

ORIGINAL

Decision No. 42593

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
PETER F. LAPP, doing business as) Application No. 30650
EL CAJON VALLEY LINE, for an order)
granting an increase in fares.)

Appearances

Peter F. Lapp, in propria persona.

Dale Harlan, for San Diego Transit System,
interested party.

O P I N I O N

Peter F. Lapp, an individual, is engaged in the business of transporting passengers and express by motorbus as a common carrier in and between the general areas of El Cajon, Bostonia, Lakeside and Santee, in San Diego County. In this proceeding he seeks authority to establish increased passenger fares, to revise certain of his fare zones, and to extend one of his routes.

Public hearing of the application was had before Examiner Abernathy at El Cajon on November 15, 1949.

Applicant alleges that his present fares are not sufficient to maintain his services. He testified to the effect that ever since his operations were begun, approximately three and one-half years ago, his earnings have been inadequate. He stated that for 1947 his earnings were practically nothing, and that for 1948 they were \$276. The witness estimated that if his present level of fares is continued to the end of 1949, his gross revenues for the year will total \$9,200 and his expenses will total \$8,900, leaving net operating revenues of \$300. Applicant asserted that in computing his earnings he had not made any allowance for compensation for his own full-time services of driving his buses and for providing much of the repair work

thereon, and that had a reasonable charge been assessed for such services, losses would have been reported for his transportation operations since their inception. He stated that his operating equipment is depreciating rapidly but that he has been unable to accumulate funds for its replacement. He declared that he has done everything he can to reduce his expenses and to operate efficiently and that his only alternative to a fare increase is a substantial reduction in service.

Applicant proposes to increase his basic single-zone fares from five cents to ten cents per adult one-way ride. No change is proposed in his present fares of five cents per zone for transportation beyond the initial zone. Concurrently with the establishment of a basic fare of ten cents, applicant would enlarge some zones for the reason, he explained, to fit them better to the communities served. He also seeks to extend one of his routes by about one-half mile into an area not heretofore served in order to provide service to a new school. He testified that he had received a number of requests for the latter service; the extension in route would, moreover, enable him to turn his buses around at a less hazardous street intersection.¹ Applicant estimated that the sought fare increases would yield additional revenues of approximately \$1,800 a year. He said that not all of his patrons would be affected by the fare increases, since the increases would be offset in part by enlargement of various of the fare zones.

A transportation engineer of the Commission's staff submitted and explained an exhibit summarizing a study he had made of applicant's operations. Included in his exhibits were estimates of applicant's operating results for the year 1950 under present and

¹ At the hearing applicant sought to amend his application so as to apply also for authority to suspend operations for a year's time over a portion of his line designated as the Fletcher Hills route. No prior notice of this proposal was given. The examiner properly ruled that the sought amendment involved matters outside the scope of this application proceeding.

proposed fares. The estimated operating results as developed by the engineer are as follows:

	<u>Under Present Fares</u>	<u>Under Proposed Fares</u>
Gross Operating Revenues	\$ 9,380	\$11,850
Gross Operating Expenses	<u>11,690</u>	<u>11,760</u>
Net Operating Revenues	\$(<u>2,310</u>)	\$ 90
Rate Base	\$ 1,740	\$ 1,740
Operating Ratio	124.6%	99.2%
Rate of Return	-	5.2%

() Loss

The engineer said that applicant's rate base of \$1,740 is low because of the fact that the operating equipment is shown as substantially depreciated. He said that a more normal rate base for an operation the size of applicant's would approximate \$8,000.

No one opposed the granting of the application. A representative of the San Diego Transit System stated that his company is interested in the continuance of applicant's operations and favors such increases in fares as are found necessary to maintain the service.

The record is clear that applicant's revenues from his present fares are not sufficient. It appears that the proposed fares would do no more than establish applicant's present services on a barely compensatory level. The proposed revision in fare zones appears reasonable. It is concluded and found as a fact that the sought fare increases and fare zone revisions have been justified. It is also concluded and found as a fact that the sought route extension to serve a new school is required by public convenience and necessity. The application will be granted. Applicant requested that he be allowed to establish the sought fares as quickly as possible. In view of his evident need for additional revenues, it

appears that he should be permitted to publish and make effective on less than statutory notice the increased fares and other tariff changes herein authorized.

