

Decision No. 41790

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CHESTER R. SMITH and ORA B. SMITH,)
doing business as SANTA CRUZ TRANSIT) Application No. 29298
COMPANY, for authority to increase)
rates.)

Lucas, Wyckoff & Miller by Stephen Wyckoff for applicants.

O P I N I O N

By this application, as amended, Chester R. Smith and Ora B. Smith, copartners doing business as Santa Cruz Transit Company, seek authority to increase their passenger fares. A public hearing was held before Examiner Bradshaw at Santa Cruz. No one opposed the granting of the application.

Applicants are engaged in operations as a passenger stage corporation in Santa Cruz and certain adjacent territory. The present basic fare is 10 cents in cash or 4 tokens for 25 cents. A 15-cent fare is also published between points on or west of Seventeenth Avenue and points east thereof. Free transfers from one route to another are granted, except that when transportation is performed east of Seventeenth Avenue an additional charge of 5 cents is made. Tokens in lieu of one 10-cent fare are sold to school children at the rate of 50 tokens for \$1.75.

It is proposed to increase the basic token fare from 4 to 3 tokens for 25 cents. School children's tokens would be increased to 25 tokens for \$1.25. A cash fare of 20 cents is proposed between points on or west of Seventh Avenue and points east

thereof. A charge of 10 cents or one token would be collected for transfers from one route to another when passengers are transported in the territory east of Seventh Avenue. It is claimed that Seventh Avenue is a more logical boundary between applicants' so-called "inner" and "outer" zones than Seventeenth Avenue.

As justification for the sought increases, applicants allege that operating expenses have increased and that there has been a substantial decrease in operating income. Results of operations during March 1948 were contrasted with those experienced in the same month of 1947. According to applicants' calculations, revenues decreased from \$8,141 to \$7,843, while operating expenses increased from \$8,212 to \$10,851.

Applicants further state that service has been extended into outlying areas pursuant to urgent public demands and that such services have been conducted at a loss ever since they were inaugurated. It appears that operations over the latest extension of the nature mentioned (namely, Route E beyond Live Oak to Opal Cliffs and Pleasure Point) were established on December 1, 1947. Data of record indicate that, based on applicants' average operating costs per bus mile, the route of which this extension is a part was operated at an average monthly loss of \$772.56 from December 1, 1947, to March 31, 1948, inclusive.

Another circumstance stressed by applicants as bearing upon their needs for additional revenue is that effective June 16, 1948, drivers' wages were increased from \$9.00 to \$9.50 per day. It was testified that this increase in wages was considered necessary in order to enable applicants to retain their present employees.

Additional statistical data designed to show applicants'

financial position and requirements were presented by their auditor. A senior engineer in the employ of the Commission's transportation department also introduced a report containing similar information based upon a study of applicants' operations, annual reports and accounting records. The conclusions reached by these witnesses with respect to operations under the present fare structure and the anticipated effect of establishing the proposed fares are indicated in the following tabulation:

	<u>Based on Present Fares</u>		<u>Based on Proposed Fares</u>	
	<u>Applicants' Auditor a</u>	<u>Commission's Engineer b</u>	<u>Applicants' Auditor c</u>	<u>Commission's Engineer b</u>
Revenues	\$ 103,465	\$ 100,290	\$ 119,000	\$ 120,370
Expenses	<u>116,190</u>	<u>118,820</u>	<u>118,030</u>	<u>118,940</u>
Net Operating Income	\$ <u>(12,725)</u>	\$ <u>(18,530)</u>	\$ <u>970</u>	\$ <u>1,430</u>
Operating Ratio (Before Income Taxes)	112.3	118.5	99.2	98.8

a Actual operations during year ended March 31, 1948.

b Estimated results of operations for year ending June 30, 1949.

c Estimated results of operations for year ending March 31, 1949.

() Denotes loss.

It clearly appears from an analysis of the evidence that the present fares are inadequate and that those proposed are necessary in view of prevailing costs of operation. We are, therefore, of the opinion that applicants should be authorized to increase their passenger fares to the extent sought in the application, as amended, in this proceeding. The increases in fares authorized by this decision are 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 opinion,

IT IS ORDERED:

1. That Chester R. Smith and Ora B. Smith, copartners doing business as Santa Cruz Transit Company, be and they are hereby authorized to increase their passenger fares, as proposed in the amended application filed in this proceeding on June 14, 1948; and that the changes in fares herein authorized may be established on not less than one day's notice to the Commission and the public.

2. That the authority herein granted shall be void unless the changes in fares authorized in this order are published, filed and made effective within 60 days from the effective date hereof.

This order shall become effective 20 days from the date hereof.

Dated at San Francisco, California, this 29th day of June, 1948.

B. T. Dindman
Justus F. Casper
Charles F. Lawrence
Harold P. Kitch
Kenneth D. Potter
COMMISSIONERS