

ORIGINAL

Decision No. 39667

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
 INGLEWOOD CITY LINES, a corporation,)
 for an order granting permission to)
 increase its local basic passenger)
 rate of fare for the transportation) Application No. 27774
 of persons from 5¢ to 10¢ cash or)
 4 tokens for 30¢, and for the dis-)
 continuance of 15¢ and 25¢ round trip)
 fares.)

VERN P. SPENCER, for Inglewood City Lines
 ROGER ARNEBERG, Assistant City Attorney,
 for City of Los Angeles
 T. M. CHUBB, Assistant Engineer, for Board
 of Public Utilities and Transportation,
 City of Los Angeles
 BENJAMIN CHAPMAN, Price Attorney, for Office of
 Price Administration

O P I N I O N

In this application authority is sought to increase the fare structure of the Inglewood City Lines, a corporation, and make certain changes in the zone plan. (1)

A public hearing was conducted at Los Angeles, October 24, 1946, before Examiner Hunter and this matter is now ready for decision.

Inglewood City Lines conducts a local passenger service in Inglewood and vicinity through the operation of motor coach routes radiating from the business section of the city. Three routes designated as Lines Nos. 1, 2-A and 4 are single zone. Lines Nos. 2

(1)

FARE STRUCTURE

I t e m	: Present :	
	: Fares :	Proposed Fares :
<u>One Way</u>		
Intra-zone - Adult	5¢	10¢ or tokens 4/30¢
- School or Child	5¢	5¢
Two-zone - Adult. Line No. 2	10¢	10¢
Line No. 3* and 6	10¢	15¢
- School or Child	10¢	10¢
Three-zone - Adult. Line No. 3*	15¢	Abolish
<u>Round Trip</u>		
Adult-Two-zone	15¢	Abolish
Adult-Three-zone	25¢	Abolish

*Line No. 3 to be reduced from three to two zones. - 1 -

and 6 have two zones while Line No. 3 is divided into three zones. Applicant proposed to change Line No. 3 into a two-zone operation. The territory served embraces not only the city of Inglewood, but also portions of the cities of Hawthorne, El Segundo, Gardena and Los Angeles, which includes an industrial area within which there are located a number of aircraft manufacturing establishments and other allied industries. Los Angeles Transit Lines provides some local service in the Inglewood area, however, this service is not competitive with that of applicant. The record shows that applicant's traffic, for the most part, is composed of shoppers and workers traveling between their homes and industrial plants or the business districts of the above mentioned cities.

This company owns and operates twenty-three buses with seating capacity varying from 21 to 33 passengers. Eight of these are scheduled for replacement by new equipment about December 31, 1946. The company also owns a small building which is used as a garage and office. It has planned the construction of a new garage to cost approximately \$47,000 which is anticipated to be ready for occupancy about May 1, 1947.

Applicant alleges that notwithstanding the fact that it has reduced expenses to a minimum, its income is not sufficient to meet operating expense due to a decrease in the volume of business and increased costs of labor and material.

In support of its petition for increased fares, applicant introduced testimony setting forth various estimates of operating results based on different plans of rate structure. The Commission's staff likewise presented testimony along this line. The following table is developed from exhibits presented at the hearing:

I t e m	Applicant		Commission's Staff	
	Under Present Fares	Proposed by Applicant#	Under Present Fares	Proposed by Applicant#
Revenue	\$200,000	\$286,000	\$203,530	\$289,775
Operating Expense:				
Oper. and Maintenance	198,410	206,545	193,765	196,190
Depreciation	20,000	20,000	19,307	19,307
Taxes	20,000	21,000	19,050	20,425
Total	238,410	247,545	232,122	235,922
Net before Income Taxes	(38,410)	38,455	(28,592)	53,853
Other Charges	315	815	-	-
Income Taxes	-	12,450	-	21,599
Net Operating Income	(39,225)	25,190	(28,592)	32,254
Operating Ratio	-	86.84%	-	81.42%
Rate Base	-	\$72,575	-	\$81,924
Rate of Return	-	34.7%	-	39.4%

(Red Figure)

* On basis of construction of new garage May 1, 1947. If the garage is not included, the net revenue would be \$32,216; rate base, \$66,224; operating ratio, 48.6%; and rate of return 48.6%.

Assumes construction of new garage May 1, 1947.

Both applicant and the Commission's staff introduced estimates of operating results that would obtain under fare structures different from the one proposed in the original application. The following tabulation is based upon these estimates.

