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ORIGINAL

Decision No. 46452

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the application of PASADENA CITY LINES, INC., requesting authority to increase certain of its rates of fare.	Application No. 32320

Appearances

Dunlap, Holmes, Ross & Woodson, by John W. Holmes, for applicant.

H. Burton Noble, Richard E. Michalski and Clarence A. Winder, for City of Pasadena, interested party.

T. A. Hopkins, for Transportation Department, Public Utilities Commission of the State of California.

O P I N I O N

Pasadena City Lines, Inc. operates an urban passenger bus service within and between the cities of Pasadena, Arcadia and Monrovia, and adjacent areas. By this application as amended it seeks authority to establish increased fares. Applicant asserts that higher fares have been made necessary by increased wage rates and other costs of operation together with a continuing downward trend in passenger traffic.

Public hearing was held before Examiner Bryant at Pasadena on October 24, 1951. The matter is ready for decision.

Applicant's fares are based upon four fare zones. It seeks authority to increase the single-zone cash fare from 7 cents to 10 cents and the single-zone token fare from 7 cents (5 tokens for 35 cents) to 8-1/3 cents (3 tokens for 25 cents). The multiple-zone fares are, and would continue to be, based upon the addition of 5 cents to the single-zone fare for each additional zone. Applicant also seeks to increase its 40-ride school commutation fare from \$2.40 to \$2.60. The present and proposed fares are shown in more detail in the margin below.[1]

1

Class of Fare	Present Fares	Fares Proposed in Original Appl. 32320	Fares Proposed in Amended Appl. 32320
Single Zone			
Cash	7¢	10¢	10¢
Token	5 for 35¢ = 7¢	2 for 15¢ = 7½¢	3 for 25¢ = 8-1/3¢
School	40 for \$2.40 = 6¢	40 for \$2.60 = 6½¢	40 for \$2.60 = 6½¢
Two Zone			
Cash	12¢	15¢	15¢
Token & Cash	7¢ + 5¢ = 12¢	7½¢ + 5¢ = 12½¢	8-1/3¢ + 5¢ = 13-1/3¢
Three Zone			
Cash	17¢	20¢	20¢
Token & Cash	7¢ + 10¢ = 17¢	7½¢ + 10¢ = 17½¢	8-1/3¢ + 10¢ = 18-1/3¢
Four Zone			
Cash	22¢	25¢	25¢
Token & Cash	7¢ + 15¢ = 22¢	7½¢ + 15¢ = 22½¢	8-1/3¢ + 15¢ = 23-1/3¢

The company's income statement for the past five calendar years, and for eight months of 1951, based upon the company records without adjustment, are summarized in the following table.

Table 1
Company Income Statements

Item	1946	1947	1948	1949	1950	1st 8 mos. 1951
Operating Revenues	$873,073	$ 841,393	$978,813	$832,254	$791,307	$497,969
Operating Expenses						
Operating & Maintenance Expenses	616,012	761,856	724,212	600,274	560,275	378,739
Depreciation	82,254	87,668	98,185	88,765	69,640	44,643
Amort. Chargeable to Operation	13,400	13,423	-	11	44	-
Operating Taxes & Licenses	68,514	74,807	88,757	68,484	67,398	46,558
Operating Rents	6,101	10,107	919	(8,172)	(5,530)	(3,274)
Total Operating Expenses	$786,281	$ 947,861	$912,073	$749,362	$691,827	$466,666
Net Operating Revenue	86,792	(106,468)	66,740	82,892	99,480	31,303
Other Income (Net)	(609)	(8,707)	(11,951)	5,520	24,870	2,301
Net Income Before Federal Income Taxes	86,183	(115,175)	54,789	88,412	124,350	33,604
Federal Income Taxes	34,714	(75,000)	(13,395)	44,460	55,610	12,700
Net Income	51,469	(40,175)	68,184	43,952	68,740	20,904
Operating Ratio (Line 7 Divided by Line 1)*	90.06%	112.65%	93.18%	90.04%	87.43%	93.7%

*Calculated by Commission's staff. (RED FIGURE)

The principal evidence concerning the financial results of applicant's operations under present and proposed fares was introduced by the company's general auditor and by a senior transportation engineer of the Commission's staff. Both witnesses submitted estimates of the results of future operations for the 12-month period ending with November 30, 1952. The auditor forecast that the company would suffer an operating loss of more than $17,000 if required to operate at present fares. The Commission engineer reached the conclusion that the company would earn some profit under the existing fares.

