

**ORIGINAL**Decision No. 46172

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 JOHN W. CLAYTON (Santa Ana-Garden )  
 Grove Bus Line) for authority to ) Application No. 32423  
 advance bus service fares between )  
 Santa Ana and Huntington Beach )  
 Boulevard. )

Appearances

George E. Bradley, for applicant.  
 Gale Ellis, for Garden Grove News, interested party.  
 Glenn Newton, for Engineering Division of Transportation Department, Public Utilities Commission of State of California.

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 between Santa Ana, Garden Grove and intermediate points. In this proceeding he seeks authority to establish increased fares.

Public hearing of the matter was held before Examiner Abernathy in Garden Grove on June 28, 1951. Evidence was submitted by applicant and by a transportation engineer of the Commission's staff.

Applicant's present fares are based upon three fare zones. Adult cash fares for transportation within a single zone are 10 cents, with an additional charge of 5 cents applying for each succeeding zone into which or through which the

transportation is performed. Children's fares are 6 cents, 10 cents and 15 cents for transportation within a single zone, between contiguous zones, and between noncontiguous zones, respectively. Authority is sought herein to establish a 5-cent increase in the adult fares and a 3-cent increase in the children's fares.

According to testimony of applicant, his operations were begun on July 3, 1950. The passenger volume which has been realized has fallen short of the volume expected when the service was inaugurated. Expense increases have been experienced which were not anticipated when the present scale of fares was established. The witness said that current price quotations indicate a 45 percent increase in the prices of tires, and an increase of 20 to 25 percent in the prices of parts over corresponding prices a year ago. Revenues and expenses for the nine months of operation, July, 1950, through March, 1951, were reported as follows:

|                     |              |
|---------------------|--------------|
| Total Revenues      | \$5,974      |
| Total Expenses      | <u>6,483</u> |
| Net Loss for Period | \$ 509       |

The increased fares, applicant testified, are necessary to the maintenance of his service. Moreover, he said, they will enable him to increase the number of his scheduled trips and thereby to provide better service for his patrons. The sought fares assertedly are approximately the same as those maintained by other carriers operating in the same general area.

The Commission engineer submitted an exhibit setting forth a summary of applicant's past operating results and estimates of future results under present and proposed fares. He said that the revenue estimates were based upon a check of applicant's traffic and upon the indicated trend of passenger volume. Operating expenses were based upon applicant's past operating experience as reflected in the books of account. Where the book records were found to be inadequate, the operating experience of similar bus operators was used as the basis for his calculations. Allowances were included in the expenses to reflect additional maintenance costs anticipated by the engineer as a result of the increasing age of the equipment.

The engineer included in his exhibit an estimate of future operating results under a modified fare proposal which he suggested be adopted in lieu of the fares sought by applicant. He anticipated less public resistance to the increases under this fare schedule and less deflection of traffic than would result from adoption of the fares which applicant seeks. The engineer's fare proposal is the same as applicant's, except that the engineer suggested the retention of the present adult intra-zone fares of 10 cents, and he also suggested a fare of 10 cents to apply for the transportation of children within the same zone and between contiguous zones, and of 15 cents to apply between noncontiguous zones <sup>1/</sup>. The engineer's

<sup>1/</sup> The fares (in cents) which were suggested by the engineer and those which were proposed by applicant for one, two and three zone rides are as follows:

|            | Adult |     | Child |     |
|------------|-------|-----|-------|-----|
|            | (1)   | (2) | (1)   | (2) |
| One Zone   | 15    | 10  | 9     | 10  |
| Two Zone   | 20    | 20  | 13    | 10  |
| Three Zone | 25    | 25  | 18    | 15  |

(1) Applicant's proposed fares  
 (2) Alternate fares of engineer

estimates of operating results under present and proposed fares are set forth in the table below:

Estimated Results of Operations, Year Ending June 30, 1952

|                           | <u>Under<br/>Present<br/>Fares</u> | <u>Under<br/>Applicant's<br/>Proposed Fares</u> | <u>Under<br/>Alternate<br/>Fares</u> |
|---------------------------|------------------------------------|---|--------------------------------------|
| <u>Operating Revenues</u> |                                    |   |                                      |
| Passenger                 | \$8,120                            | \$9,780   | \$9,500                              |
| Other                     | <u>200</u>                         | <u>200</u>                                      | <u>200</u>                           |
| Total                     | \$8,320                            | \$9,980   | \$9,700                              |
| Operating Expenses        | <u>9,290</u>                       | <u>9,340</u>                                    | <u>9,330</u>                         |
| Net Operating Revenues    | ( <u>\$ 970</u> )                  | \$ 640  | \$ 370                               |

( ) Indicates Loss

No one opposed the granting of the application. The record shows that notices of the hearing in this matter were posted in applicant's bus and were published in newspapers of general circulation in the Santa Ana and Garden Grove areas. In addition, notices were sent by the Commission's Secretary to persons believed to be interested in the proceeding.

The record herein shows clearly applicant's revenues from its present fares fall substantially short of meeting the costs of operation and of providing a reasonable allowance for profit. It likewise shows that the sought fares would provide only a small return. As between the two fare proposals which were submitted for consideration, it appears that the fares suggested by the engineer would produce more reasonable results.

Upon careful consideration of all of the evidence of record, the Commission is of the opinion and finds as a fact that the increased fares which are set forth in the order which follow are justified. To this extent the application will be granted. In all other respects it will be denied.

O R D E R

Public hearing having been held in the above-entitled proceeding, the evidence received therein having been fully considered, and good cause appearing,

IT IS HEREBY ORDERED that John W. Clayton, doing business as Santa Ana-Garden Grove Bus Lines, be and he hereby is authorized to amend his Local Passenger Tariff Cal.P.U.C. No. 1 to establish on not less than thirty (30) days' notice to the Commission and to the public the increased fares which are set forth in Appendix "A" attached hereto and by this reference made a part hereof.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire ninety (90) days after the effective date of this order.

IT IS HEREBY FURTHER ORDERED that in all other respects the above-entitled application be and it is hereby denied.

This order shall become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 4th day of September, 1951.

R. J. [Signature] President  
Justice F. [Signature]  
Harold [Signature]  
Connelly [Signature]  
Ed. E. [Signature] Commissioners

APPENDIX A TO DECISION NO. 46172  
in Application No. 32423

Authorized Fares

A. Adults' Cash Fares in Cents per One-Way Ride

| <u>and any Point in</u> | <u>Between any Point in</u> |               |               |
|-------------------------|-----------------------------|---------------|---------------|
|                         | <u>Zone 1</u>               | <u>Zone 2</u> | <u>Zone 3</u> |
| Zone 1                  | 10                          |               |               |
| Zone 2                  | 20                          | 10            |               |
| Zone 3                  | 25                          | 20            | 10            |

B. Children's Cash Fares in Cents per One-Way Ride

| <u>and any Point in</u> | <u>Between any Point in</u> |               |               |
|-------------------------|-----------------------------|---------------|---------------|
|                         | <u>Zone 1</u>               | <u>Zone 2</u> | <u>Zone 3</u> |
| Zone 1                  | 10                          |               |               |
| Zone 2                  | 10                          | 10            |               |
| Zone 3                  | 15                          | 10            | 10            |

(End)