

Decision No. 40101428
ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SUNSET STAGES, a corporation, for an)
 order or orders granting permission) Application No. 28093
 to increase and adjust and place into)
 effect certain fares for the trans-)
 portation of passengers on its lines.)

Collamer A. Bridge, attorney for applicantO P I N I O N

In this application authority is sought to increase the fare structure of the Sunset Stages, a corporation. One proposal for an increase was set out in the original application. At the hearing applicant requested authority to amend the original application to provide for a seven-cent cash basic fare in lieu of the ten-cent fare proposed in the original application. The showing was made on this revised fare plan.

Fare Structure

<u>Item</u>	<u>Present fares (Cents)</u>	<u>Proposed fare as amended (cents)</u>
One-way fares from and to designated points	5	7
	10	10
	15	15
	20	20
	25	25
Round-trip fares	40	40
	35	eliminate
	30	eliminate
Passes	50	eliminate
	120	eliminate
	160	eliminate
	215	eliminate

A public hearing was held at Los Angeles on March 6, 1947, before Examiner Syphers.

The applicant's present fare structure encompasses one-way fares from five cents to twenty-five cents, round-trip fares, and pass books. The changes now proposed would increase the present basic five-cent, one-way fare to ten cents under the original proposal and seven cents under the amended proposal. Under both proposals all passes would be eliminated. All round-trip fares, except the forty-cent fare, would likewise be eliminated.

Sunset Stages is a California corporation formed in October of 1946 to take over the assets and operation of an individual, D. B. Maurice, doing business as Sunset Stages. The principal shareholders and their titles in the corporation are: D. B. Maurice, President, and his son, C. A. Maurice, Executive Vice President.

Applicant corporation presently operates twenty (20) busses and maintains a terminal at 1269 Bonnie Brae Street, Hermosa Beach, California.

At the hearing the sole witness for applicant, C. A. Maurice, presented testimony indicating the following facts:

- (1) Applicant's present terminal facilities are in an area which has become residential in character. Because of this the City of Hermosa Beach has requested applicant to be out of the terminal within six months from November 7, 1946. A resolution of the City Council of Hermosa Beach, substantiating this, was received in evidence as Exhibit No. 1.
- (2) After a diligent search for new terminal facilities, applicant has decided to buy land in Torrance at a price of approximately \$13,500, and to construct a building thereon at a cost of about \$35,000.

- (3) The new terminal facilities will incur increased taxes.
- (4) Drivers' salaries have risen from 75¢ per hour to \$1.15 per hour during 1946. A further increase is anticipated in 1947.
- (5) There has been a marked increase in applicant's costs for tires, tubes, and maintenance parts.
- (6) The cities through which applicant operates are now levying license taxes on its busses. These taxes were instituted in 1946 in Inglewood (\$48.50 per bus per year) and in Hermosa Beach (\$28.00 per bus per year). Other cities are expected to follow the same methods.
- (7) Applicant's gasoline costs recently have increased one-half cent per gallon. Further increases are expected.
- (8) The price of Ford Transit busses, the kind applicant uses, has increased from \$6600 to \$7300 apiece.
- (9) Additional routes which applicant intends to inaugurate, if authorized by the Commission, will operate at a loss during the next several months.
- (10) Comparable bus operations in the area are now permitted to charge a basic fare of seven cents.

In view of the above conditions applicant contended that it was not possible to continue profitable operations under the present rates. To further substantiate this contention an exhibit was introduced which showed that although the company had a net income from operations during 1946 of \$1,242.96, estimated losses for 1947, under the present rate structure, would amount to \$29,619.29. Factual data were set out in the exhibit supporting this forecast and, also, an estimate of the results of operation in 1947 under the amended proposal, with a basic seven-cent fare.

A transportation engineer for the Public Utilities Commission presented and explained an exhibit analyzing

applicant's operations and forecasting probable results of continued operations under the present rates and, also, under the proposed rates. Applicant in no way challenged this exhibit, but rather acknowledged several omissions in his own exhibit, which were pointed out by the Commission engineer.

The following table ⁽¹⁾ is derived from exhibits presented at the hearing:

<u>Applicant</u>	<u>Total operating revenue</u>	<u>Total operating expenses</u>	<u>Net operating Revenue</u>
1946	\$195,433	\$194,190	\$ 1,242
1947-present fares	191,574	221,193	(29,619)
1947-proposed 7¢ fares	229,361	221,193	8,668
<u>Commission Engineer</u>			
1947-present fares	\$200,865	\$209,740	\$(8,875)
1947-proposed 10¢ fares	287,510	210,205	76,705
1947-proposed 7¢ fares	238,770	210,205	28,565
1947-suggested 6¢ fares	222,525	210,005	12,520

*Before Federal Income Tax (Rate base \$76,735)

The principal variations between the estimates of the applicant and the Commission engineer are largely due to a difference in the estimated revenue. The Commission engineer's estimate anticipates more passengers than does applicant's estimate. So far as expenses go the estimates are reasonably close with the exception of administrative expenses. Applicant estimates, in round figures, \$7,000 more than does the Commission

(1) The above table does not take into consideration the cost of the new terminal, nor the anticipated increases in other costs. The testimony presented included definite estimates as to the cost of the proposed terminal. The land cost was estimated at \$13,500, and the building cost at \$35,000. Giving effect to these figures would increase the above rate base to \$123,235. Operating expense would be raised further because of the anticipated increase in the cost of gasoline and other items.

engineer. This is largely due to applicant's proposal to raise the salaries of its president and vice president to \$650 per month, each.

Official notices of this hearing were sent to the governing authorities of the Cities of Redondo Beach, Hermosa Beach, Manhattan Beach, Inglewood, and Hawthorne; however, none of these cities appeared nor were there any appearances from any party other than the applicant.

It is apparent from the evidence presented that the present revenue of the Sunset Stages is inadequate to defray the cost of providing service and that some relief in the form of increased fares has been justified.

Upon this record we find that applicant should be authorized to establish the rate structure set out in its amended application.

O R D E R

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

IT IS ORDERED that Sunset Stages be, and it hereby is, authorized to establish, on not less than five (5) days' notice to the Commission and the public, the following changes in its fare structure:

1. Increase all present five-cent, one-way cash fares except those applicable to school children to seven cents.
2. Discontinue all round-trip fares, except its present forty-cent, round-trip fare, between a point in Inglewood, on the one hand, and on the other points in Redondo Beach, Hermosa Beach, and Manhattan Beach.
3. Discontinue all commutation books and weekly passes.

IT IS FURTHER ORDERED that the 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 twenty (20) days from the date hereof.

Dated at Los Angeles, California, this 25th day of March, 1947.

Harold P. Kula
Justin F. Casner
J. E. [unclear]
Kenneth [unclear]
[unclear]
COMMISSIONERS