an independent operating bus company and it appears in general to be a more logical location for the zone limit.

The Board finds that the proposed change in the zone on the Kenilworth route, with the modification indicated, is necessary to maintain proper service, which is in the public interest, and will direct the company to bring about the adjustment indicated.

With respect to the Paterson-Hawthorne route, it appears that there are two routes extending from the center of the City of Paterson to the Borough of Hawthorne. These routes serve distinct territories within the City of Paterson but within the Borough of Hawthorne they pass through the same general locality, although on different throughfares. As the Public Service Railway Company is not furnishing service between Paterson and Hawthorne at the present time this facility cannot be considered.

At the present time each route comprises one complete zone, there being therefore a 5¢ fare over the entire length of each. One route, known as the Madison Avenue-Hawthorne route, passes through business and residential sections of Paterson, a distance of 2.8 miles, to the city line. The other route, known as the Paterson-Hawthorne route by way of Lafayette Avenue, extends through a business and industrial section of Paterson to the city line, a distance of about 1 mile, thence through an industrial section to a point in the Borough of Hawthorne at Wagaraw Road and Lafayette Avenue, where it enters the same general territory as that served by the Paterson-Madison Avenue route. It is proposed to establish a zone point at the city line on these routes creating in one case a short zone, owing to the geographical conditions.

The Board, however, is of the opinion that is not at this time in the public interest to divide this line into two 5¢ zones but believes that the 5¢ zone fare can be preserved for the present by a more economical operation of the two lines. There appears to be an unnecessary duplication of service in the Borough of Hawthorne with the present routing of these lines, which is contrary to economical operation. This could be eliminated through the merging of the two routes within the borough.

The Paterson-Hawthorne route by way of Lafayette Avenue, furnishes the most direct and convenient service from the center of Hawthorne to the center of Paterson, while the Madison Avenue route, beyond the Paterson city line, reasonably serves the same general territory. It appears, therefore, that these two routes may be properly merged by terminating the Madison Avenue-Hawthorne route at the Paterson-Hawthorne city line and rerouting the Paterson-Hawthorne route through a loop from the intersection of Van Winkle and Lafayette Avenues, via Van Winkle Avenue, Lincoln Avenue, Diamond Bridge Avenue to Lafayette Avenue, alternate buses to be operated around this loop in opposite directions. This should furnish ample service to the territory which is now served, in large part at least, by both routes and should result in economy of operation. The Board will therefore recommend this change. It will be necessary for the Borough of Hawthorne to grant the Public Service Transportation Company, upon its application in order to provide for the rerouting, the necessary per-

mits. The Board will direct the company to terminate the Madison Avenue-Hawthorne route at the Paterson-Hawthorne city line.

With respect to the Rutherford-Newark route, it is proposed to eliminate overlaps in order that the bus zones may be co-extensive with the trolley zones. At the present time, while the actual zone points are at the same location, yet on the bus route there are extensive overlaps whereas on the trolley route there are dead line zones. The overlaps on the bus route are as follows: One extending from the Belleville Pike to Midland Avenue, a distance of nearly one mile; another extending from Jauncy Avenue to Rutherford Avenue, a distance of approximately 1.5 miles. It appears that under the general plan of co-ordination the equalization of these zones with those on the trolley line through the elimination of overlaps will be in the public interest and the Board will approve the proposed changes.

With respect to the Passaic-North Newark route it is proposed to make the bus zones co-extensive with the present trolley zones as to fares. At the present time the through street railway fare on the Paterson line between Passaic and North Newark is 15¢ as follows: 5¢ from Paterson-Clifton boundary through Clifton and Passaic to the south boundary of Passaic, 5¢ from this point to the Clifton-Nutley boundary, and 5¢ from this latter point to the North Newark station. The through bus fare is 10¢ being 5¢ from Burgess Place, Passaic, to King Street, Nutley-Belleville boundary, and 5¢ from a lapover limit extending back to Kingsland

Road and Franklin Avenue to the North Newark station of the Greenwood Lake Branch of the Erie Railroad. The proposed zones are as follows: Newark city line to Passaic and Kingsland Avenue, 5¢; Passaic and Kingsland Avenues to Romaine Avenue, 5¢; Romaine Avenue to Burgess Place, 5¢. By way of Delawanna: Newark city line to Oak and Kingsland Avenues, 5¢; Oak and Kingsland Avenues to Romaine Avenue, 5¢; Romaine Avenue and Burgess Place, 5¢.

This change divides the route into three 5¢ instead of two 5¢ zones and eliminates all overlaps and makes positive zone points. This will bring about a 5¢ fare for a single ride within the City of Passaic on the Passaic-North Newark line, within the City of Clifton 5¢, and through Nutley and Belleville to the North Newark station, 5¢.

The local riding within the comparatively short zone created in the City of Clifton is very limited. The equalization of the bus and trolley zones will eliminate the discrimination which is now made against the through trolley riders in favor of the bus riders.

The Board is of the opinion that the equalization of the fare zones for the through riders appears to be reasonable and will approve of the proposed changes. However, it appears after an inspection of the territory which is covered by the buses on the Passaic-North Newark route both by way of Passaic Avenue, Delawanna Avenue, Oak Street and Kingsland Road, that the establishment of positive zone points in this section would necessitate the payment of an ad-

ditional fare for a very short ride. As there are several large industrial plants located along the route by way of Delawanna Avenue, which it is understood are served by tripper bus service between Passaic and Clifton, it would be to the best interests of the public, in this particular case, to establish an overlap zone by way of Delawanna Avenue, between Romaine Avenue and the intersection of Oak Street and Kingsland Road.

The Board finds that the foregoing adjustments in the bus zones will be in the public interest and will direct the company to bring about the same.

Dated, August 4th, 1927.

BOARD OF PUBLIC UTILITY COMMISSIONERS,
By (Signed) Jos. F. Autenreith,
President.

(Seal)

Attest.

(Signed) Emmet T. Drew,
Acting Secretary.

I Hereby Certify the foregoing to be a true copy of a decision rendered by the Board of Public Utility Commissioners and ordered filed by said Board.

ALFRED N. BARBER,
Secretary.

(Seal.)

Order.

STATE OF NEW JERSEY,

BOARD OF PUBLIC UTILITY COMMISSIONERS.

IN THE MATTER of The Application of PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY for the Adjustment of Zones and other relief.

This matter having been duly heard by the Board of Public Utility Commissioners, and the Board having filed on the date hereof its decision, which decision by reference thereto herein is made part hereof, the Board

Hereby Orders and Directs:

1. Clinton Avenue Bus Route. That the Public Service Transportation Company shall establish the first fare zone limit on its Clinton Avenue bus route at the intersection of Clinton Avenue and Springfield Avenue, in the Town of Irvington, commonly known as Irvington Center, on east bound trips and at Clinton Avenue and Ball Street on west bound trips, thus dividing this line into two five cent fare zones.

2. Clinton Place Bus Route. That the Public Service Transportation Company shall establish the first fare zone limit on its Clinton Place

bus route at the Newark-Irvington city line, on Chancellor Avenue; also that the Public Service Transportation Company shall apply to the Town of Irvington for municipal consents to extend its Clinton Place bus route from its present terminus at Chancellor and Union Avenues, in the Town of Irvington, westerly on Chancellor Avenue to 40th Street, thence southerly on 40th Street to the intersection of 40th Street and Stuyvesant Avenue, and on receipt of such consent shall make application to this Board for approval of same.

3. Lyons Avenue Bus Route. That the Public Service Transportation Company shall establish the first fare zone limit on its Lyons Avenue bus route at the Newark-Irvington city line on Lyons Avenue between Cordier Street and Fabyan Place, thus dividing this line into two five cent fare zones; also that the Public Service Transportation Company shall make application to the Town of Irvington for municipal consents to extend the Lyons Avenue bus route from the present terminus at Springfield Avenue and Lyons Avenue, on Springfield Avenue to 43rd Street, and on receipt of such consent shall make application to this Board for approval of same.

4. Springfield Avenue Bus Route. That the Public Service Transportation Company shall establish the first fare zone limit on its Springfield Avenue bus route at the intersection of Springfield Avenue and Clinton Avenue in the Town of Irvington, commonly known as Irving-

ton Center, thus dividing this line into two five cent fare zones.

5. Springfield and Broad Trolley Lines. That the Public Service Railway Company shall establish a zone point on what is known as the Broad line, operating in part on Clinton Avenue in the City of Newark and the Town of Irvington, and on the Springfield line, at the intersection of Clinton and Springfield Avenues in the Town of Irvington. This shall be in lieu of the zone point on each of the aforementioned lines now located at the Newark-Irvington city line on Clinton Avenue near 20th Street on the Broad line, and on Springfield Avenue between 20th and 21st Streets on the Springfield line.

6. Bloomfield Bus Route. That the Public Service Transportation Company shall establish on the Bloomfield bus route a zone point at Watsessing and Bloomfield Avenues in the Town of Bloomfield in lieu of the existing zone point at what is known as Bloomfield Center; also that the overlaps now existing on the Bloomfield bus route between Bloomfield Center and the Newark-Bloomfield city line on Bloomfield Avenue shall be discontinued.

7. Bloomfield Trolley Line. That the Public Service Railway Company shall continue in effect the existing zone point on its Bloomfield trolley line at Watsessing Avenue and Bloomfield Avenue in the Town of Bloomfield.

8. Roselle Park Bus Route. That the Public Service Transportation Company shall establish the first fare zone limit on its Roselle Park

bus route on Westfield Avenue at the Roselle Park-Elizabeth city line, thus dividing this line into two five cent fare zones.

9. Kenilworth Bus Route. That the Public Service Transportation Company shall establish on the Kenilworth bus route the following zone points at the intersection of Chestnut Street and Galloping Hill Road and at the Roselle Park-Elizabeth city line, thus dividing this route into three five cent fare zones.

10. Paterson-Hawthorne Bus Routes. That the Public Service Transportation Company shall discontinue the operation of the Paterson-Madison Avenue route within the Borough of Hawthorne, and apply to the Borough of Hawthorne for municipal consent to re-route the Hawthorne-Paterson bus route from Lafayette Avenue on Van Winkle Avenue, to Lincoln Avenue, to Diamond Bridge Road, to Lafayette Avenue, alternate buses to be operated in opposite directions, and on receipt of such permits the Public Service Transportation Company shall apply to this Board for approval of same. Also that the Paterson-Hawthorne bus route shall be continued in operation as a one five cent fare zone route.

11. Newark-Rutherford Bus Route. That the Public Service Transportation Company shall establish on the Newark-Rutherford bus route fixed fare zones, without overlaps, at the intersection of Belleville Pike and Kearney Avenue and at the intersection of Valley Brook Avenue and Ridge Road.

12. Passaic-North Newark Bus Route. That the Public Service Transportation Company shall establish on the Passaic-North Newark bus route an additional fare zone on Passaic Avenue at Passaic Avenue and Kingsland Road, and shall discontinue the existing overlap between Passaic Avenue and Kingsland Road and Union Avenue and King Street, which is the Nutley-Belleville line; also that the Public Service Transportation Company shall establish an overlap on this route from the intersection of Romaine Avenue and Main Avenue, which is the Passaic-Clifton line, along Main Avenue, Delawanna Avenue and Oak Street to the intersection of Oak Street and Kingsland Avenue.

This order shall become effective as to zones and fares, August 14, 1927.

Dated, August 4, 1927.

BOARD OF PUBLIC UTILITY COMMISSIONERS,
By (Signed) Jos. F. Autenreith,
President.

(Seal)

Attest.

(Signed) Emmet T. Drew,
Acting Secretary.

I Hereby Certify the foregoing to be a true copy of an order adopted by the Board of Public Utility Commissioners at its meeting held Thursday, August 4th, 1927, and recorded in the minutes of said meeting.

ALFRED N. BARBER,
Secretary.

Reasons.

(Filed Dec. 3, 1927.)

NEW JERSEY SUPREME COURT.

STATE OF NEW JERSEY, *ex rel.*, THE BOROUGH OF ROSELLE PARK and JACOB HERGERT, Prosecutors, vs. BOARD OF PUBLIC UTILITY COMMISSIONERS, PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY, Defendants.	On Certiorari.