The estimates as introduced by the two witnesses are summarized for comparative purposes in Tables 2 and 3, which follow:

TABLE 2 - PRESENT FARES

Estimates for Year Ending November 30, 1952

ITEM	Company Auditor	Commission Engineer
Operating Revenue		
Passenger	$ 695,100	$ 714,555
Special	300	390
Advertising	10,000	10,100
Total Operating Revenue	$ 705,400	$ 725,045
Operating Expenses		
Equipment, Maintenance and Garage	$ 146,350	$ 145,815
Transportation	355,500	351,550
Traffic, Solicitation and Advertising	3,310	2,860
Insurance and Safety	34,405	30,010
Administrative and General	48,255	38,690
Depreciation	63,980	63,977
Operating Taxes and Licenses	71,177	68,206
Total Operating Expenses	$ 722,977	$ 701,108
Net Before Income Tax	($17,577)	$ 23,937
Income Tax	--	$ 7,000
Net After Income Tax	($17,577)	$ 16,937
Rate Base	$ 446,027	$ 429,007
Rate of Return After Income Tax	--	4.0%
Operating Ratio After Income Tax	102.5%	97.7%

( ) - Loss

Explanation of Table

Operating taxes, income taxes, and returns after income taxes have been adjusted to reflect a federal excise tax of 2 cents a gallon on diesel fuel. The witnesses learned of the new tax on the morning of the hearing and did not have opportunity to make detailed calculations of its effect.

Wages of the bus operators, now under negotiation, were computed at an increase of 6 cents per hour which had been offered by the company and rejected by the operators.

Federal income taxes have been estimated upon the basis of the Tax Bill signed by President Truman on October 19, 1951.

In addition to the rate base shown above, the Commission engineer submitted also an "average rate base for any period" of $466,465. This figure assumes that the properties are depreciated at all times to one-half their book cost, less salvage, and its use would require adjustment of depreciation expenses accordingly.

TABLE 3 - PROPOSED AND ALTERNATE FARES

Estimates for Year Ending November 30, 1952

Item	PROPOSED FARES (Amended Application) Company Auditor	Commission Engineer	ALTERNATE FARES (Commission Engineer) Alternate 1	Alternate 2
Operating Revenue				
Passenger	$798,500	$824,515	$762,655	$742,120
Special	300	390	390	390
Advertising	10,000	10,100	10,100	10,100
Total Operating Revenue	$808,800	$835,005	$773,145	$752,610
Operating Expenses				
Operating and Maintenance	$595,320	$560,980	$565,750	$567,175
Depreciation	63,980	63,977	63,977	63,977
Operating Taxes and Licenses	76,842	70,004	69,020	68,678
Total Operating Expenses	$736,142	$694,961	$698,747	$699,830
Net Before Income Tax	$ 72,658	$140,044	$ 74,398	$ 52,780
Income Tax	$ 32,601	$ 82,900	$ 34,040	$ 21,555
Net After Income Tax	$ 40,057	$ 57,144	$ 40,358	$ 31,255
Rate Base	$446,027	$429,007	$429,007	$429,007
Rate of Return				
After Income Tax	9.0%	13.3%	9.4%	7.3%
Operating Ratio				
After Income Tax	95.0%	93.2%	94.8%	95.9%

Explanation of Table

Alternate Fare Basis 1 is the fare basis sought in the original application in this proceeding (See Footnote 1 herein).

