

ORIGINAL

Decision No. 46943

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of J. A. Bardin, doing business as)	
Green Bus Service, for permission)	Application No. 32946
to increase fares.)	

Appearances

J. A. Bardin, in propria persona, applicant.

Paul W. Davis, for the City of San Luis Obispo, interested party.

Mrs. H. P. Page, for J. N. Rieger, Superintendent of Schools, City of San Luis Obispo, interested party.

Glenn Newton for Engineering Division, Transportation Department, Public Utilities Commission of the State of California.

O P I N I O N

J. A. Bardin, doing business as Green Bus Service, is providing a common carrier passenger stage service within and in the environs of the City of San Luis Obispo and between San Luis Obispo and the neighboring community of Avila. By this application, as amended, he seeks authority to increase his fares on less than statutory notice.

Public hearing of the application was held before Examiner Abernathy at San Luis Obispo on February 26, 1952. Evidence was submitted by applicant and by a transportation engineer of the Commission's staff. A representative of the City of San Luis Obispo participated in the development of the record as an interested party.

Applicant's present and proposed fares for transportation within and in the vicinity of San Luis Obispo are as follows:

	<u>Present Fares</u>	<u>Proposed Fares</u>
<u>Adult</u> *		
Cash	10 cents	15 cents
Token (5 tokens for 40 cents)	8 cents	-
<u>School Children</u>		
Ticket		
(20-ride ticket book for \$1.00)	5 cents	
(20-ride ticket book for \$2.00)		10 cents
<u>Transfers</u>	Honored with- in 1/2 hour from time of issue.	Honored with- in 1 hour from time of issue.

* Adult fares apply for the transportation of all passengers except children under 5 years of age when accompanied by an adult passenger and school children riding at school ticket fares.

Applicant's fare for transportation between San Luis Obispo and Avila is 25 cents per ride. No change is being sought in this fare inasmuch as applicant considers the present fare to be sufficient.

The service is conducted on a seasonal basis between April 15 and October 15 of each year and constitutes only a small part of applicant's operations.

Applicant states that his fares have not been adjusted since 1945, that since that time his revenues have decreased and his expenses have increased, that his expenses are now far in excess of his revenues, and that he must either obtain additional revenues through higher fares or discontinue operations. He testified that ever since the elimination of gasoline rationing and the increased availability of automobiles following the war his traffic has gradually declined. This decline has continued notwithstanding an upward trend in the population of San Luis Obispo. He said that as

his traffic decreased, he revised the schedules of his buses so as to eliminate the least productive trips and that by these schedule adjustments and by exercising all practicable economies, he has been able, until recent months, to keep his expenses in balance with his revenues. Since September, 1951, however, increases have been experienced in wage costs, fuel taxes, and insurance costs. As a consequence of these expense increases present operations assertedly are being conducted at a loss. Applicant estimated that at current revenue and expense levels his operating results for 1952, exclusive of any allowance for compensation for the services which he himself performs in the conduct of the business, will be as follows:

Revenues	\$ 11,452
Expenses	<u>12,908</u>
Net operating loss	\$ 1,456

Applicant testified to the effect that even at the fares sought herein he cannot achieve a substantial increase in earnings without providing additional service. Present service is provided on an hourly basis by the operation of one bus. He said that at the present level of fixed charges applicable to his vehicles for insurance, licenses and taxes one bus cannot produce sufficient revenues to result in a profitable operation.¹ He testified that with the establishment of the sought fares he would put another bus into service and would operate under half-hour schedules. On the basis of previous experience with half-hour service he estimated that for

¹ Applicant owns four buses in all. With one bus being used in the regular operations, the other buses are kept in reserve for standby service, for the seasonal service to Avila and for charter work.

the coming year his revenues and expenses under the sought fares would be as follows:

Revenues	\$ 23,938
Expenses	<u>23,416</u>
Net operating revenues	\$ 522

In submitting the foregoing expense estimate applicant included an allowance of \$2,400 for the services which he performs. He said that he has not drawn any salary for several years but that he believes that he should not be expected to continue without compensation for his services.