The Borough of Roselle Park and Jacob Hergert, Prosecutors of the above Writ of Certiorari, by Martin P. O'Connor, their attorney, comes and prays that the order and determination made by the said Board of Public Utility Commissioners on August 4, 1927, in the matter of the application of the Public Service Railway Company and the Public Service Transportation Company for the adjustment of zones and other relief may be reversed, set aside and for nothing holden for the following reasons, namely:

1. Because the said Board of Public Utility Commissioners by its said order and decision determined that a valuation of the property of the Public Service Transportation Company used and useful in the conduct and operation of its

business was not necessary for the purpose of determining whether or not said Company was receiving a fair return at the time of the making of said decision and order increasing the fare and establishing an additional fare zone on the Roselle Park-Elizabeth bus route.

2. Because the said Board of Public Utility Commissioners by its said order increased the rate of fare on said bus route from five to ten cents on the application of the Public Service Railway Company and the Public Service Transportation Company without ascertaining and determining any valuation of the Public Service Transportation Company's property used and useful in the operation of its business.

3. Because said Board of Public Utility Commissioners by said order increased the rate of fare from five to ten cents on said bus route and in disregard of the value of the property used and useful of the Public Service Transportation Company and disregard of the rate of return of said Company which said Company was earning on the fair value of its property at the time of making said order and decision.

4. Because there was no evidence before the said Board of Public Utility Commissioners reasonably establishing the fact that the Public Service Transportation Company was not earning a fair return on the fair and reasonable value of its property at the time of making said order and decision.

5. Because the evidence does not establish the fact without a valuation of the property of the

Public Service Transportation Company that a five-cent rate of fare was producing an inadequate return or that the increased rate of fare under the said order would not produce excessive earnings.

6. Because the Board of Public Utility Commissioners assumed without proof or evidence the fact that the value of the property used and useful of the Public Service Transportation Company amounted to a sum between $11,600,000 and $18,500,000 and on such assumption held that the said Company was not earning an adequate return.

7. Because the proof before the Board of Public Utility Commissioners showed that the Public Service Transportation Company was earning an adequate return on the fair value of its property used and useful and that the increased fare allowed to said Company by said order will produce an excessive return.

8. Because the said Board of Public Utility Commissioners disregarded the proof submitted by the Borough of Roselle Park, the Borough of Kenilworth and the Town of Irvington and other municipalities that the value of the property of the Public Service Transportation Company used and useful in its business amounted to the sum of $11,600,000 upon which sum the Public Service Transportation Company would earn an estimated return for the year 1927 of 10 3/10%.

9. Because the said Board of Public Utility Commissioners disregarded the fact that though

the sum of $435,000 for additional operating expenses be included, the estimated return for the year 1927 would be 7 7/10% which constitutes a reasonable return upon the fair value of the property used and useful in the business of the Public Service Transportation Company.

10. Because the said Board of Public Utility Commissioners disregarded the fact that the earnings for the year 1927 as proved by the Borough of Roselle Park, Borough of Kenilworth and the Town of Irvington and other municipalities were based wholly upon the property owned by the Public Service Transportation Company as of January 1, 1927, and that if additional buses and routes were thereafter acquired and operated by the said Company during the said year, the revenues and return received from the addition of said buses and routes would be correspondingly greater than the revenues and return proved by the said municipalities for the year 1927.

11. Because the evidence shows that the Public Service Transportation Company would earn a net return of $890,000 constituting 7 7/10% on the rate base established by the proofs of $11,600,000 sufficiently high to require an exact valuation of said Company's properties before legally authorizing the said Company to increase the fare on said bus route.

12. Because the said Board of Public Utility Commissioners held that the fair value of the property of the Public Service Transportation Company should be based not only on the physi-

cal value of the buses as purchased, but should include the permits under which they were operated thereby giving weight and value to franchises to use the streets contrary to and in violation of the statute.

13. Because the Board of Public Utility Commissioners held that the business which was attached to the buses at the time of purchase by the Public Service Transportation Company from independent operators was of a value to be considered in making up the rate base which value was assumed, there being no proof thereof.

14. Because the Board of Public Utility Commissioners held that an element of value attached to the business of the buses at the time of purchase thus recognizing a special value attached to the franchises or permits to use the streets which was contrary to law.

15. Because the Board of Public Utility Commissioners disregarded the fact that in the valuation offered by the said municipalities there was included $2,643,000 for going concern value which constitutes 23% of the total value and was more than sufficient to cover the value of the buses in addition to the physical value of the property.

16. Because the said Board of Public Utility Commissioners disregarded the fact that in the physical or tangible value of the property set up by the municipalities there was included about $900,000 in excess of the actual value of the tangible property included in the valuation.

Reasons

17. Because said Board of Public Utility Commissioners disregarded the fact that from the gross physical value of the property there was deducted for depreciation only the amount of the depreciation reserve when there was reason to believe that the actual depreciation of the property was considerably greater.

18. Because the said Board of Public Utility Commissioners disregarded the fact that there was included $463,000 as working capital including cash, materials and supplies without deducting any current liabilities so that the real working capital was less than $463,000.

19. Because the Board of Public Utility Commissioners disregarded the provisions of the statute placing upon a Public Utility Company the burden of proof to justify any increased rates.

20. Because there was no evidence before the Board of Public Utility Commissioners that the charges made to the Public Service Transportation Company by the Public Service Railway Company and other Public Service Companies aggregating $800,000 annually were reasonable in amount, neither did the said board make any investigation to ascertain the reasonableness of said charges before making said order.

21. Because the order of said Board of Public Utility Commissioners affects only 11 bus routes out of 97 routes operated by the Public Service Transportation Company throughout the state and therefore the board erred in imposing an increase of rates or change of zones upon

Reasons

a few routes out of an entire system, and its action in this respect is discriminatory.

22. Because the Board of Public Utility Commissioners in making its decision and order which affected only 11 lines out of the entire system of the Public Service Transportation Company disregarded the fact that the 11 lines taken as a whole were shown to be more profitable than a system as a whole and that the 11 lines were increasing more rapidly in earnings because of the growth in traffic thereon.

23. Because the Board of Public Utility Commissioners in making the decision and order aforesaid disregarded the fact that there were many lines less profitable than all or any of the affected lines and did not place any additional burden upon the other less profitable lines thereby causing discrimination.

24. Because the Board of Public Utility Commissioners disregarded the fact that the Roselle Park-Elizabeth line was operated at a much lower cost per bus mile than the average line on the entire system operated by the Public Service Transportation Company and thereby causing discrimination.

25. Because the Board of Public Utility Commissioners in the case of some of the affected lines fixed the zones from municipal center to municipal center but refused to apply the same principal to the Roselle Park-Elizabeth line thereby causing discrimination.

26. Because the Board of Public Utility Com-

missioners did not have jurisdiction to hear and determine the said cause.

27. Because there was not sufficient evidence produced by the Public Service Transportation Company to support the allegation and prayer of its petition, and the motion of the Prosecutors herein to dismiss the petition on such ground was not granted.

28. Because the motion to dismiss the petition of the Public Service Transportation Company has never been determined and disposed of by the Board of Public Utility Commissioners.

29. Because the rates allowed by the order of the Board of Public Utility Commissioners to the Public Service Transportation Company on the Roselle Park-Elizabeth line are excessive.

30. Because the rates allowed by the order of the Board of Public Utility Commissioners to the Public Service Transportation Company on the Roselle Park-Elizabeth line are discriminatory in that the said rates affect only 4 lines out of a total of 97 lines operated in the State of New Jersey by said company, and further because the said 4 lines affected together with 7 other lines upon which the petition prayed for a change in rates, constitutes only 11 lines out of a total of 97 lines operated by the Public Service Transportation Company.

31. Because the Board of Public Utility Commissioners illegally determined and ordered that the fare zones on the Roselle Park-Elizabeth line should be co-extensive with the zones on the trolleys of the Public Service Railway Company

paralleling the same route, and that the zone on the said Roselle Park-Elizabeth bus line is not based on a fair return on a valuation of the Public Service Transportation Company's property used and useful in the operation of its business, nor on public necessity and convenience but was fixed solely for the purpose of making a cost of a ride from Elizabeth to Roselle Park and vice versa on either of the Public Service Transportation Company's bus or on the Public Service Railway Company's trolley, the same where the two Utilities operate in competition.

32. Because the Board of Public Utility Commissioners' order is an unjust and unlawful discrimination against the Prosecutors and the public in that the board determined that an increase in rate should be ordered on the 11 lines operating into Roselle Park and the other municipalities without any valuation of the property of the Public Service Transportation Company used and useful on said lines or on the entire system of 97 lines operating in all parts of New Jersey and without considering or investigating the earning power and operating expenses of the 86 lines not involved in the petition.

33. Because the Board of Public Utility Commissioners determined that the valuation of the Public Service Transportation Company's property used and useful as testified to by Dr. Bauer, a witness for the Borough of Roselle Park, which valuation was based on estimates furnished by the company, was improper, and that he did not include any value for permits purchased by the Public Service Transportation Company when it

acquired its buses from independent operators, and that he did not assume the value of the buses with the business attached at the time of the acquisition by the company, in developing his going concern cost, and for that reason rejected the valuation ascertained by him.

34. Because the Board of Public Utility Commissioners rejected the valuation placed upon the property of the Public Service Transportation Company used and useful in its business and fixed no valuation in lieu thereof.

35. Because the Board of Public Utility Commissioners fixed a rate of fare for transportation upon the buses of the Public Service Transportation Company operated over the 11 lines affected, based upon the expenditure of money and the purchase of buses at an excessively high price and failed to find that such expenditures were imprudent and imprudently expended contrary to law.

36. Because the Board of Public Utility Commissioners fixed a rate of return to the Public Service Transportation Company upon property used and useful in the operation of its business without any evidence that the expenditure by it for the purchase of buses from independent operators was prudently made.

37. Because the order of the Board of Public Utility Commissioners will result in a decrease of patronage to the Public Service Transportation Company and an increase of patronage to the Public Service Railway Company thereby increasing the revenue of the Public Service

Railway Company at the expense of the Public Service Transportation Company, and that such order is contrary therefore to public policy.

38. Because the Public Service Transportation Company did not sustain the burden of proof to show that the increase in fares applied for or that the increase in fare allowed is just and reasonable.

39. Because the order of the Board of Public Utility Commissioners has for its purpose and does make the bus routes as to fare zones commensurate with the existing trolley railway fare zones without regard to the respective capabilities of the two utilities.

40. Because the said Board of Public Utility Commissioners has no power to co-ordinate two public utilities operated by independent corporations in disregard of their respective capabilities to render public transportation service.

41. Because the said Board of Public Utility Commissioners disregarded the proof that public necessity and convenience did not require or justify the establishment of fare zones at the municipal boundary line on the Roselle Park-Elizabeth bus route.

42. Because the said proceedings before the said Board of Public Utility Commissioners are in divers other respects irregular, unjust, erroneous, oppressive to the prosecutors and to the public and contrary to law.

MARTIN P. O'CONNOR,
Attorney of Prosecutors.

Reasons.

(Filed December 3, 1927.)

NEW JERSEY SUPREME COURT.

STATE OF NEW JERSEY, *ex rel.* THE BOROUGH OF KENILWORTH and JAMES ORR, Prosecutors, vs. THE BOARD OF PUBLIC UTILITY COMMISSIONERS, PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY, Defendants.	On Certiorari.

The Prosecutors present the following reasons for setting aside the decision and order made by the Board of Public Utility Commissioners in the above-entitled cause on August 4, 1927, which order became effective on August 14, 1927:

1. Because the said Board of Public Utility Commissioners failed to decide or grant the motions made by the Borough of Kenilworth, which motions requested a dismissal of the petition upon various grounds, including lack of jurisdiction on the part of the Board, insufficiency of evidence to support the allegations and prayer of the petition, and also to sever the petition of the Public Service Railway Company from that of the Public Service Transportation Company.

