

ORIGINALDecision No. 40074

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of NORTH SACRAMENTO TRANSIT LINES, a California corporation, for authority to increase and adjust rates and modify regulations for the transportation of passengers in the sub-urban area north of Sacramento, California.) Application No. 28145

In the Matter of the Application of GIBSON LINES, a corporation, for authority to increase and adjust passenger rates and fares and modify regulations for the transportation of passengers between certain points and places on applicant's system.) Application No. 28236

HERBERT CAMERON, for North Sacramento Transit Lines; REGINALD L. VAUGHAN and ROBERT E. GOCKE, for Gibson Lines; KENNETH R. HAMMAKER, Mayor, North Sacramento, for the City; FRED A. BOOTHMAN, for North Sacramento Chamber of Commerce; FRED G. OLSON, for Civilian Employees, McClellan Field; RAYMOND McCLURE, City Attorney, for City of North Sacramento.

O P I N I O N

By Application No. 28145, North Sacramento Transit Lines seeks authority to increase its fare structure, and by Application No. 28236, Gibson Lines seeks a parity of rates with North Sacramento Transit Lines within the common area served by the two carriers.

These matters were heard on a common record, March 7, 1947, at North Sacramento. During the course of the hearing Gibson Lines requested authority to withdraw its application without having submitted any testimony or statements in support thereof. This request will be granted, which leaves for disposition the matters involved in the record relating to the application of the North Sacramento Transit Lines. For convenience hereinafter this carrier will sometimes be referred to as the applicant.

North Sacramento Transit Lines is a passenger stage corporation serving the City of North Sacramento and portions of the City of Sacramento and areas adjacent thereto in the unincorporated sections of Sacramento and Yolo counties. Gibson Lines is also a passenger stage corporation doing an extensive intercity business in an area extending from Chico on the north to San Francisco and

Steckton on the south. The operations of these two carriers are competitive between Sacramento and Gate No. 1 of McClellan Field via North Sacramento.

The fare structure of applicant is based on a rate of 2-1/2 to 3 cents per passenger mile with a 5-cent intrazone fare and a 5-cent increment for each additional zone. There are also in effect certain round-trip, script and commutation fares offered on a basis considerably below the one-way adult fare. Applicant proposes to inaugurate a zone system with fares generally 5 cents greater than presently in effect, and the elimination of all reduced fares except school tickets. During the hearing the original application was amended to continue in effect the 10-cent fare between Sacramento and North Sacramento.

Applicant's attorney testified in effect that: the present financial situation of the company was in a precarious condition due to lack of funds to meet outstanding obligations long overdue as well as current expenses; the exact financial condition of the company is not known as the records are incomplete; new officers had taken over the management of the company with the intention of effecting all possible economies, but contended that an immediate increase in fares is necessary to enable the company to continue to operate. He also testified that the present tariff did not definitely define the zone limits which should be corrected to eliminate any uncertainty in this matter.

Applicant's new president and general manager testified that he had been in charge of the property only one week and had not developed concrete plans for future operation. His opinions of the situation were therefore based upon a limited knowledge of the property, and from this preliminary observation he had concluded that some of the equipment was not suitable for the service and that

the operations now being rendered were not conducted over desirable routes. He testified that he had already effected some operating saving by way of reduced personnel and estimated that a reduction of some 500 bus miles a day could reasonably be effected through rerouting and changes in service. He also indicated that the number of buses required for this operation could be reduced to 24 from the present fleet of 42 now maintained by the company. When asked if he thought that the system could be operated on a profitable basis under the present fare structure after the operating economies to which he referred had been effected he first replied in the affirmative, but later stated he did not know.

A senior transportation engineer of the Commission's staff testified that he had made a study of applicant's service and properties and was of the opinion that operation under the existing fare structure would provide sufficient revenue to pay all expenses and allow a small net income, provided certain changes were made in the method of operation. He suggested that service routes be revised which would permit of a material reduction in the number of bus miles operated which could be accomplished by establishing direct routes from the residential districts to business centers of both North Sacramento and Sacramento during peak hours and employing some shuttle operations to and from the business center of North Sacramento during the evening off-peak hours. This plan of operation would require the use of only 25 buses. He also pointed out certain inconsistencies in the present fare structure and suggested a reduced fare of twelve rides for the cost of ten one-way adult cash fares in lieu of the present commutation and script fares which are now offered at a reduction of approximately 50 per cent and 25 per cent, respectively, below the one-way adult fare.

Under the plan of operation suggested by the Commission's witness and retaining the present fare structure, it was his opinion that the operation would produce a net income of \$6,000, which is equivalent to a 6-1/2 per cent return on a depreciated rate base of \$92,000. The adoption of the proposed commutation fares in lieu of present reduced fares would increase this net revenue, but the exact amount was not evaluated. Operation under fares proposed by applicant but conducted under the suggested plan of revised service routes was estimated by the Commission's engineer to produce an annual net income of \$45,600, or approximately 50 per cent return on the depreciated rate base. On the other hand, this witness testified that with the continuance of the present operations both as to routes and fare structure the company would sustain an annual deficit of \$36,000.

The Mayor of North Sacramento stated that the City Council desired to protest any increase in fares of the applicant and was in the process of drawing a resolution to that effect. Its City Attorney participated in the cross-examination of witnesses, but did not present any evidence on behalf of the city. Various witnesses protested the proposed increases in fare on behalf of specific areas served by this applicant.

