

ORIGINALDecision No. 40010

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
 FRESNO CITY LINES, INC., a corporation,)
 for an order granting permission to)
 increase its local basic passenger)
 fare for the transportation of passen-) Application No. 27866
 gers from 5¢ plus 1¢ for a transfer to)
 7¢ cash or 3 tokens for 20¢ with a)
 free transfer.)

GILBERT H. JERTBERG, for Applicant
 C. M. OZIAS, City Attorney, and A. L. HILDERBRAND,
 Commissioner of Finance, for the City of Fresno
 LLOYD A. BOWES, for the Employees Union of the
 Fresno City Lines

O P I N I O N

In this proceeding, applicant seeks authority to increase local fares from five cents to seven cents cash or three tokens for twenty cents with school tickets increased from three and one-half to five cents. It is proposed to retain the present five cent fare for children between the ages of 5 to 12 years, inclusive. Free transfer privileges are to be offered under the new fare structure in lieu of the present charge of one cent per transfer issued. Applicant desires changes in the fare structure on the routes to Hammer Field and Camp Pinedale to reflect the proposed local fares in the city.

A public hearing was conducted in this matter at Fresno January 23, 1947, and it is now ready for decision.

Fresno City Lines, Inc., provides a local passenger transportation in the City of Fresno and immediate vicinity and in addition operates bus lines to Camp Pinedale and Hammer Field, distant 7.4 and 7.2 miles, respectively, from the business center of Fresno. Service is provided exclusively by motor coaches which operate over a total of 46.2 route miles. The equipment devoted to transportation service consists of 36 buses, varying in seating capacity from 29 to 36 passengers. The record shows that this fleet is composed of 17 buses owned by applicant and 19 leased. In turn, applicant leases

11 of its own buses to other operations. (1) The company owns and maintains a centrally located storage yard on which is located the Fresno garage and office.

Applicant alleges that due to increased costs of labor and materials an annual operating loss of \$57,732 will be sustained under the present fare structure.

The company and the Commission's engineering staff introduced a number of estimates showing the results of operation for the year 1947 based on different fare structures. The following tabulation shows the estimated results that would obtain if the present fare structure is continued in effect as compared to employing the one proposed by applicant.

I t e m	Applicant (a)		Commission's Staff (b)	
	Under Present Fares (1)	Under Proposed Fares By Company (2)	Under Present Fares (3)	Under Proposed Fares (4)
Operating Revenues	\$503,000	\$631,400	\$518,255	\$659,200
Operating Expenses (c)	560,732	573,540	551,770	553,170
	(57,732)	57,860	(33,515)	106,030
Income Taxes		21,985		42,525
Net Operating Revenue	(57,732)	35,875	(33,515)	63,505

(a) For 12-months' period ending November 30, 1947, Exhibit No. 6.

(b) For year 1947, Exhibit No. 11, page 9.

(c) Exclusive of Income Taxes.

(Red Figure)

(1) Witnesses for the company testified that the Fresno City Lines, Inc., is one of many bus companies owned by Pacific City Lines, and that through this common ownership this program of assigning equipment developed; also that the company anticipates receipt of 9 new buses in 1947 for the Fresno operation.

Witnesses for applicant and the Commission's staff agree that continued operations under the present fare structure will result in an appreciable operating loss. Their estimates differ; however, with respect to revenue and expenses that may be expected to obtain under each fare structure. The estimated difference in revenue of \$27,800 under the proposed fare structure arises from divergent views of volume of traffic and the expected use of tokens. The company's estimate is based on the assumption that the volume of traffic for 1947 will be approximately six per cent below that of 1946, resulting from increased fares, together with a decline in traffic. On the other hand, the Commission's engineer estimated this reduction to be four per cent. This estimate, the witness testified, gave consideration to the present trends in traffic, increased school registrations and the resulting effect from an increase in fares. A further difference in the estimates arises from the fact that the company's estimate is based on a 50 per cent use of tokens, whereas the Commission's staff used 35 per cent. This 35 per cent use is based upon the actual experience that obtained in Fresno prior to World War II, when this identical fare structure was in effect.

The company's forecast of expense is \$20,370 higher than that of the Commission's staff. In the following statement the major components of expense as reflected in both estimates are compared on a mileage basis with the actual costs incurred during September, October, and November, 1946, at current wage scales:

Item	Cost per Bus. Mile		
	Sept. to Nov., Incl. 1946	Estimate for Year 1947 Company	Estimate for Year 1947 Commission's Staff
Maintenance	6.61%	7.23%	7.09%
Transportation	17.71	17.59	17.33
Insurance	1.73	1.89	1.57
Taxes	2.68%	3.15	2.80
Total	28.73	29.86	28.79

* Full year 1946

In addition to the estimates based on the present and proposed fare structure, the Commission's staff presented estimates of the operating results that would obtain under two other basic fare structures. One is based upon a fare of seven cents cash with four tokens for twenty-five cents, and the other, seven cents cash with five tokens for thirty cents. Under these two fare schedules it is estimated that the net operating revenue will be \$46,385 and \$34,155, respectively. These estimates were based upon the conditions prevailing at the time the study was made.

The City Attorney of Fresno raised the issue of franchise tax, contending that the franchise under which the company now operates provides for the imposition of a 2 per cent gross tax in case present fares are increased. The application of such a tax would reduce the net operating revenue of this carrier approximately \$5,000.

Exhibit No. 9, introduced by a witness for the Commission, shows the results of a service study of applicant's operations. This investigation, so the witness testified, included conferences with representatives of the City and patrons affected as well as company officials. The recommendations include operating changes in the way of extensions and rerouting, together with an abandonment of the so-called Hammer Field service which is now reduced to one round trip per day. The record shows that in so far as routes are concerned, no material opposition developed to the proposed plan.