Reasons

2. Because the said Board of Public Utility Commissioners, by its said order and decision, determined that a valuation of the property of the Public Service Transportation Company, used and useful in the conduct and operation of its business, was not necessary for the purpose of determining whether or not said Company was receiving a fair return at the time of making said decision and order increasing the fare and establishing an additional fare zone on the said bus route.

3. Because there was no evidence whatsoever before the said Board of Public Utility Commissioners reasonably establishing the fact that the Public Service Transportation Company was not earning a fair return on the fair and reasonable valuation of its entire property at the time of making said order and decision.

4. Because the Board of Public Utility Commissioners, in deciding that a valuation of the properties of the Public Service Transportation Company was not necessary, relied upon the case of O'Brien vs. Board, 92 N. J. L. 587, and failed to consider the marked difference between the facts of that case as compared with those in the present case. In the O'Brien case the prior existing rates had been reasonable; then additional costs were incurred through an order of the War Labor Board and these additional costs were thereupon merely added to the previously existing rates. In the present case the previous rates were assumed to be reasonable and there had been a decrease

New Jersey State Library

in the level of operating costs instead of an increase.

5. Because the Board of Public Utility Commissioners assumed, without proof or evidence, the fact that the value of the property, used and useful, of the Public Service Transportation Company, amounted to a sum somewhere between $11,600,000 and $18,500,000, and on such assumption held that the said company was not earning an adequate return.

6. Because the proof before the Board of Public Utility Commissioners showed that the Public Service Transportation Company was earning an adequate return on the fair value of all its property, used and useful, and that the increased fare allowed to said company by said order will produce an excessive return.

7. Because the said Board of Public Utility Commissioners legally disregarded the proof submitted by the Borough of Kenilworth that the value (the only evidence of value in the case) of the property of the Public Service Transportation Company, used and useful in its business, amounted to the sum of $11,600,000 and that furthermore, on such sum the Public Service Transportation Company would earn an estimated return for the year 1927 of 10 3/10%.

8. Because the said Board of Public Utility Commissioners disregarded the fact that even though the sum of $435,000 for additional operating expenses be included, the estimated return for the year 1927 would be 7 7/10%, which still constitutes a reasonable return up-

on the fair value of the property, used and useful in the business of the Public Service Transportation Company.

9. Because the said Board of Public Utility Commissioners held that the fair value of the property of the Public Service Transportation Company should be based not only on the physical value of the buses as purchased, but should include the permits under which they were operated, thereby giving weight and value to franchises to use the streets, contrary to and in violation of the statute.

10. Because the Board of Public Utility Commissioners held that the business which was attached to the buses at the time of purchase by the Public Service Transportation Company from independent operators was of a value to be considered in making up the rate base, which value was assumed notwithstanding the fact that there was no proof thereof.

11. Because the Board of Public Utility Commissioners disregarded the fact that in the valuation offered by the municipalities there was included $2,643,000 for going concern value, which constitutes 23% of the total value and was more than sufficient to cover the value of the business which was attached to the buses when purchased.

12. Because the Board of Public Utility Commissioners disregarded the provisions of the statute placing upon a public utility company the burden of proof to justify any purposed increase in rates.

Reasons

13. Because there was no evidence that the charges made to the Public Service Transportation Company by the Public Service Railway Company and other Public Service Companies, aggregating $800,000 annually, were reasonable in amount, neither did the Board of Public Utility Commissioners make any investigations to ascertain the reasonableness of such charges before making its said order.

14. Because the decision of the Board of Public Utility Commissioners affects only eleven bus routes out of ninety-seven routes operated by the Public Service Transportation Company throughout the state, and therefore, the Board erred in imposing an increase of rates or change of zones upon a few routes out of an entire system. The decision affecting only those few lines amounts to a discrimination.

15. Because the Board of Public Utility Commissioners in making its decision which affected only eleven lines out of the entire system of the Public Service Transportation Company, disregarded the fact that the eleven lines taken as a whole were shown to be more profitable than the system as a whole and that the eleven lines were increasing rapidly in earnings because of the growth in traffic thereon.

16. Because the Board of Public Utility Commissioners in making the decision disregarded the fact that there were many lines less profitable than all or any of the affected lines and did not place any additional burden upon the

other less profitable lines, thereby causing discrimination.

17. Because the Board of Public Utility Commissioners fixed a rate of return to the Public Service Transportation Company upon property used and useful in the operation of its business, without any evidence that the expenditures made by it for the purchase of buses was prudently made.

18. Because the Board of Public Utility Commissioners in the case of some of the affected lines fixed the zones from municipal center to municipal center, but refused to apply the same principle as to the Kenilworth line, thereby causing discrimination.

19. Because the zones as fixed by the order of the Board of Public Utility Commissioners, dated August 4, 1927, were not based upon public convenience and necessity.

20. Because the petition requested the said Board of Public Utility Commissioners to make the bus routes, as to fare zones, commensurate with present existing trolley zones, thereby co-ordinating both modes of service; and the said Board had no power, under the statutes under which it was created, to grant such co-ordination as petitioned.

21. If the said Board had the power under the statutes to grant such relief as sought by the petition, then it erred in so far as the Borough of Kenilworth is concerned, for there are no trolley lines operating into Kenilworth

with which to co-ordinate the buses, the bus system being the sole mode of transportation operating in the said Borough of Kenilworth.

22. Because the entire evidence before the Board of Public Utility Commissioners does not reasonably support the order made.

23. Because said proceedings are in diverse other respects irregular, irregal, unjust, erroneous and oppressive to the prosecutors, and contrary to law.

HERRIGEL, LINDABURY & HERRIGEL,
Attorneys for Borough
of Kenilworth and James Orr,
Prosecutors.

Reasons.

(Filed Dec. 2nd, 1927.)

NEW JERSEY SUPREME COURT.

STATE OF NEW JERSEY, *ex rel.* THE TOWN OF IRVINGTON and ALICE M. STEWART, Prosecutors, vs. BOARD OF PUBLIC UTILITY COMMISSIONERS, PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY, Defendants.	On Certiorari.

The prosecutors present the following reasons for setting aside the decision of and order made by the Board of Public Utility Commissioners in the above cause:

1. Because the Board of Public Utility Commissioners, at the close of the presentation of evidence on the part of the petitioners, on motion for the respondents, did not dismiss the petition.

2. Because the Board of Public Utility Commissioners did not have jurisdiction to hear and determine the cause.

3. Because there was not sufficient evidence produced by the petitioner, the Public Service Transportation Company, in its direct case to support the allegations and prayer of the pe-

tition, and the motion of the prosecutors herein (the respondents before the Board of Public Utility Commissioners), to dismiss the petition on such ground, was not granted.

4. Because the motion of the prosecutors herein, before the Board of Public Utility Commissioners, to sever the application of the Public Service Railway Company from that of the Public Service Transportation Company, was not granted.

5. Because the motions to dismiss the petition of the Public Service Transportation Company and the Public Service Railway Company have never been determined and disposed of by the Board of Public Utility Commissioners.

6. Because the rates allowed, by the order of the Board of Public Utility Commissioners, to the Public Service Transportation Company on the lines running from Newark into Irvington, and vice versa, are excessive.

7. Because the rates allowed, by the order of the Board of Public Utility Commissioners, to the Public Service Transportation Company on the lines running from Newark into Irvington, and vice versa, are discriminatory, in that the said rates affect only four lines out of a total of ninety-seven lines operated in the State of New Jersey by the said Company; and further because the said four lines affected, together with seven other lines upon which the petition prayed for a change in rates, constitute only eleven lines out of a total of ninety-seven

lines operated by the Public Service Transportation Company.

8. Because no valuation of the Public Service Transportation Company's property used and useful had been made prior to the institution of the proceedings sought to be reviewed or in the course of these proceedings.

9. Because the Board of Public Utility Commissioners did not ascertain and determine any valuation of the Public Service Transportation Company's property used and useful, and fixed the rate to be allowed the Company on the eleven affected lines without any such valuation being determined.

10. Because the Board of Public Utility Commissioners illegally determined and ordered that the fare zones on the Clinton Avenue and Springfield Avenue bus lines, running from Newark into Irvington, should be co-extensive with the zones on the trolleys of the Public Service Railway Company also running from Newark into Irvington on said Clinton Avenue and Springfield Avenue; and because the zones on the bus lines, from their terminal in Newark to Irvington Center (being the first fare zone fixed by the said Board), are not based on a fair rate of return on the value of the Transportation Company's property used and useful in this service, nor on public necessity and convenience, but were thus fixed solely for the purpose of making the cost of a ride from Newark into Irvington on either the Public Service Transportation Company's buses or on

the Public Service Railway Company's trolleys, on the lines operating on Springfield and Clinton Avenues (Irvington and Newark), the same where the two utilities operate in competition, and the fares as fixed for said zones are excessive.

11. Because the fixing of the zone on the Lyons Avenue and Clinton Place jitney lines operating from Newark into Irvington, and vice versa, at the Newark-Irvington boundary, was so fixed without any evidence before the Board of Public Utility Commissioners to show that either public necessity or public convenience required the fixing of the zone at said point.

12. Because the evidence showed that on the Clinton Avenue bus line of the Public Service Transportation Company, the said Company, at the former rate of fare, viz, five cents for a ride from the terminal in Newark to the terminal in Irvington at 40th Street and Stuyvesant Avenue, was operating at a net profit of 8.35%, based upon the Company's full claimed valuation as a while, pro-rated on a bus mile basis as applied to said line;

and on the Springfield Avenue bus line, the said Company, at the former rate of fare, viz, five cents for a ride from the terminal in Newark to the terminal in Irvington at 43rd Street and Springfield Avenue, was operating at a net profit of 21.34%, based upon the Company's full claimed valuation as a whole, pro-rated on a bus mile basis as applied to said line;

and on the Clinton Place bus line, the said Company, at the former rate of fare, viz, five cents for a ride from the terminal in Newark to the terminal in Irvington at Union and Chancellor Avenues, was operating at a net profit of 7.14%, based upon the Company's full claimed valuation as a whole, pro-rated on a bus mile basis as applied to said line;

and on the Lyons Avenue bus line, the said Company, at the former rate of fare, viz, five cents for a ride from the terminal in Newark to the terminal in Irvington at Lyons and Springfield Avenues, was operating at a net profit of 10.03%, based upon the Company's full claimed valuation as a whole, pro-rated on a bus mile basis as applied to said line;

which return, in each case, is a fair return when based upon the Company's full claimed valuation of its used and useful property, pro-rated upon a bus mile basis as applied to said respective lines.

13. Because the evidence showed that the Clinton Avenue jitney route, with a five cent fare zone from the terminal in Newark to Irvington Centre, and a five cent far zone from Irvington Centre to its terminal in Irvington, would result in said Company earning a net profit of 30.47%, based upon the Company's full claimed valuation as a while, pro-rated on a bus mile basis as applied to said line, and that said return is excessive and unreasonable;

that the Springfield Avenue jitney route, with

a five cent fare zone from the terminal in Newark to Irvington Centre, and a five cent fare zone from Irvington Centre to its terminal in Irvington, would result in said Company earning a net profit of 52.02%, based upon the Company's full claimed valuation as a whole, pro-rated on a bus mile basis as applied to said line, and that said return is excessive and unreasonable;

that the Clinton Place jitney route, with a five cent far zone from the terminal in Newark to the Newark-Irvington boundary line, and a five cent fare zone from the Newark-Irvington boundary line to its terminal in Irvington, would result in said Company earning a net profit of 8.31%, based upon the Company's full claimed valuation as a whole, pro-rated on a bus mile basis as applied to said line, and that said return is excessive and unreasonable;

and that the Lyons Avenue jitney route, with a five cent far zone from the terminal in Newark to the Newark-Irvington boundary line, and a five cent fare zone from the Newark-Irvington boundary line to its terminal in Irvington, would result in said Company earning a net profit of 15.26%, based upon the Company's full claimed valuation as a whole, pro-rated on a bus mile basis as applied to said line, and that said return is excessive and unreasonable.

