

ORIGINAL

Decision No. 40774

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of LONG BEACH MOTOR BUS COMPANY,) Application No. 28604
 for authority to increase its fares.)

Gibson, Dunn & Crutcher by Max Eddy Utt, for applicant.
Conrad C. Caldwell for Lakewood Public Utility District; J. R. McHenry for Bureau of Franchises and Public Utilities, City of Long Beach, protestants.

O P I N I O N

The Long Beach Motor Bus Company operates a passenger stage service within the city of Long Beach and surrounding cities and communities, including Seal Beach, Signal Hill, Lakewood Village, Hynes, Bellflower, and Dominguez. Authority is sought herein to increase fares as follows:

FARE STRUCTURE

	Present Fares		Proposed Fares	
Inner zone	7 cents		10 cents	
Second zones (intrazone fares)				
Seal Beach	5 "		10*	"
Dominguez	5 "		10*	"
Bellflower local	5 "		10	"
Hynes-Orange Line	7 "		10	"
Lakewood-Bellflower	10 "		10*	
Interzone fares				
Inner zone-Seal Beach	10 "		15	" or token + 5¢ cash
Inner zone-Dominguez	10 "		15	"
Inner zone-Hynes-Orange Line	12 "		15	"
Inner zone-Lakewood-Bellflower	15 "		20	" or token + 10¢ cash
Terminal Island-Inner zone	15 "		15	"
Terminal Island-Seal Beach	20 "		20	"
Terminal Is.-Lakewood-Bellflower	25 "		30	"

Seal Beach-Dominguez	15 Cents	--
Seal Beach-Lakewood-Bellflower	20 "	25 Cents
School rides		
40 rides	100 "	--
40 rides	200 "	200 " (1)
Tokens		4 for 35 " (2)

* Involves change in zone limits.

(1) School rides good in any 10-cent fare zone.

(2) Tokens valid in any 10-cent fare zone. Token plus 5 cents cash, valid in any 15-cent fare zone; token plus 10 cents cash, valid in any 20-cent fare zone.

Public hearing was held at Los Angeles on September 2, 1947, before Examiner Syphers.

Official notices of hearing were sent to the governing authorities of the County of Los Angeles and of the cities and communities of Long Beach, Signal Hill, Seal Beach, as well as to various civic bodies in Lakewood Village, Hynes, Bellflower, and Dominguez. Also, the interested passenger transportation companies in the area were notified. Notices of the hearing were posted in the buses operated by applicant and published in a Long Beach newspaper, the Long Beach Independent.

At the hearing there were appearances from the applicant, the Lakewood Public Utilities District and the City of Long Beach.

Applicant's sole witness was Stanley M. Lanham, Transportation Consultant. He presented testimony indicating that applicant company is presently operating at a deficit which, in the month of June, 1947, amounted to \$6,001.98, and in the month of July, amounted to \$8,874.16. The testimony and exhibits presented by this witness also indicated that there were additional expenses

principally due to wage and tax increases.

This witness testified that the proposed fares set out in the application are to meet an existing financial emergency. It was said to be applicant's purpose to obtain enough revenue to continue the existing service, and that even if the applicant is permitted to operate under the proposed fare increases, there will still be a loss of approximately \$14,000 per year. Applicant proposes gradually to overcome this loss, however, by increased operating efficiency.

An engineer of the Bureau of Franchises and Public Utilities of the City of Long Beach, presented testimony to show that there are two bus lines in the City of Long Beach, one the Long Beach City Lines, operating under the jurisdiction of the City of Long Beach, entirely within the city boundaries, and the other, the applicant company. This witness was of the opinion that the fares now authorized for the Long Beach City Lines⁽¹⁾ should likewise be authorized for the Long Beach Motor Bus Company so far as operations within the City of Long Beach are concerned. These fares contemplate one fare zone for the entire City of Long Beach. This one fare zone would abolish the North Long Beach zone now served by applicant's Hynes-Orange Line, whereto applicant now proposes an interzone fare of 15 cents. The City of Long Beach's proposal would include this North Long Beach zone in the inner zone, and the entire area would be served for a 10-cent cash fare or four tokens for 35 cents. The witness testified that, in his opinion,

(1) City of Long Beach, Ordinance C-2633, effective August 30, 1947

applicant company would receive a reasonable return from these fares, amounting to a net income of approximately \$22,000 per year, before income taxes.