O R D E R

Application having been made in the above-entitled proceeding, and based upon the evidence received and the conclusions and findings in the preceding opinion,

IT IS HEREBY ORDERED that applicant be and he is hereby authorized to amend his local passenger tariffs, Cal. P.U.C. Nos. 1, 2, 3, 4, and 5, on not less than ten (10) days' notice to the Commission and to the public, as follows:

1. To establish a fare of ten cents per adult one-way ride between points in the same fare zone.
2. To establish adult one-way fares for transportation between fare zones on the basis of the applicable adult fare for transportation within the first zone plus five cents for each additional zone into or through which an adult passenger is transported.

IT IS HEREBY FURTHER ORDERED that concurrently with the establishment of the increased fares hereinabove authorized, applicant shall establish fare zones as follows and to make such adjustments in other of his fare zones as necessary to give effect to the provisions of this order:

Fare Zones

1. From the intersection of Magnolia Avenue and Main Street in the City of El Cajon, south and east thereof via Magnolia Avenue and Washington Street to the intersection of Washington Street and "B" Street.

2. From the intersection of Magnolia Avenue and Main Street in the City of El Cajon, east on Main Street to its intersection with Second Street.
3. From the intersection of Magnolia Avenue and Main Street in the City of El Cajon, north and east thereof via Magnolia Avenue and Broadway to the intersection of Broadway and First Street in the community of Bostonia.
4. From the intersection of Magnolia Avenue and Main Street in the City of El Cajon, north on Magnolia Avenue to its intersection with Cypress Lane.
5. From the intersection of Magnolia Avenue (Highway No. 198) and Cypress Lane, north on Magnolia Avenue to its intersection with Prospect Avenue.
6. From the intersection of Broadway and First Street in the community of Bostonia, east and north thereof via Broadway and Second Street to the intersection of Second Street and Pepper Drive.

IT IS HEREBY FURTHER ORDERED

1. That a certificate of public convenience and necessity be, and it hereby is, granted to Peter F. Lapp, an individual, authorizing the establishment and operation of a service as a passenger stage corporation, as defined in Section 2 $\frac{1}{2}$ of the Public Utilities Act, for the transportation of persons and their baggage, or express, on Washington Street between Second Street and Jamacha Road, and intermediate points, in the area east of the City of El Cajon, as an extension and enlargement of, and to be consolidated

with, applicant's existing operative rights in said territory, subject to the following restriction:

The transportation of baggage and express shall be on passenger-carrying vehicles and shall be incidental to the transportation of passengers and limited to a weight of not more than one hundred (100) pounds per shipment.

2. That in providing service pursuant to the certificate herein granted, the following service regulations shall be complied with:
 - a. Applicant shall file a written acceptance of the certificate herein granted within a period of not to exceed thirty (30) days after the effective date hereof.
 - b. Applicant shall, within sixty (60) days after the effective date hereof and upon not less than five (5) days' notice to the Commission and the public, establish the service herein authorized and comply with the provisions of General Orders Nos. 79 and 80 and Part IV of General Order 93A, by filing, in triplicate, and concurrently making effective, tariffs and time schedules satisfactory to the Commission.

- c. Subject to the authority of this Commission to change or modify such at any time, Peter F. Lapp shall conduct said passenger stage operation over and along Washington Street between Second Street and Jamacha Road. Applicant is authorized to turn his motor vehicles at termini and intermediate points, in either direction, at intersections of streets or by operating around a block contiguous to such intersection, or in accordance with local traffic rules.

IT IS HEREBY FURTHER ORDERED that the authority herein granted to establish increased fares shall expire ninety (90) days after the effective date of this order.

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

Dated at San Francisco, California, this 7th day of December, 1949.

R. Z. [Signature]
Justice J. [Signature]
[Signature]
[Signature]
Commissioners