Alternate Fare Basis 2 is computed on a cash fare of 10 cents cash, tokens 3 for 20 cents, with no increase in school fares.

Operating taxes, income taxes, and returns after income taxes have been adjusted to reflect a federal excise tax of 2 cents a gallon on diesel fuel. The witnesses learned of the new tax on the morning of the hearing and did not have opportunity to make detailed calculations of its effect.

Wages of the bus operators, now under negotiation, were computed at an increase of 6 cents per hour which had been offered by the company and rejected by the operators.

Federal income taxes have been estimated upon the basis of the Tax Bill signed by President Truman on October 19, 1951.

In addition to the rate base shown above, the Commission engineer submitted also an "average rate base for any period" of $466,465. This figure assumes that the properties are depreciated at all times to one-half their book cost, less salvage, and its use would require adjustment of depreciation expenses accordingly.

The principal differences in the estimates submitted by applicant and by the Commission's staff, as summarized in the foregoing Tables 2 and 3, appear (1) in the operating revenues, and (2) in the operating expenses for (a) public liability and property damage insurance, and (b) management, supervision and accounting. There is also a difference of approximately $17,000 in the rate-base estimates.

The revenue differences result directly from differences in the forecasts of passenger volume. Pasadena City Lines, Inc. has experienced a downward trend in riders since the peak war years. Both the company witness and the staff witness concluded that the decline will continue during the coming year, but whereas the company auditor expected it to progress at a rate identical with the percentage of decline experienced in the preceding nine months, the Commission engineer forecast that the decline will moderate. The estimates are shown in the following table:

TABLE 4

PASSENGERS AND PASSENGER REVENUES
Year Ending November 30, 1952

	Under Present Fares		Under Sought Fares	
Estimate of:	Passengers	Revenue	Passengers	Revenue
Applicant's auditor	9,246,756	$695,099	8,773,062	$798,498
Commission engineer	9,512,917	$713,700	8,986,917	$822,125

The company auditor developed his estimate by subtracting from the actual number of adult passengers carried for the year 1950, the number of passengers carried for the first nine months of 1951, expanded to a 12-month period. The percentage of decrease obtained by this method was 5.438 percent. Assuming an identical percentage of decrease for the future year, he reduced by 5.438 percent the estimated passengers for one year, based upon the level of the first nine months of 1951. This calculation produced the estimate of 9,246,756 passengers as shown in the foregoing table. The Commission engineer developed his estimate of 9,512,917 passengers by reducing the previous year's total by 3.5 percent. This percentage, he explained, represents two-thirds of the decline experienced in the previous period. He said that the two-thirds modification was a judgment factor, based principally upon the fact that applicant's passenger decline had been moderating year by year and upon consideration of passenger trends in other transit systems throughout the state.[2]

In this case, as is usual in fare proceedings, the Commission is called upon to determine passenger revenues for the future. Two witnesses, both qualified as experts, submitted forecasts which differ by approximately three percent.

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[2] The witnesses were in virtual agreement concerning distribution of the riders throughout the several fare zones, and used an identical formula for passenger deflection from fare increases. The company auditor estimated that 85 percent of the single-zone passengers would avail themselves of the proposed token fare; the engineer based his estimates upon a token useage of 82 percent.

The auditor's estimate is based upon an assumption that, for the first time in many years, the decline in the next year will be as great as that in the past year. Such a circumstance, the record shows, has not occurred in recent years. It is more reasonable to expect, as forecast by the Commission engineer, that the decline will moderate in the future year as it has each year in the recent past. It is concluded that the estimate of passengers and passenger revenues as submitted by the staff engineer is the more reasonable and reliable forecast of record.