The applicant's witness, Stanley M. Lanham, took issue with this point, alleging that the engineer of the Bureau of Franchises and Public Utilities for the City of Long Beach had failed to take into consideration the effect of a strike which the applicant had experienced during June, July, and August, 1947. It was applicant's contention that this strike, even though it had been completely settled, would seriously affect the revenue of applicant company for the ensuing year. Applicant contended that had there been no strike, the anticipated revenue of the company for one year from September 1, 1947, would be \$679,137.95. However, because of the strike, it was estimated that this anticipated revenue would be approximately \$600,000.

A fair view of all of the testimony presented impels the conclusion that applicant is entitled to some relief in the form of increased fares. However, it is not believed that applicant has established the need for the fares proposed in the application as modified by an amendment to the application submitted at the hearing. The strike to which the company was subjected during June, July, and August was, according to the testimony, settled on August 7, 1947. The effect of this strike was to increase wages from \$1.30 to \$1.32 per hour. It was estimated, and properly so, we believe, that this wage increase would result in increased expenses of approximately \$5,200 per year. However, applicant's estimate that this strike would decrease revenues of the company

from \$679,187.95 to approximately \$600,000 for the year commencing September 1, 1947, does not appear to be well founded. Accordingly, we can not concede that the effect of the strike will be so great.

Specifically considering the evidence as to probable results of operation under the proposed fares, applicant's exhibit shows an anticipated revenue of \$758,765, and anticipated expenses of \$773,026, resulting in a net loss of \$14,261. The testimony of the engineer for the City of Long Beach estimated a net profit of \$22,000. Applicant's figures would result in an operating ratio of 101.88%, whereas the estimate of the engineer for the City of Long Beach would result in an operating ratio of approximately 97%.

According to the testimony, the only assets of the applicant company which could be considered in formulating a rate base, consisted of nine buses valued at \$127,689.79. If the testimony of the City of Long Beach be correct, then the net profit of \$22,000 would result in a return on the rate base of 17.2%. While we do not specifically adopt the estimates presented by the City of Long Beach, yet, for reasons previously discussed, we cannot give full effect to testimony of applicant.

In view of the fact that this is an application for emergency relief, and in view of the fact that the public interest would seem to be better served by a uniform fare structure, we conclude that the applicant is entitled to the relief sought, as modified by the proposal of the City of Long Beach. The following increases in fares, authorized by this decision, are hereby found to be justified:

- (1) increase present 7¢ cash fares to 10¢
- (2) increase present intrazone fares to 10¢
- (3) increase present 10¢ and 12¢ interzone fares to 15¢
- (4) increase present interzone fare between the inner zone and Lakewood-Bellflower from 15¢ to 20¢
- (5) increase present interzone fare between Terminal Island and Lakewood-Bellflower from 25¢ to 30¢
- (6) increase present interzone fare between Seal Beach and Lakewood-Bellflower from 20¢ to 25¢
- (7) establish a school fare of 40 tickets for \$2.00, said tickets to be good in any 10¢ zone
- (8) establish tokens at the rate of four for 35¢, said tokens to be good in any 10¢ zone; in any 15¢ zone plus 5¢ cash, or in any 20¢ zone plus 10¢ cash.

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 Long Beach Motor Bus Company be, and it hereby is, authorized to establish, on not less than five (5) days' notice to the Commission and to the public:

- (1) increased local one-way fares of 10¢ cash in lieu of present inner zone 7¢ cash fares
- (2) increased local one-way fares of 10¢ in lieu of present intrazone 5¢, 7¢, & 10¢ cash fares
- (3) increased one-way fares of 15¢ in lieu of present interzone 10¢ and 12¢ cash fares

- (4) increased one-way fare of 20¢ in lieu of present interzone fare between the inner zone and Lakewood-Bellflower of 15¢
- (5) increased one-way fare of 30¢ in lieu of present interzone fare between Terminal Island and Lakewood-Bellflower of 25¢
- (6) increased one-way fare of 25¢ in lieu of present interzone fare between Seal Beach and Lakewood-Bellflower of 20¢
- (7) forty school tickets for \$2.00, each ticket acceptable in lieu of a 10¢ cash fare
- (8) tokens - 4 for 35 cents - each token to be acceptable in lieu of a 10¢ cash fare, or a token and 5¢ in lieu of a 15¢ cash fare, or a token and 10¢ in lieu of a 20¢ cash fare.

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 sixty (60) days from the effective date of this Order.

The effective date of this Order shall be the date hereof.

Dated at Los Angeles, California, this 30th day of September, 1947.

Harold A. Kuls
James J. Calmes
Robert H. Kull
A. J. [unclear]
Lawrence P. [unclear]
COMMISSIONERS