14. Because the Board of Public Utility Commissioners assumed, without proof or evidence, the fact that the value of the property, used

and useful, of the Public Service Transportation Company, amounted to a sum between $11,600,000 and $18,500,000, and because, on such assumption, the Board held that the said Company was not earning an adequate return.

15. Because the Board of Public Utility Commissioners' order is an unjust and unlawful discrimination against the prosecutors, in that the Board determined thereby that there should be an increase in fare on the petitioned lines operating into Irvington, Kenilworth and Roselle, without any valuation of the property of the Public Service Transportation Company, used and useful, on said lines or on the entire system of ninety-seven lines operating in all parts of New Jersey, and without investigating or considering the earning power and operating expenses of the eighty-six lines not involved in the petition.

16. Because the evidence taken before the Board of Public Utility Commissioners clearly established that on the five cent fare in force at the time of the filing of the petition, on the affected lines operating into Irvington, the Public Service Transportation Company was earning an adequate return on such lines.

17. Because the evidence showed that, on the entire system of the Public Service Transportation Company, for the year 1924 the said Company operated at a deficit of $811,241.61; for the year 1925 it operated at a deficit of $727,057.42; for the year 1926 the Company earned, above operating expenses, the sum of

$240,000; and that the natural and probable earnings of the said Company for the year 1927, above operating expenses, would far exceed the sum of $240,000; and that the Company was not in need of the relief prayed for.

18. Because the Board of Public Utility Commissioners determined that the value of the Public Service Transportation Company's property used and useful, as testified to by Dr. Bauer, a witness for the Town of Irvington and the three other municipalities, which value was based on figures furnished by the Company, was improper, in that he did not include any value for permits purchased by the Public Service Transportation Company when it acquired its buses from independent operators, and in that he did not assume the value of the buses with the business attached at the time of the acquisition by the Company, in developing his going concern cost, and for that reason the Board rejected the value ascertained by him.

19. Because the Board of Public Utility Commissioners rejected the value placed by Dr. Bauer (the only witness who testified as to value) upon the property of the Public Service Transportation Company used and useful in its business, and fixed no other value in lieu thereof.

20. Because the Board of Public Utility Commissioners fixed a rate of fare for transportation upon the buses of the Public Service Transportation Company, operated over the

eleven affected lines, based upon the expenditure of money in the purchase of buses at excessively high prices, and because the said Board did not find that such expenditures were imprudent, and, on the contrary, permitted a return to be made upon moneys imprudently expended, contrary to law.

21. Because the order of the Board of Public Utility Commissioners will result in a decrease of patronage to the bus company and an increase of patronage to the trolley company, thereby increasing the revenue of the trolley company and decreasing the revenue of the bus company, and that such order is contrary, therefore, to public policy.

22. Because the Board of Public Utility Commissioners held that it is not required, in passing upon an application for increased rates, to determine the value of the property of the applicant and its consequent rate of return.

23. Because the Public Service Transportation Company did not sustain the burden of proof to show that the increase in fare applied for or that the increase in fare allowed is just and reasonable.

24. Because before a rate can legally be fixed and determined by the Board of Public Utility Commissioners, a valuation of the applicant's property used and useful in the operation of its business is legally necessary, and no such valuation has ever been made of the Public Service Transportation Company's property.

Reasons

25. Because before a public utility is entitled to earn any return on money invested in property used and useful, it must appear that the investment had been prudently made, and neither did the Public Service Transportation Company prove that its investment had been prudently made, nor did the Board of Public Utility Commissioners find that it had been prudently made.

26. Because the Board of Public Utility Commissioners, in fixing the rate of fare to be allowed to the Public Service Transportation Company on the affected lines, capitalized the permits which the Company acquired and owns, which said capitalization of the permits is contrary to law.

27. Because the petition was for the general purpose of making the bus routes, as to fare zones, commensurate with the then existing trolley fare zones, and the order of the Board of Public Utility Commissioners was for the purpose of effectuating the scheme to make the fare zones on the two utilities commensurate. The Board, under the statutes under which it exists and operates, has no power to co-ordinate two utilities operated by separate corporations.

28. The Board, under the statutes under which it exists and functions, has no power to co-ordinate the two utilities operating from Newark to Irvington, viz, the buses and trolleys, when the evidence shows that they are owned by separate corporations and the petitioning bus company is earning a fair return

on the value of its property used and useful in operating the service on the Clinton Avenue and Springfield Avenue bus lines, all of which is shown by the evidence in this case.

29. Because the evidence before the Board of Public Utility Commissioners does not support reasonably the order made.

30. Because said proceedings are in diverse other respects irregular, illegal, unjust, erroneous and oppressive to the prosecutors and contrary to law.

CHARLES H. STEWART,
Of Counsel with and Attorney of Prosecutors.

EXHIBITS.

Pages 1367-1623, both inclusive, in Supplemental Book.

SUPPLEMENTAL STATE OF CASE.

Stipulation.

NEW JERSEY SUPREME COURT

STATE OF NEW JERSEY, *ex rel.*, the TOWN OF IRVINGTON, the BOROUGH OF ROSELLE PARK, the BOROUGH OF KENILWORTH, *et al.*, Prosecutors, *vs.* BOARD OF PUBLIC UTILITY COMMISSIONERS, PUBLIC SERVICE RAILWAY COMPANY, and PUBLIC SERVICE TRANSPORTATION COMPANY, Defendants.	On Certiorari. Stipulation.

IT IS on this nineteenth day of December, 1928 stipulated by and between the counsel for the Town of Irvington, the Borough of Roselle Park, and the Borough of Kenilworth, and the Public Service Railway Company, the Public Service Transportation Company, and Public Service Coordinated Transport, that in order to expedite the hearing on the above writs of certiorari, so that they may be heard at the ensuing January term, 1929, of the Supreme Court, that the Order heretofore taken herein allowing the taking of testimony shall be and the same hereby is abandoned, without prejudice to or criticism of any party thereto;

Stipulation.

And it is further stipulated that the Agreement of Consolidation between Public Service Railway Company and Public Service Transportation Company, consolidating the same into Public Service Coordinated Transport, be considered as evidence in the cause, provided the Court is of opinion that the objection offered by Prosecutors thereto that the same is irrelevant, incompetent, and immaterial testimony on the issues involved in said cause should be overruled.

Charles H. Stewart,
Atty. for Town of Irvington.

Martin P. O'Connor,
Atty. of Borough of Roselle Park.

Herrigel, Lindabury & Herrigel,
Attys. for Boro. of Kenilworth.

William H. Speer,
Atty. for Public Service, etc.

Agreement of Consolidation.

Between

PUBLIC SERVICE RAILWAY COMPANY and
PUBLIC SERVICE TRANSPORTATION COMPANY

under the name of

PUBLIC SERVICE COORDINATED TRANSPORT

Filed January 31, 1928

THIS AGREEMENT, made this tenth day of January, in the year of our Lord one thousand nine hundred and twenty-eight, between PUBLIC SERVICE TRANSPORTATION COMPANY, a corporation organized under an act of the Legislature of the State of New Jersey, entitled "An Act to authorize the formation of traction companies for the construction and operation of street railways, or railroads operated as street railways, and to regulate the same," approved March 14, 1893, party of the first part, and PUBLIC SERVICE RAILWAY COMPANY, a corporation organized under the aforesaid act, party of the second part, by the Directors of said corporations respectively.

WHEREAS, the Board of Directors of the party of the first part deems it advisable to unite and consolidate with the party of the second part; and

WHEREAS, the Board of Directors of the party of the second part deems it advisable to unite and consolidate with the party of the first part;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES and of the mutual agreements, covenants, provisions and grants herein contained, it is hereby agreed by and between said corporation, parties hereto, and by their Directors respectively as follows:

Agreement of Consolidation.

ARTICLE I.

The said Public Service Transportation Company and Public Service Railway Company shall be and they hereby are united and consolidated into a single new corporation under the name of PUBLIC SERVICE COORDINATED TRANSPORT, hereinafter called the "Coordinated Corporation."

ARTICLE II.

The coordinated corporation shall have and possess, and may use, exercise and enjoy all the rights, powers, privileges and franchises of the said corporations, parties to this agreement.

ARTICLE III.

The Board of Directors of the coordinated corporation shall be ten (10) in number, and the names and places of residence of the first directors and officers thereof, who shall hold office until their successors are elected or appointed, are as follows:

Directors.	*Place of Residence.*
Thomas N. McCarter,	Rumson, N. J.
S. T. Bodine,	Villa Nova, Pa.
Thomas S. Gates,	Rex and Seminole Aves., Chestnut Hill, Pa.
A. R. Kuser,	Bernardsvills, N. J.
Alfred L. Loomis,	Tuxedo Park, Tuxedo, N. Y.
Uzal H. McCarter,	Red Bank, N. J.
Arthur W. Thompson,	Towanda and West Chestnut Sts., Chestnut Hill, Pa.

Directors.	*Place of Residence.*
Landon, K. Thorne,	950 Park Ave., New York City, N. Y.
E. W. Wakelee,	Demarest, N. J.
Percy S. Young,	830 Lake St., Newark, N. J.

Officers	*Place of Residence.*
Thomas N. McCarter, President,	Rumson, N. J.
Percy S. Young, Vice-President,	830 Lake St., Newark, N. J.
E. W. Wakelee, Vice-President,	Demarest, N. J.
John L. O'Toole, Vice-President,	675 Clifton Ave., Newark, N. J.
George Barker, Vice-President,	565 Mt. Prospect Ave., Newark, N. J.
Matthew R. Boylan, Vice-President,	169 Fairview Ave., Jersey City, N. J.
Charles M. Breder, Secretary,	64 North Ninth St., Newark, N. J.
W. H. Feller, Asst. Secretary,	733 Summit St., Linden, N. J.
W. T. Crudge, Asst. Secretary,	202 Broad St., Bloomfield, N. J.
T. W. Van Middlesworth, Treasurer,	Grant Ave., Highland Park, New Brunswick, N. J.
F. A. Neis, Asst. Treasurer,	214 Franklin St., Bloomfield, N. J.
R. S. Tomkins, Asst. Treasurer,	67 South Parkway, East Orange, N. J.
F. M. Ludlow, Asst. Treasurer,	112 Montrose St., Newark, N. J.

ARTICLE IV.

The capital stock of the coordinated corporation is two million five hundred thousand (2,500,000) shares of common stock without nominal or par value, and four hundred eighty-seven thousand five hundred (487,500) shares of non-cumulative preferred stock without nominal or par value. The common stock shall be subordinate as to dividends and assets, as herein provided, to the said non-cumulative preferred stock at any time issued and outstanding.

The holders of the said non-cumulative preferred stock shall be entitled to receive, when and as declared by the Board of Directors, dividends from the surplus or net profits of the coordinated corporation at the rate of six dollars ($6) per share per annum, and no more, payable quarterly on March thirty-first, June thirtieth, September thirtieth and December thirty-first, in each year. Such dividends shall be payable before any dividends shall be paid upon or set apart for any shares of the common stock of the coordinated corporation, but such dividends shall not be cumulative, and the failure to pay any such dividend or dividends at the aforesaid rate of six dollars ($6) per share per annum in any fiscal year shall not preclude the declaration and payment, or setting apart for payment, of dividends upon the shares of common stock in any other fiscal year, provided that a dividend on the shares of the non-cumulative preferred stock at the rate of six dollars ($6) per share per annum shall have been declared and paid, or set apart for such last mentioned fiscal year.

In the event of the dissolution or liquidation of the coordinated corporation, whether voluntary or involuntary, or of any distribution of the capi-

tal of the coordinated corporation, the holders of said non-cumulative preferred stock shall be entitled to be paid out of the assets (whether capital or surplus) seventy-five dollars ($75) per share before any distribution shall be made to the holders of the common stock, and shall not be entitled to share in the distribution of the remaining assets of the coordinated corporation.

The non-cumulative preferred stock shall have no voting power upon any matter whatever, and no holder of the said non-cumulative preferred stock shall be entitled as of right to subscribe for, purchase or receive any part of any new or additional issue of stock, preferred or common, whether now or hereafter authorized, or any bonds, debentures or other securities convertible into stock; and no holder of common stock shall be entitled as of right to subscribe for, purchase or receive any part of any new or additional issue of preferred stock, whether now or hereafter authorized, or any bonds, debentures or other securities convertible into such preferred stock.