A review of this record shows that the applicant is now operating under new management and proposes to revamp its operations to effect all economies possible. It is apparent that the granting of applicant's request for increases in its one-way adult fares would produce an excessive return and this request will therefore be denied. It is also apparent that applicant has justified some financial relief along the lines suggested by the Commission's witness through changes in the present commutation and script fares, as well as defining zone limits.

Testimony was unanimous to the effect that changes in service routes is the prime requisite in effecting needed economies, and it is applicant's privilege to apply to this Commission for authority to make such revisions in its certificates of public convenience and necessity as it deems advisable.

Upon this record we find that applicant's present operations are being conducted at a considerable loss, but that this loss can be attributed to a considerable extent to mismanagement and that under competent management with appropriate rerouting of its operations and the elimination of certain reduced fares the system can be conducted on a remunerative basis.

ORDER

Application having been made in the two above entitled proceedings, the Commission being duly advised, the matters submitted and now ready for decision,

IT IS ORDERED that the application of Gibson Lines to increase fares is hereby dismissed.

IT IS FURTHER ORDERED that North Sacramento Transit Lines is hereby authorized to put into effect on or after April 1, 1947, upon one day's notice to the Commission and the public the following fare structure:

One-way Adult Fares:

- (a) One-way adult fares within any one zone shall be five cents except that the intrazone fare applicable to Zone 1B shall be ten cents.
- (b) Interzone fares shall be computed on the basis of five cents per zone traveled or portion thereof. In computing interzone fares 1B shall be considered a five-cent zone.

Round-trip Fares:

Where the one-way adult fare is twenty-five cents or more, round-trip fares shall be established on the basis of 180 per cent of the one-way adult fare, rounded to the nearest zero or five.

Commutation Fares:

Commutation fares shall be offered on a basis of 12 rides at the cost of ten one-way adult fares where the one-way adult fare is ten cents or more. These fares to be good for thirty days from date of purchase. Present commutation fares, including script, to be cancelled.

School Fares:

Reduced fares for school children to remain unchanged.

Rules and Regulations:

All rules and regulations incorporated in current tariffs are to remain in effect, excepting those applicable solely to fares abolished by this order.

Zone Limits:

The limits within which the foregoing fares are applicable are defined in Appendix "A" of this order and made a part hereof.

IT IS FURTHER ORDERED that in all other respects the application of North Sacramento Transit Lines is denied.

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

The effective date of this order is ten (10) days from the date hereof.

Dated at San Francisco, California, this 17th day of March, 1947.

Harold Huls
Justice F. Callahan
Paul H. Russell
R. F. [unclear]
[unclear]

COMMISSIONERS

APPENDIX A

North Sacramento Transit Lines

Zone Limits

- Zone 1A Between the intersection of 10th and "I" Streets in Sacramento, westerly to 5th Street between its intersections with "C" Street and U. S. Highway No. 40 and 99W in the Town of Broderick.
- Zone 1B Between the intersection of 5th and "I" Streets in Sacramento to the northerly and easterly limits of the City of Sacramento.
- Zone 2A Between the outer limits of Zone 1A to, and including, the communities of Bryte, West Acres, and West Sacramento.
- Zone 2B From the outer limits of Zone 1B to:
- (a) the intersection of Lower Marysville Road and Sutter Street, or
 - (b) the intersections of Del Paso or Rio Linda Boulevards and Nogales Avenue, or
 - (c) the intersection of El Camino Avenue and 10th Street, or
 - (d) the easterly end of the "F" Street Bridge.
- Zone 3
- (a) Between the intersection of Del Paso Boulevard and Grove Avenue, in North Sacramento, and the north side of Grand Avenue, or
 - (b) Between the intersection of Del Paso Boulevard and Grove Avenue in North Sacramento and the intersection of Marconi and Morse Avenues, or
 - (c) Between Sutter Avenue and Silver Eagle Road on Lower Marysville Road, or
 - (d) Between the easterly end of "F" Street Bridge and Howe Street along Fair Oaks Boulevard.
- Zone 4 Between the outer limits of Zone 3 and:
- (a) North "A" Street (South Avenue) or its westerly projection, or
 - (b) the intersection of Marconi and Eastern Avenues, or
 - (c) the intersection of Fair Oaks Boulevard and Linden Lane.

- Zone 5 : Between the outer limits of Zone 4 and:
- (a) all points served north of North "A" Street, or
 - (b) the intersection of Marconi and Walnut Avenues,
or
 - (c) the intersection of Fair Oaks Boulevard and
Walnut Avenue.
- Zone 6 Between the outer limits of Zone 5 and the inter-
section of Marconi Avenue and Fair Oaks Boulevard.
- Zone 7 Between the intersection of Marconi Avenue and Fair
Oaks Boulevard, and Fair Oaks Boulevard and Hollister
Avenue.
- Zone 8 Between Hollister and Sunset Avenues along Fair
Oaks Boulevard.
- Zone 9 Between Sunset Avenue and Greenback Lane along
Fair Oaks Boulevard.
- Zone 10 Between Fair Oaks Boulevard and Mountain Avenue
along Greenback Lane.