With reference to expense for management, supervision and accounting, the record shows that Pasadena City Lines, Inc. has no administrative staff of its own but instead pays a percentage of its monthly gross revenues to Pacific City Lines, Inc., an affiliated corporation, "for complete executive management, supervision, accounting, construction, engineering, financial, leasing, purchasing, safety, and such other services as are required" in the conduct of applicant's business. Upon this basis the auditor estimated an expense for these services for the future rate year of $33,160 under present fares, and $36,265 under the proposed fares. The staff engineer allowed an expense under either fare base of $23,535. This amount, he explained, was primarily a judgment figure which he believed to be reasonable in the light of a study made by the Commission's staff on a similar property.

Public liability and property damage insurance is purchased by Pasadena City Lines, Inc. from Transit Casualty Company, an affiliated corporation. The premiums are based upon a percentage of the gross revenues, subject to retroactive adjustment in accordance with applicant's accident experience.

The company auditor estimated the insurance expence for the future rate year in accordance with the agreed percentages, disregarding the possibility of subsequent adjustment. The Commission engineer based his insurance estimate upon the company's average net insurance cost, after adjustment, for the period from January, 1947 to May, 1951, inclusive. By their separate methods the auditor submitted an insurance expense of $29,555 under present fares and $33,950 under the sought fares, while the staff engineer used $25,200 under either fare basis.

In the instant application as in prior proceedings, no necessary relationship has been shown between the amounts charged by the management and insurance companies on the one hand and the actual cost or actual value of the services rendered on the other. Applicant did not undertake to show the considerations underlying the percentage bases. Pasadena City Lines, Inc. and its management company, Pacific City Lines, Inc., have heretofore been advised by this Commission, through various decisions cited hereinafter, that management and insurance expenses related directly to gross revenues cannot be accepted as reasonable for the purpose of fare proceedings where there is no evidence that the charges are reasonably related to the cost or the value of the services and where there is evidence that the charges may be excessive. In deciding applicant's most recent fare application (1948) the Commission said: "Management and supervisory services should not be credited for higher revenue resulting from an increase in fares."; and also, "Likewise, it was not established that the insurance risk would be greater as a result of higher fares. It is reasonable to assume that such risk would vary with the trend of the number of passengers carried which, the evidence shows, will be slightly downward." (Decision No. 42668 of November 23, 1948, in Application No. 29605, 48 Cal.P.U.C. 317.) In several other proceedings involving urban transit systems managed by Pacific City Lines, Inc., the Commission has based fares upon expense estimates which disallowed the percentage basis of determining insurance or management fees.[3] Upon this record it is concluded that the expenses resulting from the percentage basis should not be accepted for the purpose of determining reasonable fares, and that the management and insurance expenses as estimated by the Commission engineer will be adopted herein.

The Commission engineer developed a rate base of $429,007 and the company auditor submitted a rate base of $446,027.[4] The difference of approximately $17,000 is represented by one item of some $15,000 for organization and franchises and another item of $3,000 representing a deposit made to guarantee payment of insurance premiums. The auditor included these amounts in his rate base whereas the engineer allowed only $1,000 for franchises and nothing for insurance deposits. The insurance deposit is apparently a necessary capital requirement and will be adopted. However, applicant's organization and franchise item admittedly

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[3] See Sacramento City Lines, Decision No. 43552 of November 22, 1949, in Application No. 30442; Sacramento City Lines, Decision No. 45196 of December 27, 1950, in Application No. 31434; San Jose City Lines, Inc., Decision No. 45622 of April 24, 1951, in Application No. 31011; and Glendale City Lines, Inc., Decision No. 46147 of August 28, 1951, in Application No. 32325.

[4] As explained in connection with the foregoing Tables 2 and 3, the engineer submitted also an "average rate base for any period" of $466,465. This figure assumes that the properties are depreciated at all times to one-half of their book cost, less salvage, and requires adjustment of the depreciation expenses accordingly.

includes attorneys' fees and other costs. The Commission may not authorize the capitalization of any franchise, permit, or right, in excess of the amount actually paid to the state or political subdivision as the consideration for the grant of such franchise, permit, or right (Sec. 820 , Public Utilities Code). In the absence of evidence showing the precise amounts paid to the state or political subdivisions, the allowance of $1000 as submitted by the Commission engineer will be made in the rate base.

