

Carried

Decision No. 40967

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 INGLEWOOD CITY LINES, a corporation,)
 for an order granting permission to) Application No. 27774
 increase its local fares for the) (First Supplemental)
 transportation of passengers.)

Vernon P. Spencer for applicant.
O. L. Carver for Board of Public Utilities and Transportation,
 City of Los Angeles, interested party.

FIRST SUPPLEMENTAL OPINION

By Decision No. 39667 of November 26, 1946, Inglewood City Lines was authorized to increase certain of its passenger fares. By supplemental application, filed October 15, 1947, it seeks authority to make further increases, claiming that due to decreased revenues and increased expenses it will be necessary to curtail service unless the sought relief is granted. The present fares and those applicant now desires to establish are shown in the footnote.

(1)	<u>Present Fares</u>	<u>Fares Now Sought</u>
<u>Within any single zone:#</u>		
Adult, one-way	10¢ or 4 tokens for 25¢	10¢ or 3 tokens for 25¢
Children, one-way	5¢	7¢
Student Tickets (20 rides)	\$1.00	\$1.40
<u>Between any two contiguous zones on the following lines:#</u>		
Adult, one-way on Line No. 2	10¢	xx
" " " " Lines Nos. 3 and 6.	15¢	xx
Children, one-way on Lines Nos. 2, 3 and 6	10¢	14
Student Tickets on Lines Nos. 2, 3 and 6 (10 rides)	\$1.00	\$1.40

A description of the zone boundaries on applicant's several routes appears in Appendix "A" to Decision No. 39667.

xx No change proposed.

A public hearing was held before Examiner Bradshaw at Los Angeles on November 14, 1947. No one opposed the granting of the supplemental application. In accordance with our usual practice in proceedings of this nature, members of the Commission's staff commenced a study of applicant's operations and revenue requirements. Their report, however, will not be completed for several weeks. Applicant, therefore, made a motion upon completing its showing in support of the supplemental application that an interim order be entered granting relief pending further consideration when the staff's study is completed.

Applicant presented an income statement purporting to show that during the first nine months of 1947, operating revenues amounted to \$189,649 as contrasted with operating expenses of \$192,750. After taking into consideration non-operating income and expenses and making an adjustment for depreciation on certain equipment which had been sold, a loss of \$5,699 was arrived at.

A forecast of operations for the 12 months commencing August 1, 1947, under the present fares and those proposed, as

presented by applicant's president, follows:

	<u>Present Fare Basis</u>	<u>Proposed Fare Basis</u>
Operating Revenues	\$253,725	\$301,400
Operating Expenses	282,568	285,873
Net Operating Income	(28,843)	15,527
Other charges	500	500
Net Income Before Income Taxes	(29,343)	15,027
Federal Income Taxes	-	3,156
Net Income	(29,343)	11,871

() Denotes Loss

According to these calculations, the operating ratio under the present fares would be 111.4, as against 94.8 before income taxes and 95.9 after income taxes if the proposed fares are established.

It is claimed that the income which applicant expects to derive from the proposed fares is essential to reestablish its bank credit and justify increased investments in equipment and service facilities.

In passing upon applicant's motion, it will be unnecessary to comment upon the balance of the evidence offered in support of the supplemental application. Although certain of the data submitted and the bases upon which some of the computations were made, might upon further analysis prove to be unacceptable guides in determining a proper fare structure, it is evident that applicant is entitled to relief. Moreover, the facts at present before us disclose that in all probability an increase in fares less than those sought would not produce sufficient revenues to meet operating expenses.

In view of all of 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 first supplemental application in this proceeding, subject to such modifications as may be found to be appropriate after further hearing. 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 proceeding and, based upon the evidence received and upon the conclusions and findings set forth in the preceding supplemental opinion,

IT IS HEREBY ORDERED that, subject to the authority of the Commission to change or modify them by further order, Inglewood City Lines, a corporation, be and it is hereby authorized to establish the following rates of fare on not less than one (1) day's notice to the public:

Within any single zone:#

Adult, one-way	10¢ or 3 tokens for 25¢
Children, one-way	7¢
Student Tickets (20 rides)	\$1.40

Between any two contiguous
zones on the following times:#

Children, one-way on Lines Nos. 2, 3 and 6	14¢
Student Tickets on Lines Nos. 2, 3 and 6 (10 rides)	\$1.40

A description of the zone boundaries on applicant's several routes appears in Appendix "A" to Decision No. 39667.

IT IS HEREBY FURTHER ORDERED that this proceeding be set for further hearing at such time and place as may hereafter be

designated.

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

Dated at San Francisco, California, this 25th day of November, 1947.

Harold P. Kila

Justus F. Graesser

Wass H. Russell

A. B. Dinkelman

Samuel H. Potter

COMMISSIONERS