

ORIGINAL

Decision No. 46677

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
Jerome Lofgren, doing business as)	Application No. 32938
Chico Transit Lines, for authority)	
to increase rates.)	

Appearances

Jerome Lofgren, in propria persona.
T. W. Kendrick, interested party.
Otto B. Liersch, for the Commission
staff.

O P I N I O N

Applicant is engaged in the transportation of passengers in and near the City of Chico. He seeks authority to increase his present adult fare from 10 cents to 15 cents and to establish a weekly pass for children between the ages of 5 and 16 years, inclusive, in lieu of the present 10-ride school children's ticket which sells for 75 cents. The weekly pass would sell for 90 cents and would be valid for unlimited use by children during the week for which it was sold.¹

Public hearing was held at Chico on January 3, 1952, before Examiner Lake.

Applicant alleged that because of increased costs of operations the present fares did not yield sufficient revenues to return the costs of operations. He testified that during 1951 he suffered a loss of \$5,651 without taking a salary for himself. He stated that in order to curtail expenses he had, during 1951, purchased new equipment, reduced service and effected all possible economies. He

¹ Children under the age of 5 years, when accompanied by an adult, are transported free.

stated further that although his expenses for the year 1952 would, under existing conditions, be less than those experienced in the past year, the revenues nevertheless would be insufficient.

Estimates of the financial results of operations for the year 1952 under both the present and the proposed fares were submitted by applicant and by a Commission engineer. They are summarized in the following table:

	Applicant		Commission Engineer	
	Present Fares	Proposed Fares	Present Fares	Proposed Fares
Revenue	\$11,200	\$15,000	\$11,150	\$14,850
Expenses(1)	14,038	14,138	14,052	14,162
Net Operating Income	(<u>2,838</u>)	862	(<u>2,902</u>)	688
Rate Base	(2)	(2)	10,160	10,160
Rate of Return(3)	---	---	---	6.8%
Operating Ratio(3)			126.0%	95.4%

(1) Both applicant and the Commission engineer included in the estimate of expenses \$100 per month for salary for applicant.

(2) A rate base was not submitted by applicant.

(3) Before provision for income taxes.

() - Indicates loss.

The record shows that the proposed weekly pass for children is designated to attract new business and to afford all children reduced fares. ² According to the testimony of the engineer, students using the present school tickets average four rides per day. For those riders the proposed pass arrangement would result in a reduction. He stated further that few, if any, of the present purchasers

² The present reduced fares apply only for school children. They are good only between the hours of 6:00 a.m. Monday and 7:00 p.m. Friday, every week during the school year. They do not apply on school holidays nor on Saturday.

of the school tickets would suffer an increase in their present weekly transportation costs.

Notices of the hearing in this matter were posted in applicant's vehicles and were published in newspapers 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 the granting of the application.

The manager of the Chico Chamber of Commerce testified in support of applicant's request. He stated that applicant was rendering an adequate and necessary service in the City of Chico and that his equipment was attractive and his drivers courteous. A patron of applicant's line offered similar testimony.³

It is apparent from the evidence of record that applicant's present fares for the test year under either estimate would not produce sufficient revenues to defray the anticipated costs of operation. It appears that the increased fares would not result in excessive revenues. It has been shown and we hereby find on this record that the proposed fares are reasonable. The application will be granted.

On consideration of all the facts and circumstances of record we are of the opinion and hereby find that the sought increased fares have been justified. In view of the evident need for increased revenue, authority will be granted to establish the fares herein authorized on less than statutory notice.

O R D E R

Public hearing having been held in the above proceeding and based upon evidence of record and upon the conclusions

³ In addition, this witness asked applicant to institute Sunday service on a part-time basis. Applicant stated he would make a study of this request and if it could be performed at cost he would render such service.

and findings set forth in the preceding opinion,

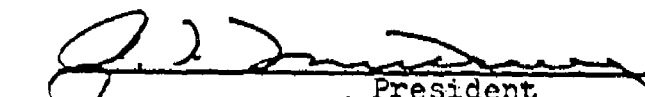
IT IS HEREBY ORDERED that Jerome Lofgren, doing business as Chico Transit Lines, be and he is hereby authorized to establish on not less than five (5) days' notice to the Commission and the public, increased adult fare of 15 cents and a weekly pass for children between the ages of 5 and 16 years, inclusive, to sell for 90 cents, in lieu of the present fares currently maintained.

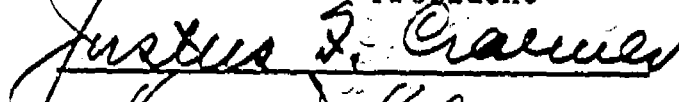
IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire unless exercised within sixty (60) days after the effective date of this order.

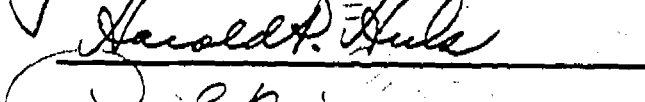
IT IS HEREBY FURTHER ORDERED that applicant be and he is hereby directed to post and maintain in his vehicles a notice of the increased fares herein authorized. Such notice shall be made not less than five (5) days prior to the effective date of such fares and shall be maintained for a period of not less than thirty (30) days.

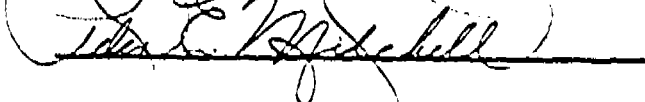
This order shall become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 22nd day of January, 1952.



 President






 Commissioners

Commissioner Kenneth Potter, being necessarily absent, did not participate in the disposition of this proceeding.