Representatives of the City and community organizations in Fresno stated that while they did not desire to oppose such reasonable increase in fare as the Commission may determine upon this record, it was their opinion that there should be a material improvement in the service during the morning and evening period of peak travel when the buses are unduly overcrowded. Request was also made for extensions and relocation of some of the bus routes along the

lines proposed by the Commission's engineer in Exhibit No. 9. Applicant has requested that it be authorized in this order to make the route changes suggested in the exhibit.

In reviewing this record with the view of determining the proper fare structure that has been justified we have given consideration to the various estimates which have been submitted dealing with the probable future trend of traffic under the various fare structures considered. As stated above the company's estimates were based upon the assumption that there would be a greater diminution of traffic with an increase in fare than was employed by the Commission's engineers. Also, the company's estimates are based on a greater token use than was adopted by the Commission's staff. In applying the fare structure of seven cents cash with three tokens for twenty cents, there is a difference of \$27,630 in the net operating revenue between the company's estimate and the one presented by the Commission's staff. No evidence was presented by the company applicable to any other fare structure, but it is reasonable to assume that the elements of difference existing in the two estimates in evidence would obtain with equal force in relation to the two other fare structures analyzed by the Commission's staff. When due consideration is given to all of the elements we find that the revenue applicant receives from its present fare structure is not sufficient to meet the cost of providing the service, and that an increase in fare to the extent indicated in the following order has been justified, to the effect that the present basic fare of five cents should be increased to seven cents cash with four tokens for twenty-five cents.

This increase in rates is being authorized with the understanding that applicant will improve its service, particularly during the morning and evening rush periods, through the use of additional equipment. To this end applicant is directed to file with this Commission a statement setting forth its plan of improving the service, together with monthly statements showing new equipment received and the status of all orders for new equipment not delivered, until such time as this proposed improved service plan has been carried out in its entirety. In the interest of carrying out the entire program of rates and service as developed in this record we are granting authority to conduct a passenger

stage operation over the routes which have been suggested and appear to meet the approval of all the interested parties.

O R D E R

Fresno City Lines, Inc., having filed an application requesting authority to increase its fares, public hearing having been held, the Commission fully apprised, the matter being under submission and ready for decision, IT IS ORDERED that Fresno City Lines, Inc., be and is hereby authorized to establish upon not less than five (5) days' notice to the Commission and the public, the following fares:

Local - includes all lines except that portion of the Pinedale route between Camp Pinedale and Van Ness Boulevard and Shields Avenue.

Adult, one-way	7 cents or 4 tokens for 25 cents
School ticket	10 for 50 cents
Transfers	Free

Camp Pinedale Route -

One-way fare between Van Ness Boulevard and Shields Avenue and Palm and Shaw Avenues	5 cents
One-way fare between Palm and Shaw Avenues and Camp Pinedale	5 cents
One-way fare between Inyo and Fulton Streets and Camp Pinedale	15 cents
Round trip and Commutation fare to be abolished.	
Transfers to local lines	Free

Hammer Field Route -

All fares applicable to that portion of the route between the United States Army Air Training Base at Hammer Field and the intersection of Clinton Avenue and Fresno Avenue to be cancelled.

IT IS FURTHER ORDERED that Fresno City Lines, Inc., is hereby authorized:

- a. To operate over and along Huntington Boulevard between Dearing Street, Chestnut Avenue, thence along Chestnut Avenue and Ventura Street to the intersection of Dearing Street, instead of over Dearing Street between Huntington Boulevard and Ventura Avenue.
- b. To operate over and along West Olive Avenue between Adoline Avenue and Vagodes Avenue, thence along Vagodes Avenue and Yale Avenue to the intersection of Arthur Avenue, instead of along Adoline Avenue, McKinley Avenue and Arthur Avenue between West Olive Avenue and Yale Avenue.
- c. To operate over and along the route beginning at Amador and Modoc Streets, thence along Amador Street, Trinity Street, A Street and Kearney Boulevard to the intersection of Kearney Boulevard and Modoc Street instead of along the route beginning at the intersection of Kearney Boulevard and Modoc Street, thence along Kearney Boulevard, Tehama Street, Oleander Street and Modoc Street to the intersection of Modoc and Amador Streets.
- d. To operate over and along the route beginning at the intersection of Fresno Street and Pottle Avenue, thence along Pottle Avenue, California Avenue, and Irwin Avenue to the intersection of Irwin Avenue and Fresno Street instead of along Fresno Street between Irwin Avenue and Pottle Avenue.
- e. To operate over and along the route beginning at the intersection of Florodora Avenue and North First Street, thence along Florodora Avenue, Millbrook Avenue, Hedges Avenue and North First Street to its intersection with Florodora Avenue.
- f. To operate over and along the route beginning at the intersection of Howard Street and Clinton Avenue, thence along Clinton Avenue, Effie Street, Michigan Avenue, Clark Street and Princeton Avenue to its intersection with Effie Street instead of along Berkeley Avenue and Howard Street between the intersections of Berkeley Avenue and Fresno Avenue and Howard Street and Clinton Avenue.
- g. To discontinue and abandon operations beginning at the intersection of Clinton Avenue and Fresno Avenue, thence along Fresno Avenue and Shields Avenue to the United States Army Air Training Base at Hammer Field.

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.

In all other respects this application is denied.

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

Dated at San Francisco, California, this 4th day of March, 1947.

Harold Huls
Justice F. Coe
Joseph H. Powell
P. F. [unclear]
Herbert [unclear]

COMMISSIONERS