Based upon the conclusions hereinbefore set forth, the estimated operating results for the year ending with November 30, 1952, under present fares and under fares proposed in the original and amended applications, would be as indicated in the following table:

TABLE 5

Estimated Operating Results, Modified
(Year Ending November 30, 1952)

	Present Fares	Proposed Fares (Original Application)	Proposed Fares (Amended Application)
Revenues	$725,045	$773,145	$835,005
Expenses	701,108	698,747	694,961
Net Before Income Taxes	$ 23,937	$ 74,398	$140,044
Income Taxes	7,000	34,040	82,900
Net After Income Taxes	$ 16,937	$ 40,358	$ 57,144
Rate Base	$432,007	$432,007	$432,007
Rate of Return	3.9%	9.3%	13.2%
Operating Ratio After Taxes	97.7%	94.8%	93.2%

Applicant's auditor declared that the company considers the rate base to be of little significance. He asked that the Commission disregard rate of return and grant such fares as the Commission may find reasonable "on the method of an operating ratio."

This witness testified that it was his opinion, "and the consensus of the industry", that a proper operating ratio for a company of this kind would be 90 percent after taxes. He declined to express any opinion concerning a reasonable return on rate base, saying "we do not subscribe to the rate-of-return method for setting rates for the transit industry." In similar vein, a transportation consultant urged on behalf of applicant that the Commission judge earnings by operating ratio and not by rate of return. He declared that other regulatory agencies have shown an increasing tendency to favor the operating ratio method, and he cited instances in which he claimed that this Commission has done so.[5] He offered several reasons why he believed the operating ratio to be the best guide to the earnings of transit companies, although the rate of return upon a rate base would be preferable for electric, gas, telephone, and water utilities. This witness declined to express an opinion regarding a proper operating ratio for Pasadena City Lines, Inc., saying that the reasonableness of operating ratios would vary with different companies and circumstances. He thought that in time, through some trial and error experience, the regulatory agencies would determine a reasonable range of operating ratios for urban transit systems.

In the present proceeding applicant contends for the "operating ratio method", apparently in the belief that more liberal earnings will necessarily result therefrom. The assumption is erroneous. Operating ratios and rate bases are both valuable indexes of earning requirements. In rate proceedings the applicants should develop as much information as practicable in order that the

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5 Wilmington Bus Co. Decision No. 40827, October 21, 1947 (47 Cal. P.U.C. 497); and Pasadena City Lines, Inc., Decision No. 40949, November 19, 1947 (47 Cal. P.U.C. 552).

Commission may determine properly what revenues are necessary and reasonable under the particular circumstances. We perceive no necessary purpose to be served by discussing herein the relative merits of various methods of appraising the reasonableness of earnings. In reaching its conclusions this Commission considers all available data, without limitation or restriction to any single formula.

Other witnesses were the superintendent of transportation of the management company; an assistant transportation engineer of the Commission's staff; two patrons of the buses, who testified principally concerning service matters; and the vice chairman of the Board of Directors of the City of Pasadena.

The superintendent of transportation testified concerning anticipated bus mileages and offered certain argument which will be referred to hereinafter. The staff engineer submitted a report on matters of operations and services. He testified that, generally speaking, service provided by Pasadena City Lines, Inc. is good. He stated that an excellent preventive maintenance program is in effect, and all motor coaches appear to be in good mechanical condition. This witness said, however, that during afternoon peaks on several routes he had found vehicle load factors ranging from 132 to 177 percent and generally exceeding 140 percent. He recommended that the company be required to conform to a loading standard not exceeding 140 percent during peak periods.[6]

The vice chairman of Pasadena's Board of Directors, an expert in utility and transit matters, commented on the financial

