

Decision No. 43794

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
FRANK ATKINSON doing business as)	
SOUTH LOS ANGELES TRANSPORTATION CO.,)	Application No. 30786
for an order granting an increase in)	
fares and to establish school fares.)	

Appearances

Vernon P. Spencer, for applicant.

Glenn E. Newton, Charles H. Jacobsen and
Gerald W. Collins, for the Transporta-
tion Department of the California
Public Utilities Commission.

O P I N I O N

Frank Atkinson is engaged in the business of transporting passengers as a passenger stage corporation over certain routes serving the southern portion of Los Angeles, the City of Compton, and adjacent communities. By this application he seeks authority to increase certain fares on less than statutory notice.

Public hearing was had before Examiner Bryant at Los Angeles on January 17, 1950. The matter is ready for decision.

Testimony in support of the proposal was offered by applicant and by his son, who is general manager of the company. According to these witnesses, applicant has furnished a safe and reliable transportation service continuously since 1925. During this time, according to the testimony, he has not heretofore found it necessary to resort to any fare increase. The witnesses declared, however, that it now is apparent that new revenue must be developed as herein proposed in order to meet increased expense of operation.

Applicant currently maintains single-zone fares of five cents and six cents.¹ The one-way fare between any two adjacent zones is 10 cents, and between three zones is 15 cents. There are no token fares, and no round-trip, commutation, or school fares. Authority is herein sought to increase the single-zone fares of five cents and six cents to seven cents. No change is proposed in the inter-zone fares of 10 cents and 15 cents. Applicant would also establish a school fare of 40 single-zone rides for \$2.00. The general manager believed that the fare structure as proposed would be reasonable and desirable since it would produce needed revenue, would remove existing inequalities, and would make the fare level more nearly comparable to that of other transportation companies in the vicinity.² With reference to school fares, he believed that with increased adult fares a concession should be made to students as herein proposed.

Exhibits and testimony relating to the company's operations were submitted by the general manager and by a transportation engineer of the Commission's staff. Both witnesses had developed data relative to passenger traffic trends and estimates of future revenues and expenses. The general manager stated that his company realized a profit of \$5,678 for the first eleven months of 1949. He estimated, however, that for the year 1950, if present fares are maintained, the company's expenses will exceed revenues by approximately \$5,500. The engineer's estimates, based upon the year ending January 31, 1951, indicated an expected loss of approximately \$4,000. The anticipated operating results for the 12-month periods, under

¹ A six-cent fare is maintained for travel within three of the company's single-fare zones, and the five-cent fare applies to the remaining four zones.

² The inequalities referred to result from the application of the nonuniform 5- and 6-cent fares to zones which are all generally of uniform size.

both present and proposed fares, are as follows:

	<u>Present Fares</u>		<u>Proposed Fares</u>	
	<u>Applicant</u>	<u>Commission Engineer</u>	<u>Applicant</u>	<u>Commission Engineer</u>
Operating Revenues	\$180,734	\$169,010	\$193,143	\$181,080
Operating Expenses	<u>186,290</u>	<u>173,040</u>	<u>186,290</u>	<u>173,370</u>
Net before Income Taxes	\$ (5,556)	\$ (4,030)	\$ 6,853	\$ 7,710
Operating Ratio	103.0%	102.4%	96.5%	95.7%
Estimated Rate Base	\$144,364	\$146,220	\$144,364	\$146,220
Rate of Return	-	-	4.8%	5.3%
(Loss)				

Applicant's expected losses were attributed largely to increases in wage and depreciation expense, and to a decline in off-peak patronage. Exhibits submitted indicated the extent of applicant's increases in wage and depreciation expenses for each year since 1946. His wage expense for 1949 was shown to be approximately 16 per cent greater than that in 1948; and his 1949 depreciation expense was greater than in 1948 by approximately 29 per cent.³ For the year 1950, the general manager anticipated similar increases in wages, with a further increase in depreciation expense of approximately five per cent.⁴

No one opposed the sought increases. The usual notices of hearing were sent to parties believed to be interested, and notices were published in local newspapers and posted in applicant's vehicles.

The record is convincing that applicant has endeavored to supply his patrons with efficient and satisfactory transportation at

³ The company operates 13 pieces of passenger equipment. Nine of the vehicles are late-model, 32-passenger, diesel-hydraulic buses. Plans have been made to replace two of the older buses with new vehicles during 1950.

⁴ Applicant's expense figures as set forth in the foregoing table include some wage increases which are anticipated but not definitely known. The Commission engineer excluded such expenses from his estimates.

reasonable fares. It is noteworthy that he has found it possible to render transportation service for more than 24 years without a fare adjustment. It is apparent, however, that he now faces an operating loss under present fares. Although the general manager and the Commission engineer differed somewhat in their estimates, it is clear under either estimate that present fares will result in losses, and that the proposed fares will not produce excessive earnings.

The sought fares in other respects appear to be reasonable.

Upon careful consideration of all the facts and circumstances of record the Commission concludes and finds as a fact that the increased fares as proposed in this application are justified. The application will 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 now being fully advised,

IT IS HEREBY ORDERED that Frank Atkinson, doing business as South Los Angeles Transportation Co., be and he is hereby authorized to amend his Local Passenger Tariff Cal. P.U.C. No. 7, to establish, on not less than five (5) days' notice to the Commission and to the public, fares as follows:

1. Increase present single-zone fares of five (5) and six (6) cents to seven (7) cents.
2. Establish a fare for students under 21 years of age, going from or to a primary or secondary school, of 40 single-zone rides for \$2.00.

IT IS HEREBY FURTHER ORDERED that the authority herein granted 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 February, 1950.

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