

Decision No. 45197**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
CHARLES P. RHINARD & SAMUEL P. CARR	)	
(a copartnership) dba LAGUNA BEACH	)	
SANTA ANA STAGE LINES for authority	)	
to increase passenger fares between	)	Application No. 31845
Santa Ana, Costa Mesa, Newport Beach,	)	As Amended.
Laguna Beach, and intermediate points	)	
in Orange County.	)	

Charles P. Rhinard, for applicant.O P I N I O N

Charles P. Rhinard and Samuel P. Carr, doing business as Laguna Beach-Santa Ana Stage Lines, operate under authority issued by this Commission <sup>(1)</sup>, between Santa Ana, Costa Mesa, Newport Beach, Laguna Beach, and intermediate points. By this application, a general upward adjustment of passenger fares and express rates is sought in order to meet increased operating costs.

The present fare structure consists of approximately thirty-five individual fares. It is proposed to simplify the structure by eliminating all of the round-trip and approximately one-third of the commutation tickets. It is proposed to increase certain one-way fares and decrease others, and to increase the minimum express charge from 15 cents to 25 cents.

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(1) Decision No. 27900, dated April 22, 1935, on Application No. 19841.

Applicants allege that the proposed increase in rates will only cover the increased cost of operations. The increases are so limited, they state, because they feel that any additional rate increase would seriously reduce patronage. Applicants estimate, however, that the proposed increase will yield a net return of approximately \$4,000 per year.

A public hearing was held before Examiner Rowe at Santa Ana, on November 29, 1950, at which time evidence both oral and documentary was received, and the matter was duly submitted. At the hearing the application was amended, among other minor matters, to set forth the rates sought to be changed in their present filed passenger tariff, and the rates to be substituted as proposed herein.

The general manager of the applicants testified as to the need for additional revenue. He stated that the proposed reductions were designed to increase traffic and consequently increase the total net revenue. A member of the Commission's engineering staff testified that the proposed fares were lower than those requested by comparable operators in this territory. He stated that travel density over applicants' lines has decreased from 1.8 passengers per mile in 1946, to 1.3 passengers per mile in 1950. A report based upon the company records, prepared by the Commission staff, indicates that, even under the proposed fares, an operating deficit will result, although the amount of the deficit will be reduced from an annual operating loss of \$17,570 with an operating ratio of 122.3%, to \$11,550 with an annual operating

ratio of 113.6%, with no rate of return on investment in either case.

The estimated rate base, as determined by the Commission staff, amounts to \$44,500. Taking applicants' estimate of the yearly net return based upon the proposed fare structure, the rate of return would be 8%. The record contains no substantial justification of applicants' estimated return, and it appears unjustified and probably too optimistic.

The traveling public was advised of the proposed increase of fares and the time and place of hearing thereon, by duly posting notices on company equipment and in the terminals, and by publication in a newspaper of general circulation published and circulated in the City of Santa Ana and in Orange County. No one appeared as opposing the granting of the application.

Upon careful consideration of all the facts and circumstances of record in this proceeding, the Commission is of the opinion and finds that the proposed modifications of applicants' fares are just and reasonable.

O R D E R

Public hearing having been held in the above-entitled application, and, based upon the evidence received and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Charles P. Rhinard and Samuel P. Carr, copartners, doing business as The Laguna Beach-Santa Ana Stage Lines, be, and they hereby are, authorized, on not less than five (5) days' notice to the Commission and to the public, to modify their passenger fares, as published in Laguna Beach-Santa Ana Stage Lines Local Passenger Tariff P.U.C. No. 3, to conform with the passenger rates set forth on the rate sheet attached to the amendment to the application.

IT IS HEREBY FURTHER ORDERED that said applicants be, and they hereby are, authorized, on not less than five (5) days' notice to the Commission and to the public, to increase the minimum express charge in Laguna Beach-Santa Ana Stage Lines Local Express Tariff C.R.C. No. 1, from 15 cents to 25 cents.

IT IS HEREBY FURTHER ORDERED that the five (5) days' notice to the public, provided for in the two preceding ordering paragraphs, shall be posted in applicants' buses, and shall be a suitable notice describing how the fare increases and decreases will affect the service to the public, and shall include a small map of the area involved, clearly showing where the fare changes will apply.

IT IS HEREBY FURTHER ORDERED that the authority to increase and modify fares herein granted shall lapse unless the changes in fares and rates authorized in this order are published, filed, and made effective within sixty (60) days after the effective date of this order.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 27<sup>th</sup> day of December, 1950.

R. E. Indurain  
Justin J. Casner  
Grant Lowell  
James H. Brown  
COMMISSIONERS