

Decision No. 40779

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of STOCKTON CITY LINES, INC., for an order granting permission to (a) increase its basic local passenger rates of fare from 7¢ cash or 4 tokens for 25¢, to 10¢ cash or 2 tokens for 15¢; increase its students' rate of fare from 20 tickets for 70¢ to 20 tickets for \$1.00; (c) cancel special or chartered car rates appearing in its tariff.

ORIGINAL

Application No. 28471

THOMAS B. QUINN and JONES & QUINN, for applicant.
TAUBNER S. HALBA, City Attorney, for City of Stockton,
interested party.

O P I N I O N

By this application as amended, Stockton City Lines, Inc., seeks to increase its present fares and to cancel published special or charter-car rates. A public hearing was held at Stockton before Commissioner Potter and Examiner Bradshaw.

The present and proposed fares are set forth in the Appendix. Applicant's basic adult fare is 7 cents or 4 tokens for 25 cents. It is proposed to increase this fare to 10 cents in cash or 5 tokens for 35 cents. An increase is also sought in the student fares of from 20 rides for 70 cents to 20 rides for \$1.00. Increases would likewise be made in fares to or from certain out-lying areas.

Applicant's vice-president and general manager testified that it is the plan of the carrier to develop and maintain the best transportation service conditions may permit. He referred to capital expenditures of \$465,000 having been made within recent

years in addition to the purchase of new equipment on order for delivery in April 1948, which will cost approximately \$145,000. It was asserted that the present fares have been in effect since 1928. The evidence indicates that since that time the hourly wage of bus operators has increased from 53 cents to \$1.31. It also appears that increases have occurred in the wages of other classes of labor, such as mechanics, servicemen and utility men. The witness declared that 50 per cent of applicant's revenues are paid to employees as wages and that materials and taxes have also increased. Data for the first eight months of 1947 disclose revenues of \$354,032, operating expenses of \$352,906, with a net income from operations of \$1,126. Other income and expenses amounted to \$586 and \$2,135, respectively, leaving a net loss of \$422.

Statistics were presented by applicant's general auditor for the purpose of forecasting the results of operations during the 12 months ending August 31, 1948, under the present fare structure and that proposed. Revenues were based upon the traffic handled from January to May, 1947, inclusive, projected on an annual basis, allowing for a reduction in the number of passengers under the proposed fares of 5 per cent. While traffic in 1946 was greater than that adopted for applicant's estimates, it was stated that due to the increased use of private automobiles traffic has leveled off and more automobiles are expected to be in use during the next 12 months. Expenses were computed on the basis of applicant's experience during the 12 months ended May 31, 1947, and the use of current costs.

A study of applicant's operations and those anticipated in the immediate future was also introduced by an associate engineer employed in the Commission's transportation department. Prospective revenues for the 12 months ending August 31, 1948, under the present and proposed fares were predicated upon an estimated future trend of passenger travel, taking into consideration increased population, industrial activities and school enrollments in the territory served. Expenses were calculated by observing the same bus mileage as used in applicant's estimates, but on the assumption that maintenance and other shop expenses will be lower in the future than in the recent past.

A summary of the conclusions reached by the two witnesses appears in the following tabulation:

	<u>Present Fares</u>		<u>Proposed Fares</u>	
	<u>Applicant's Estimate</u>	<u>Engineer's Estimate</u>	<u>Applicant's Estimate</u>	<u>Engineer's Estimate</u>
Revenues	\$609,800	\$624,870	\$654,048	\$679,000
Expenses	599,367	589,020	610,284	596,820
Income from Operations	10,433	35,850	43,764	82,180
Provision for Income Taxes	2,300	10,410	15,695	31,735
Net Profit	8,133	25,440	28,069	50,445
Operating Ratio				
Before Income Taxes	98.28	94.26	93.30	87.90
After Income Taxes	98.66	95.89	95.71	92.57

As between the two forecasts of expected revenues, it appears that applicant's showing, which assumes a greater use of private automobiles and a consequent lighter volume of traffic,

represents a more reliable indication of probable future earnings than that used by the Commission's engineer. The greatest differences in the estimates of expenses occur in the accounts for maintenance of equipment and garage expense and for operating taxes and licenses. Applicant's vice-president and general manager contends that maintenance of equipment expenses will remain approximately the same as in the past notwithstanding the operation of new equipment, that the same inspections will be necessary and that the cost of parts has increased from 20 to 25 per cent although such increases are not yet reflected in applicant's accounts. We are nevertheless inclined to the view that applicant's estimate is somewhat greater than might be justified but not sufficiently so to materially impair its showing. The difference between the estimates of applicant and the Commission's engineer with respect to operating taxes and licenses arises from the inclusion in the former of a proposed increase in the franchise tax imposed by the City of Stockton.

No one opposed the granting of the application. The City Attorney stated at the hearing that, in view of the amendment providing for the establishment of 5 tokens for 35 cents, the City is satisfied with applicant's proposals.

The record is convincing that applicant should be granted financial relief. In view of all the facts and circumstances of record, the Commission is of the opinion that applicant should be authorized to increase its fares to the extent sought in the application as amended. No showing has been presented in support of applicant's desire to cancel special or charter-car rates now published in its tariff. Authority to do so will, therefore, be denied. The increase in fares authorized by this decision is hereby found to be justified.

O R D E R

A public hearing having been had in the above entitled application and, based upon the evidence received and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Stockton City Lines, Inc., be and it is hereby authorized to increase its rates of fare as proposed in the application as amended in this proceeding; and that the changes in fares herein authorized may be established on not less than one (1) day's notice to the Commission and to the public.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall be void unless the changes in fares authorized in this order are published, filed and made effective within sixty (60) days of the effective date hereof.

IT IS HEREBY FURTHER ORDERED that, in all other respects, the above entitled application be and it is hereby denied.

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

Dated at San Francisco, California, this 6th day of October, 1947.

Harold A. Kild
Justus J. Calver
W. S. Russell
R. J. [unclear]

COMMISSIONERS

A P P E N D I X

	<u>Present Fare</u>	<u>Proposed Fare</u>
All Lines in and near Stockton, but not including Army Air Training Field Line or Stockton-Lathrop Line.		
Cash (base fare)	7 cents	10 cents
Tokens		
Sold in blocks of 4	6½ cents	
Sold in blocks of 5		7 cents
School children		
Sold in blocks of 20	3½ cents	5 cents
Between Army Air Training Field and south city limits at 13th Street		
Cash adult fare	10 cents	13 cents
Children between 5 and 12 years of age	5 cents	
One child under 5 years of age accompanied by adult		Free
Two children under 5 years of age accompanied by adult		1 adult fare
Between Army Air Training Field and Intersection of Lane Street and Charter Way		
Cash adult fare with transfer to connecting lines in Stockton	10 cents	13 cents
Children between 5 and 12 years of age, without transfer	5 cents	
One child under 5 years of age accompanied by adult		Free
Two children under 5 years of age accompanied by adult		1 adult fare
Between intersection of 13th Street and Sharps Lane and intersection of Lane Street and Charter Way		
Cash	7 cents	10 cents
Tokens		
Sold in blocks of 4	6½ cents	
Sold in blocks of 5		7 cents

Between intersection of Lane Street
and Charter Way and Naval Supply Depot
on Rough & Ready Island

Cash 7 cents 10 cents

Tokens

Sold in blocks of 4

6 $\frac{1}{2}$ cents

Sold in blocks of 5

7 cents

Between intersection of 13th Street and
Sharps Lane and Naval Supply Depot on
Rough & Ready Island

Cash 10 cents 13 cents