

ORIGINAL

Decision No. 40720

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SAN BERNARDINO VALLEY TRANSIT)
COMPANY, a corporation, for an)
Order or Orders granting permission) Application No. 28439
to increase fares for the trans-)
portation of passengers on its)
passenger stage lines.)

William Guthrie and R. J. Glasscock, for Applicant.
A. R. Day, Transportation Engineer, Glenn E. Newton, Associate
Transportation Engineer, and C. S. Abernathy, Associate Rate
Expert, for Public Utilities Commission.

O P I N I O N

Applicant, the San Bernardino Valley Transit Company, is a passenger stage corporation serving San Bernardino and vicinity. Authority is sought herein to increase fares in two of the existing fare zones applicant serves, as follows:

FARE STRUCTURE

<u>ITEM</u>	<u>PRESENT FARES</u> <u>(CENTS)</u>	<u>PROPOSED FARES</u> <u>(CENTS)</u>
<u>Inner Zone</u>		
Adult, one-way	7	10
Adult, commute	100 (book of 16 one-way tickets)	100 (book of 14 one-way tickets)
<u>Intermediate Zone</u>		
Adult, one-way	10	12
Adult, commute	90 (book of 10 one-way tickets)	No change from present fares

<u>ITEM</u>	<u>PRESENT FARES (CENTS)</u>	<u>PROPOSED FARES (CENTS)</u>
<u>Outer Zone</u>		
Adult, one-way	15 20 25	No change from present fares

A public hearing was held at San Bernardino on July 31, 1947, before Commissioner Potter and Examiner Syphers.

Official notices of the hearing were sent to the governing authorities of the County of San Bernardino and of the Cities of Colton and San Bernardino, as well as to various civic bodies. However, at the hearing there were no appearances from any party other than the applicant, and commission representatives.

At the hearing the sole witness for applicant was R. J. Glasscock, president of the San Bernardino Valley Transit Company. He presented testimony indicating anticipated losses for the year ending May 31, 1948, if the present fares are continued.

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 fares and, also, under the proposed fares. Applicant in no way challenged this exhibit.

The following table is taken from exhibits presented at the hearing:

	<u>APPLICANT'S EXHIBIT</u>		<u>ENGINEER'S EXHIBIT</u>	
	<u>PRESENT FARES</u>	<u>PROPOSED FARES</u>	<u>PRESENT FARES</u>	<u>PROPOSED FARES</u>
Total Operating Revenue	\$442,157	\$480,670	\$439,825	\$461,525
Total Operating Expenses	<u>444,863</u>	<u>444,863</u>	<u>426,025</u>	<u>426,300</u>
Net Operating Revenue (Before Taxes)	<u>(\$ 2,705)</u>	\$ 35,807	\$ 13,800	\$ 35,225
Operating Ratio	100.61%	92.55%	96.9%	92.4%
Net Operating Revenue (After Taxes)	<u>(\$ 2,726)</u>	\$ 23,757	\$ 10,365	\$ 23,475

As to the results of operation under the proposed fares, it will be observed that the estimates of the applicant and the commission engineer are rather close, resulting in operating ratios of 92.55% and 92.4% respectively. Applicant estimates the depreciated rate base to be \$344,024 while the commission engineer estimated it to be \$207,700.

While applicant estimates \$19,322 more revenue under the proposed fares than does the engineer, this difference does not take into consideration other operating revenue. The engineer's estimate appears to be based on more complete data and hence we are inclined to accept it as showing the more probable results.

The principal difference in operating expenses arises from the fact that applicant has made an allowance for anticipated wage increases. It is well settled that this Commission will not allow rate increases on the basis of speculative wage adjustments. (Decision No. 38049, Re: California Milk Transport, Inc., 45 CRC 761, 770; Decision No. 38374, Re: Leon R. Meeks, 46 CRC 166, 170.) The engineer's estimate in this regard appears more nearly correct.

Other minor differences exist between the two estimates but they have no apparent bearing on the end result.

It appears, therefore, that applicant is entitled to some relief in the form of increased fares. The testimony indicates the present revenue is inadequate to defray the cost of providing service and to yield a fair return.

The operating ratio shown above in the case of the commission engineer's exhibit, amounting to 92.4%, is based upon the assumption that the adult revenue passenger traffic will divide on a use basis of 25% cash and 75% ticket or token fare. It would seem that in authorizing this carrier to increase its cash fare from 7 cents to 10 cents the public should be afforded an opportunity to purchase blocks of tickets or tokens on a basis of 50 cents rather than the proposed base of \$1. It is apparent that if the 50-cent base is employed it will encourage a greater use of tickets or tokens than would be the case if the patrons are required to advance \$1 to take advantage of the lower fare. This, in turn, would have the effect of reducing applicant's revenue to some extent. However, it appears from this record that, with a slightly greater token or ticket use, applicant's revenue will be sufficient to pay operating expenses and provide a reasonable operating ratio.

Upon this record we find that applicant should be authorized to establish the following rate increases:

1. Increase present 7-cent cash fares to 10 cents.
2. Increase present 10-cent cash fares to 12 cents.
3. Increase present commutation fares of sixteen rides for \$1.00 to seven rides for 50 cents.

O R D E R

Application as above entitled having been filed, a public hearing having been held thereon, the matter having been submitted,

the Commission being fully advised in the premises and good cause appearing,

IT IS ORDERED that the San Bernardino Valley Transit Company be and it hereby is authorized to establish, on not less than five days' notice to the Commission and to the public,

- (1) Increased local one-way fares of 10 cents cash in lieu of present 7-cent cash fares.
- (2) Increased local one-way fares of 12 cents cash in lieu of present 10-cent cash fares.
- (3) A commutation fare of seven rides for 50 cents in lieu of the present commutation fare of sixteen rides for \$1.00, said commutation fare to be in effect between the points where the requested 10-cent cash fare will be effective, and subject to the further restriction that the tickets or other evidence of payment of said commutation fare shall be detachable and transferable.

IT IS FURTHER ORDERED that the authority herein granted shall be void except to the extent that the rates and charges published pursuant to this authority are filed and made effective within 60 days from the effective date of this order.

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

Dated at San Francisco, California, this 16th day of September, 1947.

Harold Hills
Justice F. C. Cullen
Justus K. Kelle
R. F. Johnson

COMMISSIONERS