

ORIGINAL

Decision No. 42630

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
EASTERN CITIES TRANSIT, INC., a corpo-)
ration, to increase rates and fares for)
the transportation of passengers in the)
vicinity of East Los Angeles, Los)
Angeles County, California.)

Application No. 30663

Appearance

Charles F. Koors, for applicant.

O P I N I O N

Applicant in this proceeding, a California corporation engaged in the business of transporting passengers as a passenger stage corporation in the vicinity of Belvedere, Montebello and Whittier, in Los Angeles County, seeks authority to increase some of its fares on less than statutory notice.

Public hearing of the matter was had before Examiner Abernathy at Los Angeles on November 29, 1949.

Applicant company considers its operations as consisting of two divisions. Its lines in the western portion of the City of Montebello, and west thereof, it designates as the Belvedere division. Its eastern lines are designated as the Whittier division.¹ In the Belvedere division the company's basic fare is six cents per adult one-way ride plus an additional charge of three cents for transfers between lines. In the Whittier division the basic fare is ten cents per adult one-way ride with no additional charge for transfers. Applicant herein seeks authority to increase its six-cent fares in the Belvedere division to seven cents plus the present three-cent transfer charge.

¹ Applicant's services in the Whittier area were begun on July 1, 1949, when it assumed control of passenger stage lines theretofore operated by the municipality.

Testimony and exhibits relating to the company's operations were submitted by applicant's general manager and by a transportation engineer of the Commission's staff. Both witnesses explained in considerable detail the data which they had developed and which included figures covering present services, analyses of passenger traffic trends, and estimates of future revenues and expenses. The manager estimated that if present fares are maintained throughout 1950, the company's operations in the Belvedere division would result in a loss of almost \$21,000. The engineer similarly estimated a loss of over \$18,000. Anticipated operating results for 1950 under proposed fares are as follows:

Company Witness:

Operating Revenues	\$254,659
Operating Expenses	247,641
Net Operating Revenues	\$ 7,018
Rate Base	\$104,000
Rate of Return (before taxes)	6.7%
Operating Ratio	97.2%

Commission Witness:

Operating Revenues	\$250,580
Operating Expenses	245,520
Net Operating Revenues	\$ 5,060
Rate Base	\$112,790
Rate of Return (before taxes)	4.5%
Operating Ratio	98.0%

The manager-witness attributed his company's losses to a declining volume of traffic. Also, he said that services in the recently-acquired Whittier division are in a pioneering stage and have not yet been established on a profitable basis.² He recognized that the increase in revenues from the fare increases herein sought

² The witness asserted that the company is able and willing to assume developmental losses in the Whittier division during the coming year. Applicant estimates that the operating ratio for 1950 in this division will be 120.6 per cent. The estimated operating ratio determined by the Commission's engineer is higher.

would not be sufficient to establish the company in a favorable earning position. Nevertheless, he believed that any greater increase than that proposed in the fares in the Belvedere division, or any increase in the fares in the Whittier division, would be inadvisable at this time and might result in a substantial diversion of traffic and lesser revenues. The witness hoped that the losses could be minimized through further efforts to increase traffic volume and to effect operating efficiencies.

No one appeared in opposition to the sought increases. The record shows that notices of the hearing were published in a newspaper in the Belvedere area and that notices were also posted in applicant's vehicles. In addition notices were sent by the Commission's secretary to persons believed to be interested.

The record is clear that applicant's operations in the Belvedere division will result in substantial losses if the proposed fares are not authorized. Applicant's witness and the Commission's engineer differed somewhat in their estimates of the net revenues which would accrue under the sought fares because of differences in forecasts of passenger traffic and differences in various expense allocations. Under either estimate, however, it appears that applicant's earnings from the sought fares would not be excessive. Upon careful consideration of all of the facts and circumstances of record the Commission concludes and finds as a fact that the fares as proposed in the above application are justified. The application will be granted. In view of applicant's evident need for increased revenues, the requested authority to establish the sought fares on less than statutory notice will also be granted.

O R D E R

Public hearing having been had in the above entitled application, full consideration of the matters and things involved having been had, and the Commission being fully advised,

IT IS HEREBY ORDERED that Eastern Cities Transit, Inc. be and it is hereby authorized to amend its Local Passenger Tariff Cal. P.U.C. No. 1, to establish, on not less than five (5) days' notice to the Commission and to the public, increased fares as follows:

1. A cash fare of seven cents per one-way adult ride within Zones Nos. 1, 2, 2a, and between Zones Nos. 2 and 2a, said zones being defined in the above-designated tariff.
2. A cash fare of ten cents per one-way adult ride when transfer is required from one line to another within said Zones Nos. 1, 2, 2a, and between said Zones Nos. 2 and 2a.

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 20th day of December, 1949.

R. J. Anderson
Justin F. Cooney
Robert L. Smith
Harold P. Kula
Herbert H. Pottel
Commissioners