The coordinated corporation may, from time to time, amend this certificate of incorporation in any respect as authorized by law, and in particular so as to authorize and issue additional preferred stock, with or without par value, which may rank ahead as to dividends and liquidation of the non-cumulative preferred stock, and having such preferences and bearing such dividend rates, call prices and amounts payable on liquidation, and having such voting rights, and subject to redemption, and such restrictions and qualifications as may from time to time be authorized, and as may be permitted by law, and the holders of the non-cumulative preferred stock shall have no voting power in connection with any such amendment.

ARTICLE V.

All and singular, the rights, privileges, powers, stock, property, whether real, personal or mixed, railways and franchises of each of the parties hereto shall vest in the coordinated corporation immediately upon the adoption of this agreement by the stockholders of the said corporations according to law, and the filing of this certificate, or a copy thereof, with the Secretary of State, and the said corporations, parties hereto, respectively, shall do any and all things necessary to vest the title to their property of all kinds and franchises in the said coordinated corporation, and otherwise shall carry out the purposes of this agreement.

ARTICLE VI.

The capital stock of Public Service Railway Company now outstanding, amounting to four hundred eighty-seven thousand five hundred (487,500) shares without nominal or par value, shall be exchanged, share for share, for four hundred eighty-seven thousand five hundred (487,500) shares of the non-cumulative preferred stock without nominal or par value of the coordinated corporation.

The capital stock of Public Service Transportation Company now outstanding, amounting to one million four thousand five hundred (1,004,500) shares without nominal or par value, shall be exchanged, share for share, for one million four thousand five hundred (1,004,500) shares of the common stock without nominal or par value of the coordinated corporation.

Stock of the coordinated corporation, common and preferred, herein or hereafter authorized and not set apart for exchange for stock of Public

Service Railway Company and Public Service Transportation Company and/or any other corporation merged into the coordinated corporation or consolidated therewith, may be issued and sold by the Directors of the coordinated corporation, either wholly at once, or by instalments from time to time, to provide for extensions, improvements and betterments of the plant and property of the coordinated corporation, and to construct or acquire other property, and for other purposes as authorized by law, and any such stock without nominal or par value may be issued and sold by the Board of Directors of the coordinated corporation for such price or consideration, and from time to time, for the purposes aforesaid, as said Board may think proper.

ARTICLE VII.

Every stockholder of the corporations, parties to this agreement, upon presenting his certificate of stock and surrendering the same to be cancelled, shall be entitled to receive a certificate for the proper number of shares of the capital stock of the coordinated corporation as herein provided, and to be registered as a stockholder of the coordinated corporation.

ARTICLE VIII.

The Directors of the coordinated corporation shall be elected by the stockholders thereof annually on the third Monday of April, and shall hold office for one (1) year and until their successors are duly elected.

The officers of the coordinated corporation shall be elected or appointed by the Directors thereof at their first meeting after their annual election.

The term of all officers shall be one (1) year and until their successors are duly appointed.

ARTICLE IX.

The by-laws of Public Service Railway Company are hereby adopted and declared to be the by-laws of the coordinated corporation, subject to change and amendment as therein provided.

ARTICLE X.

The coordinated corporation may issue its stock, common and preferred, may make, issue and dispose of bonds or other obligations in order to carry out the purposes of the consolidation, to pay and discharge bonds, mortgages and encumbrances upon any of the property of the consolidated companies, and to free the same from the lien thereof, and for the business of the coordinated corporation and for the purpose of securing said bonds or obligations, the coordinated corporation may mortgage its corporate franchises, rights, privileges and property, real, personal and mixed.

ARTICLE XI.

The principal and registered office of the coordinated corporation and of said consolidating corporations is No. 80 Park Place, in the City of Newark, New Jersey, and Charles M. Breder is the agent therein and in charge thereof, and upon whom process may be served.

IN WITNESS WHEREOF, the said corporations, parties to this agreement, in pursuance of resolutions passed by their respective boards of directors, at regular meetings, have caused their re-

spective corporate seals to be hereto affixed and these presents to be signed by their respective Presidents or Vice-Presidents, and attested by their respective Secretaries or Assistant Secretaries, all duly thereunto authorized, and these presents have been signed by their respective Directors, the day and year first above written.

PUBLIC SERVICE TRANSPORTATION COMPANY,

By THOMAS N. MCCARTER,
President.

(Seal)

Attest:
CHARLES M. BREDER,
Secretary.

THOMAS N. MCCARTER,
P. S. YOUNG,
EDMUND W. WAKELEE,
U. H. MCCARTER,
ANTHONY R. KUSER,
LANDON K. THORNE,
ALFRED L. LOOMIS,
THOMAS S. GATES,
S. T. BODINE,
A. W. THOMPSON,
Directors of Public Service Transportation Company.

PUBLIC SERVICE RAILWAY COMPANY,

By THOMAS N. MCCARTER,
President.

(Seal)

Attest:
CHARLES M. BREDER,
Secretary.

THOMAS N. MCCARTER,
P. S. YOUNG,
EDMUND W. WAKELEE,
U. H. MCCARTER,
ANTHONY R. KUSER,
LANDON K. THORNE,
ALFRED L. LOOMIS,
THOMAS S. GATES,
S. T. BODINE,
A. W. THOMPSON,
Directors of Public Service
Railway Company.

STATE OF NEW JERSEY, }
COUNTY OF ESSEX, } SS.:

BE IT REMEMBERED, that on this tenth day of January, in the year of our Lord one thousand nine hundred and twenty-eight, before me, the subscriber, a Notary Public of the State of New Jersey, personally appeared Charles M. Breder, who, I am satisfied, is Secretary of PUBLIC SERVICE TRANSPORTATION COMPANY, the corporation in the foregoing deed or instrument named, and I having first made known to him the contents thereof, he acknowledged that he signed the same as such officer for and on behalf of said corporation, that the same was made by such corporation as its voluntary act and deed, and sealed with its corporate seal, by virtue of authority of its board of directors. All of which is hereby certified.

M. E. SHOURDS,
Notary Public of New Jersey.
My Commission Expires May 11, 1928.

(Seal)

STATE OF NEW JERSEY,
COUNTY OF ESSEX, } ss.:

BE IT REMEMBERED, that on this tenth day of January, in the year of our Lord one thousand nine hundred and twenty-eight, before me, the subscriber, a Notary Public of the State of New Jersey, personally appeared CHARLES M. BREDER, who, I am satisfied, is Secretary of PUBLIC SERVICE RAILWAY COMPANY, the corporation in the foregoing deed or instrument named, and I having first made known to him the contents thereof, he acknowledged that he signed the same as such officer for and on behalf of said corporation, that the same was made by such corporation as its voluntary act and deed, and sealed with its corporate seal, by virtue of authority of its board of directors. All of which is hereby certified.

M. E. SHOURDS,
Notary Public of New Jersey.
My Commission Expires May 11, 1928.

(Seal)

New Jersey State Library

Agreement of Consolidation.

BE IT KNOWN, that the undersigned, being all of the stockholders of Public Service Transportation Company, having at a meeting of said stockholders regularly called and held for that purpose, voted by ballot in favor of the approval of the foregoing agreement for the consolidation of Public Service Transportation Company and Public Service Railway Company do now, pursuant to law, give our written assent thereto.

WITNESS our hands this thirty-first day of January, in the year of our Lord one thousand nine hundred and twenty-eight.

PUBLIC SERVICE CORPORATION OF NEW JERSEY,

By CHARLES M. BREDER, Proxy 1,004,490 Shares

UZAL H. MCCARTER

By CHARLES M. BREDER, Proxy 1 Share

ANTHONY R. KUSER

By CHARLES M. BREDER, Proxy 1 Share

THOMAS N. MCCARTER

By CHARLES M. BREDER, Proxy 1 Share

EDMUND W. WAKELEE

By CHARLES M. BREDER, Proxy 1 Share

P. S. YOUNG,

By CHARLES M. BREDER, Proxy 1 Share

ALFRED L. LOOMIS

By CHARLES M. BREDER, Proxy 1 Share

LANDON K. THORNE

By CHARLES M. BREDER, Proxy 1 Share

THOMAS S. GATES,

By CHARLES M. BREDER, Proxy 1 Share

SAMUEL T. BODINE

By CHARLES M. BREDER, Proxy 1 Share

A. W. THOMPSON

By CHARLES M. BREDER, Proxy 1 Share

Agreement of Consolidation.

STATE OF NEW JERSEY, }
COUNTY OF ESSEX, } SS.:

BE IT REMEMBERED, that on this 31st day of January, in the year of our Lord one thousand nine hundred and twenty-eight, before me, the subscriber, Frank J. Davis, a Notary Public of New Jersey, personally appeared Charles M. Breder, who, being by me duly sworn according to law, on his oath says: That he is the Secretary of Public Service Transportation Company, one of the corporations named in and who executed the foregoing agreement; that the seal affixed to the foregoing agreement is the corporate seal of the said corporation, the same being well known to him; and that it was so affixed by order of the said corporation; that Thomas N. McCarter is the President of the said corporation; that he saw the said Thomas N. McCarter as such President sign such agreement, and annex such seal and deliver such agreement, and heard him declare that he signed, sealed and delivered the said agreement as the voluntary act and deed of the said corporation, Public Service Transportation Company, by its order and by authority of its Board of Directors, for the uses and purposes therein expressed. And he further says that the same is signed also by all the Directors of the said Company; that the total number of shares of stock of the said corporation issued and outstanding is one million, four thousand and five hundred (1,004,500); that a special meeting of the stockholders of said corporation was duly called by resolution of the Board of Directors, to be held on the 31st day of January, in the year of our Lord one thousand nine hundred and twenty-eight, to take action upon such agreement, of which meeting

more than twenty (20) days' notice by mail was given to each stockholder at his post office address as appears upon the books of the corporation; that such meeting was held, and at such meeting the foregoing agreement of consolidation was submitted and read, and approved and adopted by the unanimous vote in person or by proxy of the holders of all the stock of the corporation, that is to say by the vote of one million, four thousand, and five hundred (1,004,500) shares; and the assent in writing of said stockholders voting in favor thereof in person or by proxy was made thereto as hereinbefore appears. All of which as Secretary I do hereby certify under the seal of said corporation.

CHARLES M. BREDER,
Secretary.

Sworn and subscribed before me the day and year first above written.

FRANK J. DAVIS,
Notary Public of New Jersey.
My commission expires March 8, 1932.

(SEAL)

BE IT KNOWN, that the undersigned, being more than two-thirds of the stockholders of PUBLIC SERVICE RAILWAY COMPANY, having at a meeting of said stockholders regularly called and held for that purpose, voted by ballot in favor of the approval of the foregoing agreement for the consolidation of PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY, do now, pursuant to law, give our written assent thereto.

WITNESS our hands this thirty-first day of January, in the year of our Lord, one thousand nine hundred and twenty-eight.

PUBLIC SERVICE CORPORATION OF NEW JERSEY,

By CHARLES M. BREDER, Proxy 487,487 Shares

THOMAS N. McCARTER
By CHARLES M. BREDER, Proxy 1 Share

EDMUND W. WAKELEE
By CHARLES M. BREDER, Proxy 1 Share

P. S. YOUNG
By CHARLES M. BREDER, Proxy 1 Share

ALFRED L. LOOMIS
By CHARLES M. BREDER, Proxy 1 Share

LANDON K. THORNE
By CHARLES M. BREDER, Proxy 1 Share

THOMAS S. GATES
By CHARLES M. BREDER, Proxy 1 Share

SAMUEL T. BODINE
By CHARLES M. BREDER, Proxy 1 Share

A. W. THOMPSON
By CHARLES M. BREDER, Proxy 1 Share

UZAL H. McCARTER
By CHARLES M. BREDER, Proxy 2 Shares

ANTHONY R. KUSER
By CHARLES M. BREDER, Proxy 2 Shares

Agreement of Consolidation.