[6] The load factor referred to herein is the ratio of passengers to seats, based upon passenger checks made at maximum load points during a given hourly period. For example, on Colorado Street Line 1, outbound, between 5 and 6 p.m. on September 5, 1951, there were 547 passengers and 360 seats, resulting in a load factor of 152 percent.

estimates submitted by the company auditor and the Commission engineer, offered conclusions of his own, and stated the position of the City of Pasadena in this proceeding. Referring to earning requirements, this witness concluded "it is a simple thing and apparently customary for a transportation company" to reduce its expenses by adjusting operating schedules. He declared that "in the light of this procedure there is little hazard, from a financial standpoint, in the operation of this bus system and for that reason no substantial basis for a greater rate of return than on any other utility." This witness recommended that Pasadena City Lines, Inc. be authorized to increase its single-zone cash fare from 7 cents to 10 cents, with 3 tokens for 20 cents.[7] He declared that this fare basis would provide revenues sufficient to permit applicant to improve its schedules and eliminate over-loading, would eliminate the nuisance to passengers and operators of handling thousands of pennies daily, would provide a low base fare to stimulate increased riding, and would place the additional fare burden principally upon the occasional rider "where it belongs."

The superintendent of transportation declared that the need for fare increases results from the continuing loss of patronage caused by the down-trend in riding generally being experienced throughout the transit industry and constantly increasing costs of operations. However, the viewpoint of Pasadena City Lines, Inc. and its management company, Pacific City

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[7] This fare structure was developed as an alternative by the Commission engineer. (See Table 3, Alternate Fare Basis 2.)

Lines, Inc. was further clarified by this witness as follows:

"The management of Pasadena City Lines would like to point out that this Commission has repeatedly denied fare increases requested by this company, and instead granted a lower rate of fare than that needed and sought. .... Failure on the part of this Commission to grant fares which will permit the company to remain in a healthy earning position only results in the management being forced to remain sensitive to the slightest fluctuation in patronage and costs. Losses in patronage or increases in costs in this situation leave the company no alternative except to reduce miles and service in an effort to compensate for reduced revenues. Such reductions in service are of course always followed by further losses in patronage .... Failure on the part of this Commission to recognize this problem and grant fares which will assist the company in combatting this cycle will only hasten the day when the transit industry will no longer exist as a private enterprise. ....

"It is the considered opinion of this company that the time has arrived when this Commission must consider the ability of the company to maintain reasonable service standards by granting a rate of fare which will permit this. ....

"This situation also compels the company to exercise caution when requests are made for the expansion of services. .... A case in point is the interest displayed by the City of Pasadena in the extension of service into what is commonly known as the Hastings Ranch Area. .... For the record, Pasadena City Lines is willing to petition for authority to extend services into this area provided the fare increase requested in its application is granted."

Applicant's counsel, in a closing statement, argued as follows:

"When we cannot have a reasonable return for our efforts, we naturally are not going to exert those efforts. .... This is only the third time in some eleven years that this carrier has been before the Commission for a fare increase, and on each occasion the Commission awarded the carrier less than it requested. In each instance the expectations of the Commission staff on which the rather miserly fare increase was granted have not been realized in practice. .... We think that at least this once, the Commission ought to give this carrier what we conceive to be the minimum reasonable fare and give us a chance to show what can be done in supplying Pasadena with a proper service."

The foregoing quoted arguments appear clearly to be contrived to coerce the Commission into authorizing fare increases upon the company's terms under penalty of incurring responsibility and censure for future deficiencies in service. Such a design would be doomed to failure in any circumstance, and is particularly inappropriate on the part of a utility which, according to its own accounting, earned in the past five years (1946-1950) an average net income, after all federal and state income taxes, of $38,434, on an average operating revenue of $863,368, and which in 1950 earned a greater net income than it was able to attain during any prior year of record. Furthermore, by interjecting reference to prospective route extensions applicant apparently seeks to enlist community support for its fare proposals. Applicant is well aware that it has filed no application to extend routes, has offered no estimates of revenues or expenses which would result from any extensions, and that prospective route extensions have no part in this proceeding.

