

Decision No. 45063

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application }  
of Highland-Patton Bus Line, }  
Charles C. Towle, Owner, for }  
approval of Proposed Increases }  
in Rates of Fare. }

Application No. 31705

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MAY 10 1951

Appearances

Charles C. Towle, in propria persona.  
Mrs. Elizabeth Hensley, for Lee's Auto  
Stage Line, interested party.  
Glenn Newton, for Engineering Division,  
Transportation Department, Public  
Utilities Commission.

O P I N I O N

Applicant is an individual engaged in the business of transporting passengers as a common carrier by motor bus in the City of San Bernardino and between that city and the adjacent communities of Victoria Gardens, Highland, and Patton. He seeks authority to effect certain fare increases on less than statutory notice.

Public hearing of the matter was had before Examiner Abernathy at San Bernardino on October 10, 1950. Evidence was submitted by applicant and by a transportation engineer of the Commission's staff.

Applicant alleges that his operations under present fares are resulting in losses. He testified that since 1947, when his fares were last adjusted, he has experienced a decline in revenues and an increase in expenses. He reported that gross revenues for 1948 totaled \$86,246. The revenues which are anticipated for the current year are \$69,862. With respect to expenses he said that drivers' wage rates are now 30 percent higher than in 1947; tire

costs are up 36 percent; gasoline costs have increased 12 percent; and various other expenses have increased as much as 50 percent or more.

He said that in order to cope with the narrowing margin between revenues and expenses he has endeavored to pare operating costs by reducing the number of scheduled trips, by shortening running times per trip, by reducing the work week of various employees, by negotiating a more favorable contract for gasoline, and by obtaining adjustments in insurance rates. He estimated that at the present level of revenues and expenses his operations for the year ending with June, 1951, would result in a net operating loss of \$2,954. The witness declared that this loss cannot be offset by further economies and that increases in fares are necessary to preserve the efficiency and continued operation of his service.

Applicant's present fares are based upon two fare zones. Adult fares are 10 cents per one-way ride within zones and 20 cents per one-way ride between zones. Lower fares are provided for commuters and school children who buy multiple-ride tickets. Applicant proposes to revise his fare structure to a three-zone basis by redefining the principal fare zone to make two zones therefrom. With this revision in zones he seeks to establish adult fares of 15 cents to apply between contiguous zones and 20 cents to apply between the inner and outer zones. Certain adjustments are also sought in the fares for commuters and school children. No change is proposed in present 10-cent, adult intrazone fares.<sup>1</sup>

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<sup>1</sup> Applicant's present fares are published in his Local Passenger Tariff Cal. P.U.C. No. 2. The proposed fares are set forth in Appendix "A" attached hereto.

The proposed fares, according to applicant's estimate, would produce additional revenues of \$6,600 annually. On this basis he estimated that the higher fares, over a period of a year, would result in net operating revenues of \$2,314 before allowance for income taxes. The corresponding rate of return would be 7.4 percent before taxes and the operating ratio would be 96.7 percent. These operating results, applicant asserted, are reasonable.<sup>2</sup>

He asserted also that the sought fare adjustments, considered individually, are reasonable. Under the proposal herein the increases would be borne largely by passengers riding the longer distances between the fare zones created by the sought zone division. Applicant was of the opinion that it is reasonable that the higher fares apply principally to these riders. He said that in 1947, when other fares were increased, these patrons were favored with reductions.<sup>3</sup> As to the proposed change in student fares the witness stated that adjustment of the intrazone fares is desired in order to make them correspond with interzone fares and thereby to minimize fare collection problems. He declared that all of the present student fares fall slightly short of returning out-of-pocket operating costs. He said, however, that as a matter of accommodation it was his purpose to continue the present student fares unchanged except as indicated. With respect to commutation fares an increase to 16-2/3 cents from 13-1/4 cents

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<sup>2</sup>

It appears that in preparing his estimates of operating results applicant omitted \$1,200 "other operating revenues." Allowance being made for this omission, the anticipated net operating revenues would be \$3,514 before income taxes. The rate of return would be 11.3 percent before taxes and the operating ratio would be 95.2 percent.

