

Decision No. 41922

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
ROBERT LANDIER, doing business as)	
LA RAMBLA BUS LINE AND HARBOR HILLS)	
BUS LINE, for authority to increase)	Application No. 29340
fares for transportation of passengers)	
in and adjacent to San Pedro, City of)	
Los Angeles, County of Los Angeles.)	

ORIGINAL

Appearances

George M. Stephenson, Ted S. Rafolovich, and Mrs. Robert Landier, for applicant.

Roger Arnebergh, Theodore Chubb, and Thomas V. Tarbott, for the City of Los Angeles.

O P I N I O N

Robert Landier is engaged in the transportation of passengers by motor vehicle within and in the vicinity of San Pedro in the Los Angeles harbor area. He operates over four routes, only two of which extend beyond the city limits. By this application he seeks authority to establish increased fares on the latter two routes, which are designated as the La Rambla Bus Line and the Harbor Hills Bus Line.

The application was submitted at a public hearing held before Examiner Bryant at San Pedro on June 18, 1948. The matter is ready for decision.

The application alleges that both La Rambla Bus Line and Harbor Hills Bus Line suffered operating losses for the twelve months ending April 1, 1948; and that an emergency exists requiring an increase in fares so that revenues will produce, or more nearly produce, income sufficient to meet operating expenses, taxes, fixed charges, and a fair and reasonable return on the investment.

The fare proposal under this application is to increase the existing one-way adult fare on the La Rambla line from 7 cents to 10 cents, and to increase the one-way fares on the Harbor Hills line from 5 cents and 10 cents to 10 cents and 15 cents, respectively.¹ Neither line offers round-trip or token fares, either present or proposed. No changes are proposed in school fares or transfer privileges.

Operating figures from the company's records were submitted by a public accountant employed by applicant. According to the accountant's figures, both of the lines herein involved suffered substantial operating losses during the six months from April 1 to September 30, 1947, and also during the succeeding six months from October 1, 1947, to March 31, 1948. His exhibit indicates that the two non-utility routes² were profitable, but that the four routes collectively lost more than \$7,000 during the twelve months.

Both the company accountant and a transportation engineer of the Commission's staff submitted estimates of the results of operation for a future twelve-month period. The witnesses were in agreement that continued operation at present fares would result in further substantial operating losses. As estimated by the Commission engineer, who submitted detailed figures on this basis, the annual losses would be \$9,820 for the La Rambla line and \$2,870 for the Harbor Hills line, or \$12,690 for the two. Under the proposed fares the company accountant believed that the La Rambla route would earn a profit of \$3,465.

¹ From the record in this proceeding it appears that no revenue was derived during the past year from the 5-cent fare maintained by the Harbor Hills line between designated inner-zone points, and that no revenue is expected during the coming year from the 10-cent fare sought to be established between the same points.

² The term "non-utility" is used herein as a matter of convenience only; its use does not imply formal consideration of the status of the several lines.

for the ensuing year, and that the Harbor Hills route would continue to lose at the rate of \$1,221 for the year. As estimated by the Commission engineer, La Rambla would earn an income of only \$340 from a year's operation at the sought fares, and Harbor Hills would lose \$2,120, resulting in a net loss of \$1,780 from the two lines. The estimates of the two witnesses are summarized for comparative purposes in the following table:

ESTIMATED RESULTS OF OPERATION FOR A FUTURE YEAR

		<u>Revenues</u>	<u>Expenses</u>	<u>Net Income</u>	<u>Oper- ating Ratio (%)</u>	<u>Rate Base</u>	<u>Rate of Return</u>
<u>LA RAMBLA</u>							
Present Fares	(C)	\$37,230	\$47,050	(\$ 9,820)	126.4	\$20,350	-
	(A)	-	-	-	-	-	-
Proposed Fares	(C)	\$47,700	\$47,420	\$ 340	99.3	\$20,350	1.7%
	(A)	\$57,617	\$54,152	\$ 3,465	93.9	-	-
<u>HARBOR HILLS</u>							
Present Fares	(C)	\$ 2,240	\$ 5,110	(\$ 2,870)	228.1	\$ 8,720	-
	(A)	-	-	-	-	-	-
Proposed Fares	(C)	\$ 3,020	\$ 5,140	(\$ 2,120)	170.2	\$ 8,720	-
	(A)	\$ 3,170	\$ 4,391	(\$ 1,221)	138.5	-	-
<u>COMBINED OPERATION</u>							
Present Fares	(C)	\$39,470	\$52,160	(\$12,690)	132.2	\$29,070	-
	(A)	-	-	-	-	-	-
Proposed Fares	(C)	\$50,780	\$52,560	(\$ 1,780)	103.5	\$29,070	-
	(A)	\$60,786	\$58,542	\$ 2,244	96.3	\$28,171	7.96%

(C) Commission engineer's figures.
(A) Applicant's figures.

(Red Figure)

As indicated in the table, neither the company witness nor the Commission engineer was of the opinion that the Harbor Hills line would be profitable for the coming year even though the sought fares were authorized and established. The company representative explained, however, that an increase in traffic within the reasonably near future

was anticipated as the result of projected housing, school, and other developments along the route.

As supplementary information the Commission engineer submitted his estimate of the results of operation for a future year of all of applicant's lines, both utility and non-utility. According to this exhibit, present fares would result in a loss of \$10,870 and an operating ratio of 107.3 per cent, and proposed fares would result in a profit of \$10,030 and an operating ratio of 94.1 per cent.³

The record shows that the usual notices were given to persons and organizations believed to be interested. No one opposed the granting of this application. A representative of the City of Los Angeles participated in development of the record.

On the evidence of record it is clear that Robert Landier should be authorized to increase the fares on his La Rambla Bus Line and Harbor Hills Bus Line as sought in this application. There is no basis for questioning that substantial losses have been experienced during the past year, and that continued operation at present fares must be expected to result in further substantial losses. From the available estimates it appears that the proposed fares will probably produce a meagre profit from the La Rambla line, and will fail to return the expenses of the Harbor Hills line. If there is any question on this record it is not whether the sought fares are necessary, but whether they will enable applicant to operate the lines successfully.

Upon careful consideration of all of the facts and circumstances of record the Commission is of the opinion and finds that the fare increases proposed in this application are justified. The application will be granted.

³ As considered in this exhibit, revenues from "proposed" fares include certain adjustments on the non-utility routes as well as on the routes herein involved.

O R D E R

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

IT IS HEREBY ORDERED that Robert Landier, doing business as La Rambla Bus Lines and as Harbor Hills Bus Lines, be and he is hereby authorized to establish, on not less than five (5) days' notice to the Commission and to the public, the following increased fares:

La Rambla Bus Line: Increase present one-way fare from 7 cents cash to 10 cents cash.

Harbor Hills Bus Line: (a) Increase present one-way fare of 5 cents cash to 10 cents cash.

(b) Increase present one-way fare of 10 cents cash to 15 cents cash.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire ninety (90) days from the effective date of this order.

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

Dated at San Francisco, California, this 3rd day of August, 1948.

R. B. Johnson

W. H. Luce

Harold P. Hill

Samuel P. Potter

COMMISSIONERS