

ORIGINAL

Decision No. 45062

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 ELIZABETH HENSLEY, dba LEE'S AUTO STAGE)
 LINE for authority to increase passenger) Application No. 31746
 fares between San Bernardino, Rialto,)
 and Bloomington, and intermediate points)
 in San Bernardino County.)

Appearances

Elizabeth Hensley, in propria persona.
E. T. McKissock, for San Bernardino Valley
 Transit Company, interested party.
Glenn E. Newton, for Engineering Division,
 Transportation Department, Public
 Utilities Commission.

O P I N I O N

Elizabeth Hensley, doing business as Lee's Auto Stage Line, is engaged in the business of transporting persons as a common carrier by motorbus within the Cities of San Bernardino and Rialto and the Township of Bloomington and between said cities and township. By her application, as amended in this proceeding, she seeks authority to establish increased fares and revised fare zones on less than statutory notice.

Public hearing of the application was had before Examiner Abernathy at Rialto on October 20, 1950. Evidence was submitted by applicant and by a transportation engineer of the Commission's staff. A representative of the San Bernardino Valley Transit Company participated in the proceeding as an interested party.

Applicant's present fares are based upon three-fare zones. Adult fares are 5 cents, 10 cents, and 15 cents per one-way ride, depending upon the zone or zones involved. Lower fares are provided for children. Applicant proposes to increase her 5-cent intrazone

fares to 10 cents per adult one-way ride, and to increase her interzone adult fares to 15 cents and 20 cents. Increased children's fares are proposed which are 5 cents less than the adult fares. Certain revisions in present fare zones are sought in order to produce a more simplified fare structure.¹

According to applicant, her present fares have been in effect since 1932. Assertedly, the fares are not compensatory and have not been compensatory for the past several years, mainly as a result of mounting operating costs. Applicant reported that since 1940 expense increases have been experienced which range from 30 percent in the cost of electricity, water, and telephone, to 283 percent in the wage rate for drivers. She said that coincident with expense increases of the past year passenger revenues have been shrinking. The decline in revenues she attributed to a greater use of private automobiles and to lesser public travel for recreational purposes as a result of the development of television.

Applicant asserted that she has been able to continue her public utility services in the face of the unfavorable operating circumstances only because she and her husband have spent many hours in the operation of the business for which they have received no remuneration and because her public utility revenues have been augmented by earnings from transportation service performed under private contract for the San Bernardino High School District. The witness said that because of health reasons her husband is no longer able to participate as actively in the conduct of the business as he has heretofore and as a consequence it has become necessary to engage additional employees, thereby incurring additional operating costs. She said, furthermore, that under present circumstances the business cannot be operated profitably, even taking into consideration earnings from the school

¹ Applicant's present fares and fare zones are published in her Local Passenger Tariff No. 6, C.R.C. No. 6 (Series of W. D. Lee).

contract. Unless additional revenues are obtained from an increase in fares, there is grave danger that the passenger service will have to be discontinued, the witness declared. She estimated that the higher fares which she seeks herein would result in an increase of approximately 10 percent in revenues after allowance for a loss in traffic expected to result from establishment of the fares.²

The Commission engineer submitted and explained an exhibit setting forth estimates of operating results that applicant would attain under present and proposed fares for the year ending with November 30, 1951. The following figures are developed from the engineer's exhibit:

Estimated Operating Results for Year Ending November 30, 1951

	<u>Under Present Fares</u>	<u>Under Proposed Fares</u>
<u>Operating Revenues</u>		
Passenger	\$16,240	\$25,900
Other	7,600	7,600
Total Revenues	<u>\$23,840</u>	<u>\$33,500</u>
Less: Operating Expenses	<u>32,280</u>	<u>32,450</u>
Net Operating Revenue	(<u>\$ 8,440</u>)	\$ 1,050
Income Taxes *	<u>25</u>	<u>250</u>
Net Income	(<u>\$ 8,465</u>)	\$ 800
Rate Base	\$ 9,110	\$ 9,110
Operating Ratio, before income taxes	135.4%	96.9%
Rate of Return, before income taxes	--	11.5%
Operating Ratio, after income taxes	135.5%	97.6%
Rate of Return, after income taxes	--	8.8%

* Computed at corporate tax rates.