<sup>3</sup>

Applicant explained that in 1947 his present principal fare zone was established by consolidating the first two of the three zones that were maintained up to that time. As a result of this change and as a consequence of fare adjustments which were also then made, the one-way fares for those riding between the former first and second zones were reduced to 10 cents from 12 cents whereas other fares were increased to 10 cents from 6 cents for intrazone service and to 20 cents from 11 cents and 17 cents for interzone service.

per one-way ride is sought. Applicant said that the present ticket fare is unreasonably low as compared to the 20-cent cash fare.

The evidence which was introduced by the Commission engineer supported that of applicant with respect to the insufficiency of present revenues to meet operating expenses. The engineer submitted estimates of anticipated operating results for the year ending with October, 1951, which he had developed from a survey of the carrier's operations and from indicated trends in applicable revenue and expense factors. According to the calculations of this witness, the carrier is confronted with operating losses under present fares and under the sought fares also. The engineer estimated that under present fares an operating loss of \$13,290 would be incurred. Under sought fares the loss would be \$8,520. Corresponding operating ratios would be 124 percent and 114 percent, respectively.

The engineer's estimated results differ from applicant's mainly because the latter do not provide for decreased patronage. In his estimate the engineer recognized an established downward trend in the traffic involved. The results also differ because applicant did not provide for maintenance and depreciation charges which the engineer deems essential to proper cost determination.

The record shows that notices of 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.

The evidence is clear that applicant's revenues from his present fares are insufficient to meet current operating costs. It appears that even under the more favorable estimates of record the earnings which would be realized from the sought fares would not be excessive. The form of the fare adjustment, including the revision

in fare zones, appears to be reasonable and suitable under the circumstances herein developed.

Upon careful consideration of all of the facts and circumstances of record the Commission is of the opinion and finds that the fare and zone changes sought in this proceeding are justified. In view of the evident need for increased revenues, granting of authority to establish the fare 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 Charles C. Towle, doing business as Highland-Patton Bus Line, be and he is hereby authorized to establish, on not less than five (5) days' notice to the Commission and to the public, the local fares set forth in Appendix "A" attached hereto, said fares to be established in lieu of local fares now being assessed.

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 28<sup>th</sup> day of November, 1950.

*R. Z. Indrany*  
*Julius J. Garner*  
*James H. Howell*  
*Harold H. Hule*  
*Kenneth F. Potter*  
Commissioners

APPENDIX "A" TO DECISION NO. 45063

IN APPLICATION NO. 31705

TABLE OF AUTHORIZED FARES IN CENTS

	<u>Between Points Within:</u>		
	<u>Zone No. 1</u>	<u>Zone No. 2</u>	<u>Zone No. 3</u>
Adult fare:			
One-way cash	10	10	10
Round-trip cash	20	20	20
Student fare:			
14-ride school ticket	100	100	100

	<u>Between any point within Zone No. 2 and any point within Zone No. 1 not within Zone No. 2</u>	<u>Between any point and any point within Zone No. 2 and any point within Zone No. 3</u>
Adult fare:		
One-way cash	15	15
Round-trip cash	30	30
16-ride commutation ticket	200	200
Children's half fare	10	10
Student fare:		
14-ride school ticket	100	100

	<u>Between any point within Zone No. 3 and any point within Zone No. 1 not within Zone No. 2</u>
Adult fare:	
One-way cash	20
Round-trip cash	40
12-ride commutation ticket	200
Children's half fare	10
Student fare:	
14-ride school ticket	100

Zone Descriptions:

- Zone No. 1 - All points west of and including Cedar Street, San Bernardino.
- Zone No. 2 - All points between and including both Windsor Drive and McKinley Street, San Bernardino.
- Zone No. 3 - All points east of McKinley Street, San Bernardino.

End of Appendix "A"