STATE OF NEW JERSEY, }
COUNTY OF ESSEX, } ss.:

BE IT REMEMBERED, that on this 31st day of January, in the year of our Lord one thousand nine hundred and twenty-eight, before me, the subscriber, Frank J. Davis, a Notary Public of New Jersey, personally appeared CHARLES M. BREDER, who, being by me duly sworn according to law, on his oath says: That he is the Secretary of Public Service Railway Company, one of the corporations named in and who executed the foregoing agreement; that the seal affixed to the foregoing agreement is the corporate seal of the said corporation, the same being well known to him; and that it was so affixed by the order of the said corporation; that Thomas N. McCarter is the President of the said corporation; that he saw the said Thomas N. McCarter as such President sign such agreement and annex such seal and deliver such agreement, and heard him declare that he signed, sealed and delivered the said agreement as the voluntary act and deed of the said corporation, Public Service Railway Company, by its order and by authority of its Board of Directors, for the uses and purposes therein expressed. And he further says that the same is also signed by all of the Directors of the said Company; that the total number of shares of stock of the said corporation issued and outstanding is four hundred and eighty-seven thousand four hundred and seventy-nine (487,479) shares, that a special meeting of the stockholders of said corporation was duly called by resolution of the Board of Directors to be held on the thirty-first day of January, in the year of our Lord, one thousand nine hundred and twenty-eight, to take action upon such

agreement, of which meeting more than twenty (20) days' notice by mail was given to each stockholder at his post office address as appears upon the books of the corporation; that such meeting was held, and at such meeting the foregoing agreement of consolidation was submitted and read, and approved and adopted by the vote in person or by proxy of the holders of more than two-thirds of all the stock of the corporation, that is to say, by the vote of four hundred and eighty-seven thousand four hundred and sixty-nine (487,469) in favor and none against the same; and the assent in writing of said stockholders voting in favor thereof in person or by proxy was made thereto as hereinbefore appears. All of which as Secretary I do hereby certify under the seal of said corporation.

CHARLES M. BREDER,
Secretary.

Sworn and subscribed before me the day and year first above written.

FRANK J. DAVIS,
Notary Public of New Jersey.
My commission expires March 8, 1932.

(Seal)

STATE OF NEW JERSEY

DEPARTMENT OF STATE.

I, JOSEPH F. S. FITZPATRICK, Secretary of State of the State of New Jersey, DO HEREBY CERTIFY that the foregoing is a true copy of Certificate of Organization of PUBLLIC SERVICE COORDINATED TRANSPORT, by Consolidation of PUBLIC SERVICE TRANSPORTATION Co. and PUBLIC SERVICE RAILWAY Co., and the endorsements thereon, as the same is taken from and compared with the original filed in my office on the Thirty-first day of January, A. D. 1928, and now remaining on file and of record therein.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official (SEAL) Seal at Trenton, this Thirty-first day of January, A. D. 1928.

JOSEPH F. S. FITZPATRICK,
Secretary of State.

Opinion of the Supreme Court.

(Filed January 31, 1929.)

NEW JERSEY SUPREME COURT,

Nos. 210, 212, 218. JANUARY TERM, 1929.

BOROUGH OF ROSELLE PARK, *et als.*,
Prosecutors,

vs.

BOARD OF PUBLIC UTILITY COMMISSIONERS, PUBLIC SERVICE RAILWAY COMPANY and PUBLIC SERVICE TRANSPORTATION COMPANY,
Respondents.

On Certiorari.

Argued January 17, 1928; decided January 31, 1929.

Before Justices MINTURN, BLACK and CAMPBELL.

For Prosecutors, CHARLES H. STEWART, MARTIN P. O'CONNOR, HERRIGEL, LINDABURY and HERRIGEL.

For Respondents, WILLIAM H. SPEER, JOHN O. BIGELOW.

PER CURIAM:

On December 14, 1926, the Public Service Railway Company and the Public Service Transportation Company, filed with the Board of Public Utility Commissioners a joint petition which sets forth: that the Public Service Railway Company

operates a system of street railways in 132 municipalities of the State; that the Public Service Transportation Company operates a system of auto buses in the same general territory as the railway company; that all stock of both companies, except that necessary to qualify directors is owned by the Public Service Corporation of New Jersey and the management of both companies is the same and they are allied and affiliated and they are endeavoring to furnish a system of street railway and bus transportation so co-ordinated as to provide a maximum of efficiency at a minimum of cost.

The petition further gives an historical narration of the fare increase question and the financial difficulties of the railway company *caused* by increased cost of labor, etc., covering the period from 1918 forward, which is concluded as follows:

> "Public Service Railway Company and Public Service Transportation Company seek the co-operation of the public and of the public authorities to achieve the objects herein set forth and to enable them to provide the best possible service for those who use their cars and busses. They have not hesitated to carry out their full duty. They have assumed losses that run into the millions and have, under circumstances that would have discouraged other investors, put millions of new capital into the business in order to provide adequate and comprehensive service. But these companies cannot do the impossible; they cannot continue to provide transportation at less than cost nor can they give proper co-ordinated service without full co-operation on the part of the public authorities."

Then follows what is, in fact the prayer of the petition in the following language:

"The companies therefore at this time apply to the Board for an adjustment of fare zones to enable the companies to maintain proper service and co-ordinate street railway and bus service where they are operated in the same territory."

Then there are set forth seven districts wherein, it is said, there are zone discrepancies requiring re-adjustment.

We are here only concerned with three of these and they are described in the petition as follows:

"1. Clinton Avenue, Clinton Place, Springfield Avenue and Lyons Avenue bus lines operating from Newark to Irvington. The bus fare is five cents for the entire route. The street railway ride is divided into two five-cent fare zones, one in the City of Newark and the second after crossing the Irvington line. The bus zone should be changed so that the fare would be five cents within the City of Newark and five cents within the Town of Irvington."

"3. Roselle Park bus route operates from Elizabeth to Roselle Park. The bus fare is five cents for the entire ride. The street railway ride is divided into two five-cent zones; five cents in the City of Elizabeth and a second five cents in Roselle Park. The bus zone should be changed so that the limits would be the same as on the street railway; five cents in the City of Elizabeth and a second five cents in Roselle Park."

"4. The Kenilworth bus route operates from Elizabeth, through Roselle Park into Kenilworth. The first five cents includes Elizabeth and Roselle Park while the second five cents extends from Roselle Park to Kenilworth. This bus line should be re-zoned into three five cent zones; the first to cover that portion of the route within the City of Eliza-

beth, the second to cover the portion of the route within the Borough of Roselle Park and the third from the northerly boundary line of Roselle Park into Kenilworth."

The petition concludes with a schedule of rates, effective January 1, 1927. Of such rates six are upon the part of the Public Service Transportation Company, and one on the part of the Public Service Railway Company.

The first, second and third of these upon the part of the Transportation Company are the only ones affecting the matters before us. They are:

"1. A five cent fare for a single ride within the City of Newark on the Clinton Avenue, Clinton Place, Springfield Avenue, Lyons Avenue and Bloomfield bus lines and five cents beyond."

"2. A five cent fare for a single ride within the limits of the City of Elizabeth on the Roselle Park bus line and five cents in Roselle Park."

"3. A five cent fare for a single ride within the City of Elizabeth on the Kenilworth bus line; within the Borough of Roselle Park five cents and from the northerly boundary line of Roselle Park, into Kenilworth, five cents."

It will be seen that whether the re-zoning permission applied for was granted or the new rate schedule became effective the result would be the same and that result would be that the rates of fare by trolley and bus would be identical.

Whether this is a rate case or simply a co-ordinating of zones case appears to have been a matter calling for considerable attention by the contending counsel at both the oral argument and in their briefs. Whether it was both or one or the

other we deem of no importance in reaching our conclusion.

Upon the filing of this petition the Board of Public Utility Commissioners fixed January 19, 1927, for the hearing thereof, and suspended the operation of the schedule of increased fares for three months.

These hearings continued to June 1, 1927, resulting in the taking of testimony covering nearly thirteen hundred printed pages and a great number of exhibits.

At the conclusion of the hearings the Board took the matter under advisement, the rate chedule in the meantime being suspended, and on August 4, 1927, filed its conclusions and the order under review, which became effective August 14, 1927.

The Board did not by its order permit the adjustment of the zones of the trolley and bus routes in exact accordance with the prayer of the petition.

In its decision it says:

> "With respect to the Newark-Irvington routes it appears that the Springfield Avenue route and the Clinton Avenue route leave the center of Newark and meet at Irvington center, the Springfield route continuing on to 43rd Street and Springfield Avenue, and, the Clinton Avenue route diverging at Ball Street, Irvington, and arriving at the junction of 40th Street and Stuyvesant Avenue, returning by way of Clinton Avenue to Irvington Center. At present the railway lines have their fare zone at the Newark City line, a distance of approximately one third of a mile east of Irvington Center. The evidence does not demonstrate that either of the foregoing routes serve any common point of distribution at the Newark City line. This point

was originally adopted for the trolley fare zone somewhat as an arbitrary point in the plan of installing a uniform five cent fare as heretofore indicated. There is no question but that Irvington Center is a common loading and distribution point for both busses and trolleys that operate over both of these routes. It will be in the public interest to the citizens of Irvington to have both busses and trolleys establish the fare zone at Irvington Center. At the present time the trolley does little business between Irvington Center and Newark City line due to the very short distance that would require an extra fare for those desiring to use the trolley to the center of Newark. To establish the fare zone at Irvington Center for both busses and trolleys will equalize the service and fares and will offer a better service to the public."

Accordingly the Board by its order directed as follows:

"1. Clinton Avenue bus route. That the Public Service Transportation Company shall establish the first fare zone limit on its Clinton Avenue bus route at the intersection of Clinton Avenue and Springfield Avenue, in the Town of Irvington, commonly known as Irvington Center, on east bound trips and at Clinton and Ball Street on west bound trips, thus dividing this line into two five cent fare zones."

"4. Springfield Avenue bus route. That the Public Service Transportation Company shall establish the first fare zone limit on its Springfield Avenue bus route at the intersection of Springfield Avenue and Clinton Avenue in the Town of Irvington, commonly known as Irvington Center, thus dividing this line into two five cent fares"; and

"5. Springfield and Broad trolley lines. The Public Service Railway Company shall

establish a zone point on what is known as the Broad line, operating in part on Clinton Avenue in the City of Newark and the Town of Irvington and on the Springfield line at the intersection of Clinton and Springfield Avenues in the Town of Irvington.

This shall be in lieu of the zone point on each of the aforementioned lines now located at the Newark-Irvington city line on Clinton Avenue near 20th Street on the Broad line and on Springfield Avenue between 20th and 21st Streets on the Springfield line".

Thus the zone limits and the consequent fares of the trolley lines and the bus lines were co-ordinated and equalized. The Springfield and Broad trolley lines and the Clinton Avenue and Springfield Avenue bus lines each having two zones between Irvington and Newark, such zones as to all four lines being co-extensive and centering in Irvington Center, with the rates of fare the same on each.

The opinion of the Board proceeds as follows:

"With respect to the Clinton Place bus route and the Lyons Avenue bus route, it appears that neither line parallels the route of the trolley in the Town of Irvington; that they reach the Town of Irvington at points distantly removed from the center and serve a community which could not otherwise be served with facilities having Irvington Center as a distribution point. To establish the fare zone as to these lines at the Newark City line would make these two routes about equal in length with the Springfield Avenue line and the Clinton Avenue line. It appears, however, that the Clinton Place line ends at Kuna Terrace and Chancellor Avenue, one block away from the Clinton Avenue route, which runs along Chancellor Avenue. To establish a zone point at the city line as to this

route would make an unusually short second zone. We are of opinion that the Clinton Place route should be continued along Chancellor Avenue to 40th Street, following the route of the Clinton Avenue line and along 40th Street to the end of the Clinton Avenue line thereby substantially lengthening this line and affording better service for patrons of this route. It will be necessary for the Town of Irvington to grant to the Public Service Transportation Company upon its application, in order to extend this line, the necessary municipal permit so that the Clinton Place line may be extended as heretofore indicated from Kuna Terrace and Chancellor Avenue to 40th Street and Stuyvesant Avenue. The Lyons Avenue route has a relatively short zone by establishing a zone point at the City line. The Board deems it in the public interest that this line be extended from its present connecting point at Springfield Avenue along Springfield Avenue to 43rd St. This likewise will require municipal consent for this extension".