I t e m	Applicant		Commission's Staff			
	Adult Zone Fare 10¢	Tokens 3/20¢	Inc. New: Garage	Excl. New: Garage	Inc. New: Garage	Excl. New: Garage
Revenue	\$260,000	\$259,560	\$259,560	\$248,230	\$248,230	
Net Oper. Income	11,175	17,975	17,930	9,747	9,701	
Operating Ratio	-	90.71%	90.73%	94.78%	94.80%	
Rate Base	\$ 72,555	\$ 81,924	\$ 66,224	\$ 81,924	\$ 66,224	
Rate of Return	15.40%	21.9%	27.1%	11.9%	14.6%	

Although official notice of this hearing was given to the governing authorities of the cities of Inglewood, Hawthorne, Gardena, El Segundo and Los Angeles, only the latter city was represented at the hearing. The Office of Price Administration participated in the cross-examination of witnesses but introduced no evidence on its own behalf.

A review of this record impels the conclusion that the revenue of the Inglewood City Lines under its present fare structure is insufficient to defray the cost of providing the service and that some relief in the form of increased fares has been justified. It is concluded, however, that the fare structure proposed by the company has not been justified in that it would produce an excessive revenue and that some lower form of fare structure should be authorized. The estimate presented by the Commission's staff which stands unchallenged shows that a fare of ten cents with tokens to be sold on the basis of 4 for 25 cents would produce an operating ratio of 94.78 or a return of 11.9 per cent on the depreciated investment of used and useful property, including the item of expense to construct a new garage, and 94.80 operating ratio or 14.6 per cent return, exclusive of the new garage item. The proposal of the company to change the operation of Line No. 3 from three to a two-zone operation appears desirable.

Upon this record we find that applicant should be authorized to establish an adult zone fare of ten cents with tokens sold four for twenty-five cents, together with the inter-zone, children and school fares proposed in its application, as well as the change in the zone limits referred to above, and it will be so ordered.

ORDER

Public hearing having been held, the matter having been submitted and good cause appearing,

IT IS ORDERED that Inglewood City Lines be and it hereby is authorized to establish, on not less than five days' notice to the Commission and the public, the following fares within and between the fare zones described in appendix "A":

Within any single zone:

Adult, one-way	10¢ or 4 tokens for 25¢
School #	5¢
Child *	5¢

Between any two contiguous zones on the following lines:

Adult, one-way on Line No. 2	10¢
" " on Lines Nos. 3 and 6	15¢
School # on Lines Nos. 2, 3, and 6	10¢
Child * on Lines Nos. 2, 3, and 6	10¢

* To apply to children between the ages of five (5) and twelve (12) years.

To apply to students under eighteen (18) years of age attending public or parochial school between the hours of 7:00 a.m. and 5:30 p.m. on days when schools are in regular session. To be sold on the basis of twenty single zone or ten inter-zone rides for \$1.00.

IT IS FURTHER ORDERED that in all other respects the above entitled application is denied.

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

This order shall become effective five days from the date hereof.

Dated at San Francisco, California, November 26, 1946.

Harold P. Kull
Justice J. Calver
W. M. W. C. C. C.
Justice J. Powell
A. Z. J. J. J.
 COMMISSIONERS

APPENDIX "A"

Description of zone boundaries on the various routes of the Inglewood City Lines.

Line No. 1 Inglewood - Los Angeles Airport
Between any two points on this line

Line No. 2 West Manchester

Inner Zone:

To or from Regent and Market Streets in Inglewood and intersection of Manchester and Sepulveda Blvd. or intersection of 83rd Street and Sepulveda Blvd. or intersection of 88th Street and Sepulveda Blvd.

Outer Zones:

To or from intersection of Will Rogers Street and Sepulveda Blvd. and intersection of 89th Street and Centinella Avenue.

To or from intersection of 83rd Street and Sepulveda Blvd. and intersection of 83rd Street and Chase.

To or from any point on this line west of the intersection of Sepulveda Blvd. and Manchester.

Line No. 2-A Inglewood - Morningside Park
Between any two points on this line:

Line No. 3 El Segundo - Oak Street

Inner Zone:

To or from Regent and Market Streets in Inglewood and intersection of Sepulveda Blvd. and Imperial Highway or end of line on Douglas Street.

Outer Zone:

To or from gate of North American Aircraft Plant just north of the intersection of Imperial Highway and Inglewood - Redondo Road and Grand Avenue and Main Street in El Segundo.

Line No. 4 North Inglewood
Between any two points on this line.

Line No. 6 Hawthorne - Inglewood

Inner Zone:

To or from Regent and Market Streets, Inglewood, and the intersection of Prairie Avenue and El Segundo Blvd. in the city of Hawthorne.

Outer Zone:

To or from the intersection of Prairie Avenue and Broadway in the City of Hawthorne to the intersection of 157th and Spinning Streets.

b.