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Decision No. 46146

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of SOUTHERN CITIES TRANSIT, INC.,)	Application No. 32349
a corporation, to increase rates)	As amended.
and fares for the transportation)	
of passengers in the vicinity of)	
Compton.)	

Charles Boehm for applicant.

O P I N I O N

Applicant is engaged in the business of transporting passengers as a passenger stage corporation in Compton, Los Angeles County, California, and between certain areas in the vicinity thereof, including Willowbrook, Downey, Hollydale, Paramount and Bellflower, under authority issued by the Public Utilities Commission of the State of California. The present application requests authority to increase its fares. The general manager of the corporation asks that the increase be permitted on less than statutory notice.

Applicant proposes to split its present Zone 1 into two separate zones to be designated Zone No. 1 and Zone No. 2. The present Zones Nos. 2a and 2b will become Zones Nos. 3a and 3b, respectively. A cash fare of 12 cents instead of 10 cents is proposed within any one zone. Between adjacent zones the cash fare of 15 cents is proposed, and 20 cents is proposed between Zone No. 1 and Zone No. 3a or 3b and between

Zone 3a and 3b. The thirty-ride school tickets good within any one zone are to be increased in price to \$2.25, or $7\frac{1}{2}$ cents per ride. The thirty-ride school tickets good between zones are proposed to be increased to cost \$3.50, or $11\frac{2}{3}$ cents per ride.

Applicant alleges that passenger revenues have been declining and operating expenses increasing for the past several years. Also, a recently negotiated union contract, effective July 1, 1951, will still further increase expenses. Applicant estimates that the fare increases proposed will provide additional revenues per year of approximately \$23,000, which additional revenue will, it alleges, be necessary to enable applicant to continue to provide adequate transportation service to the public, and to return to the passenger stage corporation a reasonable and just return on its investment.

Public hearing was held before Examiner Rowe in Compton on August 9, 1951. Oral and documentary evidence was adduced and the matter was duly submitted for decision.

Notice of the hearing and of the proposed fare increase was published in a newspaper of general circulation printed and published in Compton on August 2, 1951. Like notices were posted in the equipment of the applicant, commencing July 27, 1951, to and including the day of the hearing. No protests or objections were made to the application.

Testimony and exhibits relating to the company's operations were submitted by applicant's treasurer and general manager and by a transportation engineer of the Commission's

staff. Both witnesses explained in considerable detail the data they had developed, which included figures covering present service, analyses of passenger traffic trends, and estimates of future revenues and expenses. Applicant's general manager estimated that, if present fares are maintained during the next twelve months, the company's operations would result in a loss of \$22,349, with an operating ratio of 114.74%. The Commission's engineer estimated even a greater loss of \$31,395, with an operating ratio of 126.8%.

The anticipated operating results for the next twelve months, under the proposal, are as follows:

Company Witness

Operating Revenues	\$ 177,621.00	
Operating Expenses	175,282.00	
Net Operating Profit	2,339.00	
Rate Base	\$ 29,910.00	
Rate of Return		7.82%
Operating Ratio		98.15%

Commission Witness

Operating Revenues	\$ 155,950.00	
Operating Expenses	168,300.00	
Net Operating Loss	12,350.00	
Rate Base	\$ 26,650.00	
Rate of Return (Loss)		
Operating Ratio		107.9%

The record demonstrates that the revenues applicant is likely to obtain from its operations will be inadequate to meet the increased operating costs at the present fare. As a consequence an increase in fares is justified. The zone changes proposed, as well as the fare increases requested, do not appear to be unreasonable.

One witness appeared and asserted that night service over applicant's Greenleaf Line was insufficient. A Commission engineer had previously testified that as an expert he had made an investigation and study of applicant's service and facilities. This expert gave his opinion that no changes should be made in the present service, which he considered adequate and sufficient. Considering the entire record herein the Commission finds as a fact that the fares and zone changes as proposed in the amended application are justified and reasonable and consequently the application will be granted. In view of applicant's evident need for increased revenues to overcome a presently existing daily loss, the requested authority to establish the fares proposed on less than statutory notice will be granted.

O R D E R

A 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 ORDERED:

(1) That Southern Cities Transit, Inc. be, and it hereby is, authorized to establish on not less than five (5) days' notice to the Commission and to the public, increased fares and revised fare zones as follows:

- (a) Establish Zone No. 1 to include all routes between Fernwood Avenue on the north, Artesia Street on the south and Atlantic Avenue on the east.
- (b) Establish Zone No. 2 to include all routes between Imperial Highway on the north, Artesia Street on the south, Atlantic Avenue on the west and Downey Avenue on the east.
- (c) Establish Zone No. 3a to include all routes north of Imperial Highway.
- (d) Establish Zone No. 3b to include all routes east of Downey Avenue.
- (e) Establish a cash fare of 12¢ within any one single zone.
- (f) Establish a cash fare of 15¢ between any of its adjacent zones.
- (g) Establish a cash fare of 20¢ between Zone No. 1 and Zone No. 3a, between Zone No. 1 and Zone No. 3b and between Zone No. 3a and Zone No. 3b.
- (h) Establish a price of \$2.25 for its thirty (30) ride school tickets good within any one zone.
- (i) Establish a price of \$3.50 for its thirty-(30) ride school tickets, good between any zones.

(2) That the five (5) days' notice to the public, provided for in the preceding ordering paragraph, shall be given by posting in applicant's buses, a suitable notice describing how the fare increases and zone changes will affect the service to the public, and shall include a map of the area involved, clearly showing where the fare changes will apply.

(3) That the authority to increase fares and modify zones, as herein granted, shall lapse unless the changes 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 28th day of August, 1951.

P. J. [Signature]
President
Justice J. [Signature]
[Signature]

COMMISSIONERS