

ORIGINAL

Decision No. 41734

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Foster Transportation, Incorporated,)
for one year's suspension of the operat-)
ing rights on the New Avenue Motor Coach) Application No. 29259
Route, Extension of the Mission Motor)
Coach Route, as granted in Decision No.)
41024, Application No. 28917.)

In the Matter of the Application of)
Foster Transportation, Incorporated, for)
an order authorizing a fare increase on) Application No. 29271
all its bus routes in Alhambra, and)
vicinity.)

Appearances

Charles H. Foster and Bernice Foster, for applicant.

O P I N I O N

Foster Transportation, Incorporated, is engaged in transporting passengers by motorbus within and in the vicinity of the cities of Alhambra and San Gabriel. By these applications it would suspend service on its "New Avenue" route which was recently inaugurated, and would increase its fares on less than statutory notice.¹

The applications were heard on a consolidated record before Examiner Bryant at Los Angeles on May 21, 1948. They are ready for decision.

Evidence was offered by applicant's general manager and by a transportation engineer of the Commission's staff. From the record it appears that patronage on the New Avenue line has been far short of applicant's expectations. The general manager estimated, upon experience from March 1 to the date of hearing, that continued operation of the route would result in an annual out-of-pocket loss

¹ The New Avenue route was inaugurated on March 1, 1948, under authority of Decision No. 41024 of December 17, 1947, in Application No. 28917.

Cor.

in excess of \$11,000. Traffic checks and other data introduced by the Commission engineer show that relatively low load factors have been developed, and confirm applicant's contention that operation of the route has tended to drain the company's assets. The general manager believed there was no prospect of profitable operation of the line within the near future.

Present and proposed fares for the company's operations as a whole are as shown in the margin below.² The witnesses were in agreement that substantial losses would result if the carrier were required to maintain its present fares. Both the general manager and the engineer submitted revenue studies, and estimates of the results of future operations. The following table, summarized from the exhibits of record, shows estimated operating results for a future 12 months as developed by the witnesses upon the assumption that the New Avenue service were discontinued.³

	<u>Present Fares</u>		<u>Proposed Fares</u>	
	<u>Applicant</u>	<u>Engineer</u>	<u>Applicant</u>	<u>Engineer</u>
Revenues	\$ 98,233	\$ 89,500	\$106,892	\$105,190
Expenses	113,489	100,760	113,489	100,920
Net before income taxes	(15,256)	(11,260)	(6,597)	4,270
Operating Ratio	115.5%	112.6%	106.2%	95.9%
Estimated Rate Base	- -	40,400	- -	40,400
Rate of Return	- -	- -	- -	9.8%

() - Indicates Loss

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The comparative fare structures follow:

	<u>Present Fares</u>	<u>Proposed Fares</u>	
	<u>(Entire System)</u>	<u>Intrazone</u>	<u>Interzone</u>
Single-ride adult cash fare	10 cents	10 cents	15 cents
Adult 7-ride ticket	50 cents	eliminated	eliminated
Student tickets	20-ride, \$1.00	50-ride, \$3.00	34-ride, \$3.00

³ The engineer also estimated that, were the New Avenue line to be operated, the company's annual operating losses would be \$25,450 at present fares and \$13,030 at the proposed fares.

No other witnesses testified. No one opposed either the proposed service suspension or the sought fare increase. The record shows that the usual notices were sent to chambers of commerce and other organizations believed to be interested.

Detailed discussion of the evidence is unnecessary. The record in these proceedings leaves no question that unless applicant is able to develop adequate net revenues its ability to continue its services to the public may be seriously jeopardized. It is clear that continued operation under the present fares can result only in further substantial losses. According to applicant's estimates, the proposed fares and route revisions will not suffice to permit profitable operations. As estimated by the Commission engineer, the proposed fares and route revisions would develop an annual net revenue of only \$4,270 before income taxes, resulting in an operating ratio of about 96 per cent and a rate of return of less than 10 per cent on the estimated rate base. Such revenues, if received, cannot be considered excessive or unreasonable for the operation in question.

Upon careful consideration of all of the facts and circumstances of record we are of the opinion and find as a fact that the elimination and revision of routes and establishment of increased fares as proposed in these proceedings are justified.

The applications will be granted.

ORDER

Public hearings having been had in the above-entitled applications, and based upon the evidence received at the hearings and upon findings and conclusions set forth in the preceding opinion,

IT IS HEREBY ORDERED that applicant be and it is hereby authorized to suspend, for a period of one (1) year from the effective date of this order, on not less than five (5) days' notice to the Commission and to the public, operations under the supplemental certificate of public convenience and necessity granted by Decision No. 41024 of December 17, 1947, in Application No. 28917. Applicant shall operate in lieu thereof the routes as proposed in the above-entitled Application No. 29259.

IT IS HEREBY FURTHER ORDERED that applicant be and it is hereby authorized to establish, on not less than five (5) days' notice to the Commission and to the public, increased fares and revised fare zones as follows:

<u>FARES</u>	<u>INTRAZONE</u>	<u>INTERZONE</u>
Single-ride adult cash fare	10 cents	15 cents
Student tickets	50-ride - \$3.00 free transfer with cash fare	34-ride - \$3.00 free transfer with cash fare

Zone Limits

Granada-Emery Park Line	(Easterly - Fremont Avenue and (Commonwealth Avenue (Westerly - Mission Road and (Fremont Avenue
Marengo-Ynez Line	(Within one zone
Del Mar Avenue Line	(Easterly - Del Mar Avenue and (Wells Street (Westerly - Del Mar Avenue and (Las Tunas Dr.
Mission-San Gabriel Line	(Easterly - San Gabriel Blvd. & (Grand Avenue (Westerly - Santa Anita Street and Mission Dr.

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IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire except to the extent that the rates and charges published pursuant to this authority are filed and made effective within ninety (90) days from the effective date of this order.

This order shall become effective ten (10) days from the date hereof.

Dated at Los Angeles, California, this 15th day of June, 1948.

R. E. Johnson

Justus F. Crueser

Harold P. Kulis

Benjamin Potter

Commissioners