The Commission is required to find that any fare increase which it authorizes is justified. (State Constitution, Art. XII, Sec. 20; Public Utilities Code, Section 454.) This Commission will not and cannot delegate to the utility its responsibility of deciding what fares and revenues are reasonable, necessary and justified. Pasadena City Lines, Inc., and Pacific City Lines, Inc., are advised that this Commission will not be diverted by coercion or otherwise from performance of the duties assigned to it under the Constitution and the statutes. If it should appear, after the Commission has determined what fare increase is justified, that it is a company's policy to curtail service in order to recover any revenue difference between the sought fares and the authorized fares, this Commission has ample authority to require that adequate service standards be maintained.

At the present time the area served by Pasadena City Lines, Inc. enjoys the lowest schedule of bus fares in the state, and one of the lowest in the nation. However, the anticipated earning margin under these fares during the next year, as developed in the foregoing Table 5, would be insufficient to insure to the community a continuity of dependable service. The evidence is convincing that some fare increase is now necessary. On the other hand, the fares sought in applicant's amended application would return revenues greater than necessary or justified on the present record. The alternative fare basis now advocated by the City of Pasadena was considered by this Commission in 1948, at which time it was concluded that this basis would produce practically the same revenue as the existing fares and moreover would result in an inequitable disparity between the cash and token fares.[8] The fares proposed by applicant in its original application in this proceeding are preferable. They would develop, according to the evidence, revenues sufficient to meet all reasonable expenses of operation and leave a net income, after state and federal taxes, of $40,358. Upon this basis the rate of return, after taxes, would exceed nine percent, and the resulting operating ratios would be 94.8 percent after income taxes.[9] For the purpose of this decision, we hereby adopt the operating results and rate base set out in Table 5 herein, and hereby find a rate of return of 9.3 percent on a rate base of $432,007, when considered in relationship to an operating ratio of 94.8 percent after income taxes, to be fair and reasonable. It is concluded that the fares as sought in the company's original application would return revenues adequate to permit maintenance of a satisfactory and dependable transportation service, with reasonable headways and acceptable loading standards, and to provide in addition an adequate

[8] Decision No. 42268, <u>supra</u>.

[9] Further details are set forth in Table 5.

and fair margin of net earnings to the company. The increased fares as originally proposed have been justified on this record.

With further reference to service standards, applicant's attention is directed to the fact that the estimated operating results as set forth hereinabove include an allowance of vehicle mileage deemed sufficient to reduce the afternoon peak load factor to 140 percent as a maximum, as recommended by the staff engineer. Applicant will be required to provide service accordingly. ✓

ORDER

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

IT IS HEREBY ORDERED that Pasadena City Lines, Inc. be and it is hereby authorized to establish, on not less than ten (10) days' notice to the Commission and to the public, the following fare changes:

(a) Increase the present cash rate of fare from seven (7) cents to ten (10) cents.

(b) Increase the present token rate of fare from five (5) tokens for thirty-five (35) cents to two (2) tokens for fifteen (15) cents.

(c) Increase the present school commutation rate of fare from forty (40) rides for $2.40 to forty (40) rides for $2.60.

(d) No change shall be made in zone boundaries, nor in the five (5) cent fare applicable for each additional zone traveled beyond initial zone.

IT IS HEREBY FURTHER ORDERED that in all other respects Application No. 32320, as amended, be and it is hereby denied.

IT IS HEREBY FURTHER ORDERED that, in addition to the required filing and posting of tariffs, applicant shall give not less than ten (10) days' notice to the public by posting in its busses a printed explanation of the new fares.

IT IS HEREBY FURTHER ORDERED that applicant shall provide and maintain service sufficient to reduce the afternoon peak load factor to 140 percent as a maximum.

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 20th day of November, 1951.

President

Commissioners