() - Indicates loss

² Applicant did not submit estimates of the operating results expected under her proposal. On the basis of her estimates for 1950, however, it appears that had the sought fares been in effect throughout the year, total gross revenues from the combined operations would be \$31,564; operating expenses would be \$29,991; and net operating revenues, before income taxes, would be \$1,573, with a corresponding operating ratio of 95 percent.

The engineer said that his estimates had been developed from an analysis of applicant's records and from a survey of the physical operations involved. He stated that he had arrived at his estimates on the basis of applicant's operating results from her common carrier and school contract services combined. He explained that he had not undertaken to segregate the data applicable to the school services from that pertaining to the other operations for the reason that applicant has integrated the contract services for the San Bernardino High School District with her common carrier services. The engineer was of the opinion, however, from his review of applicant's records, that the school services are profitable and that the common carrier services are not. He said that it appears that applicant in the past has used earnings from her contractual services to maintain the public utility operations and he stated that the latter operations should be self-sustaining inasmuch as reliance on nonutility revenues which may be terminated at any time represents a hazard to the continuance of the public service.

The record shows that notices of the hearing in this matter were posted in applicant's vehicles and were published in a newspaper of general circulation in the area involved. In addition, notices were sent by the Commission's secretary to persons believed to be interested. No one appeared in opposition to granting of the application.

It is clear from the evidence in this proceeding that an adjustment in fares is necessary to sustain the public utility operations of Elizabeth Hensley. It is clear also that the sought fares will not result in excessive revenues. The form of the proposed fare adjustment appears to be reasonable and suitable under the circumstances herein shown.

Upon careful consideration of all of the facts and circumstances of record the Commission is of the opinion and finds that the fares and zone changes sought in this proceeding are justified. In view of applicant's need for additional revenues, establishment of the sought fare and zone changes on less than statutory notice also appears justified. The application will be granted.

O R D E R

Public hearing having been held, the matter having been submitted, and good cause appearing,

IT IS HEREBY ORDERED that Elizabeth Hensley, doing business as Lee's Auto Stage Line, be and she is hereby authorized to establish, on not less than five (5) days' notice to the Commission and to the public, the local fares which are set forth and the fare zones which are described in Appendix "A" attached hereto, said fares and fare zones to be established in lieu of the fares and fare zones now in effect, and as set forth and described in Elizabeth Hensley's Local Passenger Tariff No. 6, C.R.C. No. 6 (Series of W. D. Lee).

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 th 28 day of November, 1950.

A. F. Sullivan
James F. Curran
Joseph J. ...
Harold P. ...
Frances P. ...
Commissioners

APPENDIX "A" TO DECISION NO. 45062
 IN APPLICATION NO. 31746

TABLE OF AUTHORIZED FARES AND FARE ZONES

One-way Cash Fares, in Cents

	<u>Between Points Within</u>			
	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>	<u>Zone 4</u>
Adult	10	10	10	10
Child (See Note)	5	5	5	5
	<u>Between Any Point Within Zone 1 and Any Point Within Zone 2</u>		<u>Any Point Within Zone 3</u>	
Adult	15		20	
Child (See Note)	10		15	
	<u>Between Any Point Within Zone 2 That Is Not Within Zone 4 and Any Point Within Zone 3</u>			
Adult	15			
Child (See Note)	10			

Note: Adult fares apply for the transportation of children 12 years old or older.
 Children's fares apply for the transportation of children under 12 years of age except that children under 5 years of age, when accompanied by an adult passenger, will be carried free.

Zone Descriptions:

- Zone No. 1 - All points east of and including Eucalyptus Avenue, Rialto.
- Zone No. 2 - All points between and including Eucalyptus Avenue, Rialto, and Willow Street, Rialto.
- Zone No. 3 - All points west of and including Willow Street, Rialto.
- Zone No. 4 - All points west of and south of and including the intersection of Riverside Avenue and Foothill Boulevard, Rialto.

(end)