

ORIGINAL

Decision No. 40369

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of Highland-Patton Bus Line,)
Charles C. Towle, Owner, for)
Approval of Proposed Increases in)
Rates of Fare.)

Application No. 28217

Charles C. Towle, for himself as the owner and
operator of Highland-Patton Bus Line.

O P I N I O N

Charles C. Towle, an individual doing business as Highland-Patton Bus Line, is engaged in the transportation of passengers for compensation over motor bus routes in the City of San Bernardino, and between that city and several unincorporated communities including Harlem Springs, Highland, and Patton. By this application he seeks authority under Section 63(a) of the Public Utilities Act to establish increased fares and revised fare zones.

Public hearing was had before Examiner Bryant at San Bernardino on April 24, 1947, and the matter is ready for decision.

The record shows that Towle has had about 24 years experience as an employee and officer of urban and interurban passenger transportation companies, principally in Illinois and Indiana. He acquired the Highland-Patton Bus Line in November, 1946, and has owned and managed the operation since that time. Evidence in support of the instant application was introduced by Towle through his own oral testimony, supplemented by exhibits which he prepared and explained.

Towle explained that the company's present fare structure is based upon three zones, the adult fares being 6 cents within any one zone, 11 cents between adjacent zones, and 17 cents between the inner and outer zones. There are also adult commutation tickets and school tickets. Applicant submitted two alternative fare proposals. Under the first proposal the 6-cent fare would be increased to 10 cents, the 11-cent fare would be increased to 15 cents, and the 17-cent fare would be increased to 20 cents, with no change in any of the zones. Under the second proposal, two of the zones would be consolidated into one, within which a 10-cent fare would apply. Between the new consolidated zone and the existing outer zone the fare would be 20 cents.

According to Towle's testimony and exhibits, the operating expenses of Highland-Patton Bus Line for the calendar year 1946 were \$61,762. He estimated that comparable expenses for the 12 months ending with February, 1948, will be about \$76,000. According to his figures, based upon the 12-month period, the company will incur a loss of \$13,530 under present fares, a net operating income of \$11,169 under the first fare proposal, and a net operating income of \$5,471¹ under the second fare proposal. On his estimated rate base of \$57,796, the rates of return would be 19.3 per cent under the first fare plan, and 9.4 per cent under the second plan. The operating ratios would be 87.2 per cent and 93.2 per cent, respectively. Towle testified that in his opinion the second fare plan, based upon two zones, would provide sufficient revenues, and would result in a more reasonable and satisfactory fare structure than would exist under the present three-zone plan.

¹ Federal and state income taxes were not considered. The tax liability would depend in part upon applicant's personal exemptions.

An associate engineer of the Commission's staff introduced and explained an exhibit which he had prepared showing the estimated results of operation of Highland-Patton Bus Lines, based upon the year ending with February, 1948. This witness estimated that present fares would result in a net operating loss of \$14,010 for the year, and that incomes under the three-zone and two-zone proposals would be \$9,455 and \$5,975, respectively. The rates of return on his estimated rate base of \$56,305 would be 16.8 per cent and 10.6 per cent, and the respective operating ratios would be 88.8 per cent and 92.6 per cent. He was of the opinion that the two-zone fare basis would be more simple and logical than the three-zone plan, would be less confusing to the public, and would result in a normal operating ratio and rate of return.

The record shows that notices of the hearing were furnished in advance to representatives of the communities affected, and to civic organizations in the area. No one opposed the granting of this application.

Upon careful consideration of all of the facts and circumstances of record, the Commission is of the opinion and finds as a fact that applicant is faced with net operating losses unless an increase in present fares is authorized; that the fares proposed on basis of three fare zones will result in greater revenues than have been shown to be necessary or reasonable; that revenues which may be expected from the alternative two-zone proposal will be reasonable and sufficient; and that the increased fares proposed under the two-zone plan have been shown to be justified.

The application, in so far as it relates to the two-zone fare basis, will be granted. In other respects it will be denied.

ORDER

The above entitled application having been heard and submitted, full consideration of the matters and things involved having been had, and the Commission being fully advised,

IT IS HEREBY ORDERED that Charles C. Towle, doing business as the Highland-Patton Bus Line, be and is hereby authorized to establish, on not less than ten (10) days' notice to the Commission and to the public, the following local fares in lieu of local adult and student fares now being assessed:

Fares in Cents

	<u>Between Points Within:</u>	
	<u>Zone No. 1</u>	<u>Zone No. 2</u>
Adult fare:		
One-way cash	10	10
Round-trip cash	20	20
Student fare:		
30-ride school ticket	150	--

Between any point within
Zone No. 1 and any point
within Zone No. 2.

Adult fare:	
One-way cash	20
Round-trip cash	40
20-ride commutation ticket	265

Zone Descriptions:

- Zone No. 1 - All points west of and including McKinley Street.
- Zone No. 2 - All points east of McKinley Street.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire except to the extent that the fares published pursuant to this authority are filed and made effective within ninety (90) days from the effective date of this order.

IT IS HEREBY FURTHER ORDERED that in all other respects this application be and it is hereby denied.

This order shall become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this 10th day of June, 1947.

Harold T. Kild
Arthur F. Cooney
Donald D. Wallace
R. J. Sullivan
Samuel H. Fetter
Commissioners