

Decision No. 40859

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
PEERLESS STAGES, INC., a corporation, ) Application No. 28551  
for authority to increase fares. )

JOHN F. BALAAK, for applicant.  
JOHN W. COLLIER, City Attorney, and ARCHER BOWDEN, Assistant  
City Attorney, for City of Oakland, interested party.

O P I N I O N

By this application, as amended, Peerless Stages, Inc., a passenger stage corporation, as defined in Section 2-1/4 of the Public Utilities Act, seeks authority to increase its passenger fares and charges for transporting express. A public hearing was held at San Francisco before Examiner Bradshaw.

Applicant operates between Oakland, San Jose, Palo Alto and Santa Cruz, including numerous intermediate points. It desires to establish one-way passenger fares at approximately 2 cents per mile for distances of 40 miles and less, 1.85 cents per mile for distances over 40 and less than 75 miles, and 1.7 cents per mile for a distance of 75 miles, the latter being the maximum distance between any points applicant serves. Monthly individual commutation fares of from 30 to 41 per cent less than the one-way fares, depending upon the length of the haul, are proposed predicated upon an asserted average usage of 40 tickets per month. 30-ride family tickets are proposed at 80 per cent of the cost of 30 one-way fares. In a number of instances the proposed fares represent reductions under those now in effect. The proposed express charges are claimed to be the same as published by Pacific Greyhound Lines.

Applicant's president testified that because of abnormal conditions during the war, its one-way fares were voluntarily reduced to 1-3/4 cents per mile effective June 21, 1945; that traffic conditions are now approaching those which prevailed in the prewar era; and that the increased fares which applicant is seeking to establish are approximately the same as were in effect prior to the voluntary reduction.

The same witness indicated that applicant operated 23 buses during the war; that 6 additional buses were acquired early in 1945, although orders for the same were placed in 1942; that during the present year 12 new buses were placed in operation; and that 8 others have been ordered upon which delivery is expected early in 1948. An exhibit of record purporting to reflect applicant's financial position includes among its assets as of December 31, 1946, cash and government notes aggregating \$192,847.82 and buses of a depreciated value of \$89,118.40. The amounts shown for the same items as of June 30, 1947, are \$15,098.29 and \$260,530.24, respectively. Other entries in applicant's balance sheet on these dates show very slight, or no, changes. Applicant contends that these figures demonstrate that it has exhausted its reserves in an effort to obtain the kind of equipment to which the public is entitled.

Other statistics presented by applicant indicate that the monthly bus mileage operated has increased considerably since the early part of 1946; that there has been a substantial increase in the regularly scheduled daily service; and that the operating cost per bus-mile is now 8.23 per cent greater than during 1946, whereas operating revenues per bus-mile have declined.

Applicant's auditor presented data for the purpose of

forecasting the probable results of operations during the 12 months ending August 31, 1948, under the present fares and charges as well as those proposed. A similar study conducted by an associate engineer employed in the Commission's transportation department was also received in evidence. The latter submitted a further study based upon the application of slightly different bases of increased fares, designed to bring about a more uniform average rate per mile for various distances. The conclusions reached by these witnesses are summarized in the following table:

	Based on Present Fares	Based on Proposed Fares	Based on Proposed Fares with Revisions
	Applicant's Estimate	Engineer's Estimate	Applicant's Estimate
		Engineer's Estimate	Engineer's Estimate
Revenues	\$ 625,217	\$ 634,899	\$ 670,778
Expenses	620,923	617,553	624,975
Operating Income	4,294	17,346	45,803
Income Taxes	902	3,815	16,776
Net Profit	3,392	13,531	29,027
			\$ 665,136
			613,886
			\$ 659,020
			615,065
Operating Ratio Before Income Taxes	99.3	97.3	93.2
After Income Taxes	99.4	97.9	95.7
			92.3
			95.2
			93.3
			95.7

In view of the very slight differences in these estimates, a discussion of the details wherein the witnesses differed in their appraisal of applicant's situation does not appear to be necessary. It will suffice to point out that, according to the conclusions reached by each of the witnesses, the present fares are now inadequate and those proposed are necessary to produce a safe margin between future revenues and expenses. Under the circumstances, it is not deemed advisable to consider prescribing an alternate basis of increased fares such as suggested by the Commission's engineer.

No one opposed the granting of the application. In view of all the facts and circumstances of record, the Commission is of the opinion that applicant should be authorized to increase its passenger fares and express charges to the extent sought in the application as amended. The increase in fares and charges 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 Peerless Stages, Inc., be and it is hereby authorized to increase its passenger fares and express charges, as proposed in the application as amended in this proceeding; and that the changes in fares and charges 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 and charges authorized in this order are published, filed and made effective within sixty (60) days from the effective date hereof.

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

Dated at Los Angeles, California, this 28th day of October, 1947.

Harold P. Kule  
Justice F. Cravens  
Q. J. Jones  
Samuel Patten  
COMMISSIONERS