Pursuant to such conclusions the order of the Board was:

"2. Clinton Place bus route. That the Public Service Transportation Company shall establish the first fare zone limit on its Clinton Place bus route at the Newark-Irvington city line, on Chancellor Avenue; also that the Public Service Transportation Company shall apply to the Town of Irvington for municipal consents to extend its Clinton Place bus route from its present terminus at Chancellor and Union Avenues, in the Town of Irvington westerly on Chancellor Avenue to 40th Street, thence southerly on 40th Street to the intersection of 40th Street and Stuyvesant Avenue, and upon receipt of such consent shall make application to this Board for approval of same."

"3. Lyons Avenue bus route. That the Public Service Transportation Company shall establish the first fare zone limit on its Lyons Avenue bus route at the Newark-Irvington city line on Lyons Avenue between Cordier Street and Fabyan Place thus dividing its line into two five cent fare zones; also that the Public Service Transportation Company shall make application to the Town of Irvington for municipal consents to extend the Lyons Avenue bus route from the present terminus at Springfield Avenue and Lyons Avenue, on Springfield Avenue to 43rd Street and upon receipt of such consent shall make application to this Board for approval of same."

The result here is that, if the municipal authorities of the Town of Irvington co-operate with the Board and grant the necessary municipal consents to extend both of these routes, such routes will consist of two zones each, defined by the same line, namely, the Newark-Irvington line with a fare both within each municipality and from one into the other of the same amount or rate, with an increased route service in the Town of Irvington.

This concludes the findings and the orders of the Board so far as the matter before us has any reference to or affects the prosecutors, the Town of Irvington and Alice M. Stewart.

As to the matters brought up by the writ at the suit of Roselle Park and Jacob Hergert the finding and conclusions of the Board are:

"With respect to the Roselle Park route from Elizabeth to Roselle Park, it appears that at the present time this route extends from what is known as the Bayway section in the easterly end of Elizabeth through the City of Elizabeth to and into Roselle Park

a total distance of 5.79 miles, all for one five cent fare, the entire route comprising one zone. It is proposed to divide this line in two zones at the Elizabeth-Roselle city line. This route is paralleled on the same street over a considerable portion of its route by a trolley line. The trolley line comprises two zones, divided at the Elizabeth-Roselle city line. If the zone point of the bus route was established at the city line as prayed for by the petitioner, not only would the fare be equalized on both methods of transportation over this route but a five cent fare would also be maintained within the City of Elizabeth to the benefit of the greatest number of the patrons of the line. It appears to the Board that it is in the public interest through the preservation of the five cent fare within the city limits of Elizabeth, that the zone point be established on the Roselle Park bus line at the Elizabeth-Roselle city line coincident with the trolley line zone point and it will approve this proposed change".

The judgment of the Board upon this matter was expressed in its order as follows:

"8. Roselle Park Bus route. That the Public Service Transportation Company shall establish the first fare zone limit on its Roselle Park bus route on Westfield Avenue at the Roselle Park-Elizabeth city line, thus dividing this line into two five cent fare zones".

By this the fare zones and the rates of fare from and to the Bayway Section of Elizabeth and Roselle Park were equalized and made the same for both trolley and bus lines.

The remaining matter brought up by the Borough of Kenilworth and James Orr, as prosecutors, is treated of in the conclusions of the Board as follows:

With respect to the Kenilworth route through Roselle Park to Kenilworth, this route extends from the City of Elizabeth, serving the general territory served by the Roselle Park line, and also the Elmora section. From this section the route continues along the Roselle Park route to Chestnut Street in Roselle Park, thence on to Kenilworth. This route is at present divided into two zones, one including Elizabeth and Roselle Park and the other extending from Roselle Park to the terminal in Kenilworth. It is proposed to divide this route into three zones, one from the Elizabeth terminal to the Elizabeth-Roselle city line, another from this point to the northerly boundary of Roselle Park at Summer Street and a third from this point to the terminal at Kenilworth. Co-ordination with the trolley route is not directly involved in this case, no trolley route extending into Kenilworth, which is that portion of the route where the change in zoning is proposed. From the testimony it appears that the traffic on this line is very light and that more revenue must be obtained in order to maintain the service. The Board is of the opinion, however, that in place of establishing the zone point at the Kenilworth-Roselle Park line, this point should be moved slightly further northward to the intersection of Galloping Hill Road and Chestnut Street. At this point the route also intersects that of an independent operating bus company and it appears in general to be a more logical location for a zone limit."

In accordance with such opinion the order of the Board was:

> "9. Kenilworth bus route. That the Public Service Transportation Company shall establish on the Kenilworth bus route the follow-

ing zone points at the intersection of Chestnut Street and Galloping Hill Road and at the Roselle Park-Elizabeth city line, thus dividing this route into three five cent fare zones".

Under the three writs of certiorari allowed to review the order of the Board of Public Utility Commissioners, and which three proceedings were consolidated, there are 42 reasons for reversal filed in the proceeding by Roselle Park, 23 in that of Kenilworth and 30 in that of Irvington.

These may be, and, in fact have been, by the prosecutors, grouped under a few heads or points.

First: That an application was made at the end of the petitioners' case to dismiss the petition because of lack of proof to support it and

That the causes of the trolley company and the bus company be severed and each acted upon separately. Such motions were not determined at the time made and have not been passed upon or determined at any time and this was error.

With this we do not agree. The fact that the Board proceeded to a determination of the matter was tantamount to a denial of the motions and lack of the mere formality of expressly denying the same certainly worked no prejudicial harm to the prosecutors if a denial of the motions was justified.

And we think such action with respect to these motions was correct.

Laying aside, for the moment, the question as to whether or not the increase of fares resulting from the re-zoning of the routes was justified by the facts before the Board (which matter will be disposed of under a subsequent point) we find the proofs before the Board fully justified its finding and order in respect thereto and we further find that a proper and satisfactory conclusion could

best be reached (and perhaps only so reached) by considering the matters as jointly affecting both classes of utilities, namely, trolley and bus lines.

Second: That the Board had no jurisdiction to hear and determine an application for co-ordinating, as to fare zones, two utilities operated by independent corporations and particularly to co-ordinate the utilities in question so far as they serve Irvington, Roselle Park and Kenilworth where the evidence shows that one utility (bus transportation) is receiving a fair return.

The prosecutors argue that, under the statute, the Board is not given such power and therefore it has no power to make rates simply for the purpose of protecting the railway company from the competition of the newer and cheaper transportation.

If this was purely a rate case, which it is not, and the judgment of the Board sustains our conclusion in that direction, the contention of the prosecutors must be said to be unsubstantial as measured by recent expressions of our courts.

Hunter vs. *Public Utility Comms.*, 1 N. J. Misc. Rep. 408;
Motor Transport Co. vs. *Board*, 6 N. J. Adv. Rep. 582, Affd. No. 109 May Term;
1928 Court E & A; *Fornarotto* vs. *Board*, 6 N. J. Adv. Rep. 1631.

Third: The next ground urged, and argued at great length and with much persistence, is that the Board could not legally justify its finding without a valuation of the used and useful property of the Transportation Company.

We find that this contention is fully answered, adversely to the prosecutors, in *Public Service Gas Co.* v. *Board of Public Utility Commissioners,* 84 N. J. L. 463; 87 *Id.* 581; *O'Brien* vs. *Public Utility Board,* 92 *Id.* 46; 92 *Id.* 587.

In the light of the rules laid down by these cases we hold that a valuation of the properties of the Transportation Company was not an absolute necessity or legal pre-requisite to a finding by the Board and further that its conclusion respecting the re-zoning, or co-ordinating of the zones of the trolley and bus company, with the resulting increased revenue to either, or both, was warranted by the proofs and did not produce an unfair rate as to either company or the public.

It may be remarked that the trend of adjudication by the Board of Public Utility Commissioners approved by this court is that every reasonable effort should be made to maintain the service by trolley as well as by bus, *Hunter* vs. *Public Utility Commissioners, supra; Motor Transport Company* vs. *Board, supra,* and *Fornarotto* vs. *Board, supra.*

This, however, is upon the presently existing theory that it is wise and prudent that both means of transportation should be preserved and maintained for the benefit of the public.

Whether or not this is wise and economical depends largely upon what the future may demonstrate.

For the present, at least, such policy seems to be wise and prudent. The future will determine the wisdom or fallacy of it.

As was said by Justice Swayze in this Court in *Public Service Company* vs. *Public Utility Board, supra*:

> "Fixing rates by public authority may secure to each inidividual the advantage of collective bargaining by or in behalf of the whole body of consumers and result in such rate as might fairly be supposed to result from free competition if free competition were possible. A just and reasonable rate, therefore, is necessarily rather a question of business judgment than one of legal formula, and must often be tentative, since the exact result cannot be foretold."

In *Motor Transport Co.* vs. *Board, supra,* we said:

> "Now, it is to be borne in mind that it is the duty of the board to protect from unreasonable and destructive competition existing facilities which are actually serving the public, so that the public may continue to have the benefit of such service". Citing *Hunter vs. Board, supra.*

And further, we said, in *Fornarotto* vs. *Board, supra*:

> "as to the power and duty of the board . . . that where there is evidence before the board . . . to justify their action and to reasonably support the same, in view not only of the direct evidence before it but in view of the entire situation of the case under the legislation which has committed the determination of these questions to the board, this court will not disturb their adjudication".

This would seem to cover all the grounds urged by the prosecutors other than that the offer of the agreement of consolidation of the Public Service Railway Company into the Public Service Coordinated Transport was not relevant to the issue.

We consider the question raised as being entirely immaterial to the matter before us.

So far as the proceedings under review are concerned the Board considered the two companies as entirely separate and distinct and as separate corporate entities, and this was proper and warranted by the facts. Some objection is made to the municipalities as proper parties to these proceedings.

In *Public Service Gas Co.* vs. *Public Utility Commissioners* and *O'Brien and City of Trenton* vs. *Public Utility Commissioners, supra,* this question seems not to have been raised by any of the parties, nor the Court.

Here it is not necessary to be decided because, in each case, a member of the public is joined as a party prosecutor.

We conclude that the order or judgment of the Board of Public Utility Commissioners should be affirmed and the writs of certiorari dismissed, with costs.

Rule for Judgment.

(Entered February 9, 1929.)

NEW JERSEY SUPREME COURT,

No. 210. JANUARY TERM, 1929.

STATE OF NEW JERSEY, *ex rel.* the TOWN OF IRVINGTON and ALICE M. STEWART, Prosecutors, *vs.* BOARD OF PUBLIC UTILITY COMMISSIONERS, PUBLIC SERVICE RAILWAY COMPANY, and PUBLIC SERVICE TRANSPORTATION COMPANY, Defendants.	On Certiorari. Rule for Judgment.

This cause coming on to be heard before the Court upon a writ of certiorari allowed herein, and the Court having examined said writ, the return thereto, and the reasons for reversal filed by the prosecutors, and having heard the argument of counsel thereon, and having read the briefs filed by counsel, and being satisfied that the order of the Board of Public Utility Commissioners of the State of New Jersey in the matter of the application of Public Service Railway Company and Public Service Transportation Company for the adjustment of fare zones and other relief, dated August 4, 1927, which order became effective on August 14, 1927, should not be disturbed or set aside,

Rule for Judgment.

IT IS ADJUDGED AND DECREED that the said order of said Board is therefore affirmed and the writ of certiorari is dismissed with costs to the defendants.

Entered: February 9, 1929.

On Motion of

WILLIAM H. SPEER,
Attorney for Defendants Public Service Railway Company, Public Service Transportation Co.

A true copy.

FRED L. BLOODGOOD,
Clerk.

Notice of Appeal and Grounds.

(Filed January 7, 1930.)

NEW JERSEY SUPREME COURT.

THE TOWN OF IRVINGTON and ALICE M. STEWART, Prosecutors-Appellants, *vs.* BOARD OF PUBLIC UTILITY COMMISSIONERS, PUBLIC SERVICE RAILWAY COMPANY, PUBLIC SERVICE TRANSPORTATION COMPANY and PUBLIC SERVICE COORDINATED TRANSPORT, Defendants-Appellees.	On Writ of Certiorari. Notice of Appeal and Grounds.

To William H. Speer, Esq., Attorney of Defendants, Public Service Railway Company, Public Service Transportation Company and Public Service Coordinated Transport; and

John O. Bigelow, Esq., Attorney of Defendant, Board of Public Utility Commissioners:

Sirs:

PLEASE TAKE NOTICE that the prosecutors-appellants in the above entitled cause appeal to the Court of Errors and Appeals in the last resort in all causes in New Jersey from the whole of the judgment entered in this cause on the following grounds:

Because the Supreme Court erred in affirming the order of the Board of Public Utility Commis-

sioners of the State of New Jersey and dismissing the writ of certiorari heretofore allowed by said Court to the prosecutors-appellants, in that:

1. The Board of Public Utility Commissioners, at the close of the presentation of evidence on the part of the petitioners, on motion for the respondents, did not dismiss the petition.

2. The Board of Public Utility Commissioners did not have jurisdiction to hear and determine the cause.

3. There was not sufficient evidence produced by the petitioner, the Public Service Transportation Company, in its direct case, to support the allegations and prayer of the petition, and the motion of the prosecutors-appellants herein (the respondents before the Board of Public Utility Commissioners), to dismiss the petition on such ground, was not granted.

4. The motion of the prosecutors-appellants herein, before the Board of Public Utility Commissioners, to sever the application of the Public Service Railway Company from that of the Public Service Transportation Company, was not granted.

5. The motions to dismiss the petition of the Public Service Transportation Company and the Public Service Railway Company have never been determined and disposed of by the Board of Public Utility Commissioners.

6. The rates allowed, by the order of the Board of Public Utility Commissioners, to the Public Service Transportation Company on the lines running from Newark into Irvington, and *vice versa,* are excessive.

7. The rates allowed, by the order of the Board of Public Utility Commissioners, to the Public Service Transportation Company on the lines running from Newark into Irvington, and *vice versa,* are discriminatory, in that the said rates affect only four lines out of a total of ninety-seven lines operated in the State of New Jersey by the said Company; and further because the said four lines affected, together with seven other lines upon which the petition prayed for a change in rates, constitute only eleven lines out of a total of ninety-seven lines operated by the Public Service Transportation Company.

8. No valuation of the Public Service Transportation Company's property used and useful had been made prior to the institution of the proceedings sought to be reviewed or in the course of these proceedings.

9. The Board of Public Utility Commissioners did not ascertain and determine any valuation of the Public Service Transportation Company's property used and useful, and fixed the rate to be allowed the Company on the eleven affected lines without any such valuation being determined.

10. The Board of Public Utility Commissioners illegally determined and ordered that the fare zones on the Clinton Avenue and Springfield Avenue bus lines, running from Newark into Irvington, should be co-extensive with the zones on the trolleys of the Public Service Railway Company also running from Newark into Irvington on said Clinton Avenue and Springfield Avenue; and the zones on the bus lines, from their terminal in Newark to Irvington Center (being the first fare zone fixed by the said Board), are not based on a fair rate of return on the value of the Transporta-

tion Company's property used and useful in this service, nor on public necessity and convenience, but were thus fixed solely for the purpose of making the cost of a ride from Newark into Irvington on either the Public Service Transportation Company's buses or on the Public Service Railway Company's trolleys, on the lines operating on Springfield and Clinton Avenues (Irvington and Newark), the same where the two utilities operate in competition, and the fares as fixed for said zones are excessive.

11. The fixing of the zone on the Lyons Avenue and Clinton Place jitney lines operating from Newark into Irvington, and vice versa, at the Newark-Irvington boundary, was so fixed without any evidence before the Board of Public Utility Commissioners to show that either public necessity or public convenience required the fixing of the zone at said point.

12. The evidence showed that on the Clinton Avenue bus line of the Public Service Transportation Company, the said Company, at the former rate of fare, viz., five cents for a ride from the terminal in Newark to the terminal in Irvington at 40th Street and Stuyvesant Avenue, was operating at a net profit of 8.35%, based upon the Company's full claimed valuation as a whole, pro-rated on a bus mile basis as applied to said line;

and on the Springfield Avenue bus line, the said Company, at the former rate of fare, viz., five cents for a ride from the terminal in Newark to the terminal in Irvington at 43rd Street and Springfield Avenue, was operating at a net profit of 21.34%, based upon the Company's full claimed valuation as a whole, pro-rated on a bus mile basis as applied to said line;

and on the Clinton Place bus line, the said Company, at the former rate of fare, viz., five cents for a ride from the terminal in Newark to the terminal in Irvington at Union and Chancellor Avenues, was operating at a net profit of 7.14%, based upon the Company's full claimed valuation as a whole, pro-rated on a bus mile basis as applied to said line;

and on the Lyons Avenue bus line, the said Company, at the former rate of fare, viz., five cents for a ride from the terminal in Newark to the terminal in Irvington at Lyons and Springfield Avenue, was operating at a net profit of 10.03%, based upon the Company's full claimed valuation as a whole, pro-rated on a bus mile basis as applied to said line;

which return, in each case, is a fair return when based upon the Company's full claimed valuation of its used and useful property, pro-rated upon a bus mile basis as applied to said respective lines.

13. The evidence showed that the Clinton Avenue jitney route, with a five cent fare zone from the terminal in Newark to Irvington Centre, and a five cent fare zone from Irvington Centre to its terminal in Irvington, would result in said Company earning a net profit of 30.47%, based upon the Company's full claimed valuation as a whole, pro-rated on a bus mile basis as applied to said line, and that said return is excessive and unreasonable;

that the Springfield Avenue jitney route, with a five cent fare zone from the terminal in Newark to Irvington Centre, and a five cent fare zone from Irvington Centre to its terminal in Irvington, would result in said Company earning a net profit of 52.02%, based upon the Company's full claimed valuation as a whole, pro-rated on a bus mile

basis as applied to said line, and that said return is excessive and unreasonable;

that the Clinton Place jitney route, with a five cent fare zone from the terminal in Newark to the Newark-Irvington boundary line, and a five cent fare zone from the Newark-Irvington boundary line to its terminal in Irvington, would result in said Company earning a net profit of 8.31%, based upon the Company's full claimed valuation as a whole, pro-rated on a bus mile basis as applied to said line, and that said return is excessive and unreasonable;

and that the Lyons Avenue jitney route, with a five cent fare zone from the terminal in Newark to the Newark-Irvington boundary line, and a five cent fare zone from the Newark-Irvington boundary line to its terminal in Irvington, would result in said Company earning a net profit of 15.26%, based upon the Company's full claimed valuation as a whole, pro-rated on a bus mile basis as applied to said line, and that said return is excessive and unreasonable.

14. The Board of Public Utility Commissioners assumed, without proof or evidence, the fact that the value of the property, used and useful, of the Public Service Transportation Company, amounted to a sum between $11,600,000 and $18,500,000, and, on such assumption, the Board held that the said Company was not earning an adequate return.

15. The Board of Public Utility Commissioners' order is an unjust and unlawful discrimination against the prosecutors, in that the Board determined thereby that there should be an increase in fare on the petitioned lines operating into Irvington, Kenilworth and Roselle, without

any valuation of the property of the Public Service Transportation Company, used and useful, on said lines or on the entire system of ninety-seven lines operating in all parts of New Jersey, and without investigating or considering the earning power and operating expenses of the eighty-six lines not involved in the petition.

16. The evidence taken before the Board of Public Utility Commissioners clearly established that on the five cent fare in force at the time of the filing of the petition, on the affected lines operating into Irvington, the Public Service Transportation Company was earning an adequate return on such lines.

17. The evidence showed that, on the entire system of the Public Service Transportation Company, for the year 1924 the said Company operated at a deficit of $811,241.61; for the year 1925 it operated at a deficit of $727,057.42; for the year 1926 the Company earned, above operating expenses, the sum of $240,000; and that the natural and probable earnings of the said Company for the year 1927, above operating expenses, would far exceed the sum of $240,000; and that the Company was not in need of the relief prayed for.

18. The Board of Public Utility Commissioners determined that the value of the Public Service Transportation Company's property, used and useful, as testified to by Dr. Bauer, a witness for the Town of Irvington and the three other municipalities, which value was based on figures furnished by the Company, was improper, in that he did not include any value for permits purchased by the Public Service Transportation Company when it acquired its buses from independent operators, and in that he did not assume the value

of the buses with the business attached at the time of the acquisition by the Company, in developing his going concern cost, and for that reason the Board rejected the value ascertained by him.

19. The Board of Public Utility Commissioners rejected the value placed by Dr. Bauer (the only witness who testified as to value) upon the property of the Public Service Transportation Company used and useful in its business, and fixed no other value in lieu thereof.

20. The Board of Public Utility Commissioners fixed a rate of fare for transportation upon the buses of the Public Service Transportation Company, operated over the eleven affected lines, based upon the expenditure of money in the purchase of buses at excessively high prices, and the said Board did not find that such expenditures were imprudent, and, on the contrary, permitted a return to be made upon moneys imprudently expended, contrary to law.

21. The order of the Board of Public Utility Commissioners will result in a decrease of patronage to the bus company and an increase of patronage to the trolley company, thereby increasing the revenue of the trolley company and decreasing the revenue of the bus company, and that such order is contrary, therefore, to public policy.

22. The Board of Public Utility Commissioners held that it is not required, in passing upon an application for increased rates, to determine the value of the property of the applicant and its consequent rate of return.

23. The Public Service Transportation Company did not sustain the burden of proof to show

that the increase in fare applied for or that the increase in fare allowed is just and reasonable.

24. Before a rate can legally be fixed and determined by the Board of Public Utility Commissioners, a valuation of the applicant's property used and useful in the operation of its business is legally necessary, and no such valuation has ever been made of the Public Service Transportation Company's property.

25. Before a public utility is entitled to earn any return on money invested in property used and useful, it must appear that the investment had been prudently made, and neither did the Public Service Transportation Company prove that its investment had been prudently made, nor did the Board of Public Utility Commissioners find that it had been prudently made.

26. The Board of Public Utility Commissioners, in fixing the rate of fare to be allowed to the Public Service Transportation Company on the affected lines, capitalized the permits which the Company acquired and owns, which said capitalization of the permits is contrary to law.

27. The petition was for the general purpose of making the bus routes, as to fare zones, commensurate with the then existing trolley fare zones, and the order of the Board of Public Utility Commissioners was for the purpose of effectuating the scheme to make the fare zones on the two utilities commensurate. The Board, under the statutes under which it exists and operates, has no power to co-ordinate two utilities operated by separate corporations.

28. The Board, under the statutes under which it exists and functions, has no power to co-ordinate

the two utilities operating from Newark to Irvington, viz., the buses and trolleys, when the evidence shows that they are owned by separate corporations and the petitioning bus company is earning a fair return on the value of its property used and useful in operating the service on the Clinton Avenue and Springfield Avenue bus lines, all of which is shown by the evidence in this case.

29. The evidence before the Board of Public Utility Commissioners does not support reasonably the order made.

30. Said proceedings are in diverse other respects irregular, illegal, unjust, erroneous and oppressive to the prosecutors-appellants herein and contrary to law.

Respectfully yours,

CHARLES H. STEWART,
Attorney of Prosecutors-Appellants.

Service of the within Notice of Appeal and Grounds is hereby acknowledged this 4th day of January, 1930.

WILLIAM H. SPEER,
Attorney of Defendants, Public Service Railway Company, Public Service Transportation Company and Public Service Coordinated Transport.

J. O. BIGELOW,
Attorney of Defendant, Board of Public Utility Commissioners.