No rate base data as such were submitted by applicant. It appears, however, that such rate base figure as might be developed is very small. Applicant's balance sheet as of December 31, 1951, shows a valuation for the operating properties as follows:

Carrier operating properties	\$ 13,801
Less reserve for depreciation	<u>13,739</u>
Net	\$ 62

The data which were submitted by the Commission engineer consist of financial statistics relating to applicant's operations for 1951 and prior years, a summary of past passenger traffic, an analysis of applicant's expenses for 1951 and estimates of revenues and expenses for the 12 months ending with March, 1953. Revenues and expenses for the five years, 1947 through 1951, as derived from

applicant's book records and reports to the Commission, were shown as follows:

Table No. 1

Revenues and Expenses, 1947 through 1951, Inclusive

	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>
<u>Revenues</u>					
Passenger	\$37,067	\$34,166	\$27,663	\$16,674	\$11,721
Other	<u>193</u>	<u>59</u>	<u>127</u>	<u>153</u>	<u>6</u>
Total	\$37,260	\$34,225	\$27,790	\$16,827	\$11,727
<u>Expenses</u>					
Operating & Maintenance	\$29,702	\$26,894	\$23,798	\$14,777	\$10,267
Depreciation	1,791	1,903	1,903	608	132
Operating taxes & licenses	1,630	1,471	1,258	722	494
Operating rents	<u>400</u>	<u>480</u>	<u>440</u>	<u>480</u>	<u>480</u>
Total	\$33,523	\$30,748	\$27,339	\$16,587	\$11,373
<u>Net Operating Revenues</u> (Before taxes*)	\$ 3,737	\$ 3,477	\$ 391	\$ 240	\$ 354
<u>Operating Ratio</u> (Before taxes*)	90.0%	89.8%	98.6%	98.6%	97.0%

* Income taxes not calculated. Applicable taxes would depend upon J. A. Bardin's personal exemptions and allowances, not of record.

The traffic data which the engineer submitted show the extent of the decline in traffic volume to which applicant referred in his testimony. In 1948 applicant transported 324,086 adult passengers within San Luis Obispo. By 1951 this figure had declined to 92,950 passengers. Average monthly passenger volume was as follows:

<u>Year</u>	<u>Average number of Passengers per Month</u>
1948	27,007
1949	21,899
1950	12,711
1951	7,745

The biggest decline occurred in the latter part of September or early in October, 1950, when applicant reduced his service to an hourly

basis. Average monthly volume for the six months prior to that time was approximately 14,000 passengers. With the reduction in service the volume dropped to and has remained at about 7,800 passengers per month.

Upon the basis of his analysis of applicant's traffic volume and expenses the engineer predicted that if present fares are maintained throughout the year ending with March, 1953, revenues will total \$11,290, expenses will amount to \$13,580, and applicant will suffer a net loss of \$2,290. On the other hand he estimated that if the sought fares are established and service is increased as proposed, applicant's operating results for the year will be as follows:

Table No. 2

Estimated Revenues and Expenses, Year Ending
March 31, 1953

<u>Revenues</u>	
Passenger	\$ 24,650
Other	<u>700</u>
Total	\$ 25,350
<u>Expenses</u>	
Operating and Maintenance	\$ 21,410
Depreciation	10
Operating taxes and licenses	1,820
Operating rents	<u>480</u>
Total	\$ 23,720
<u>Net Operating Revenues</u>	
(Before taxes*)	\$ 1,630
<u>Operating Ratio</u>	
(Before taxes*)	93.6%

* Income taxes not calculated. Applicable taxes would depend upon J. A. Bardin's personal exemptions and allowances, not of record.

In submitting the foregoing estimates the engineer pointed out that applicant's operating properties are almost fully depreciated. He said that the replacement of any of the vehicles would result in a substantial increase in depreciation expense which would

be more than the reductions in the costs of vehicle maintenance that could be effected through the use of newer vehicles.

The record shows that notices of the hearing in this matter were posted in applicant's buses and were published in a newspaper of general circulation in the San Luis Obispo area. In addition notices were sent by the Commission's secretary to various persons and organizations believed to be interested. No one appeared at the hearing in opposition to granting of the application.

The evidence is convincing that applicant's revenues from his present fares are insufficient to meet the costs of the service and that if the service is to be sustained, applicant has no alternative but to increase his fares. Establishment of the sought fares, it appears, would afford applicant a substantial measure of relief; however, whether the relief that will be realized during the coming year will be as great as either applicant's or the engineer's estimates indicate is a matter to which substantial uncertainty is attached. The estimates were based primarily upon applicant's operating experience when service on half-hour schedules was being regularly provided. Almost a year and a half have passed since the service was reduced to an hourly basis. It seems unlikely that with the increase in service which applicant proposes to effect with the establishment of higher fares the volume of traffic will immediately revert to the former level. Applicant estimated that as much as four months' time may elapse before the expected volume of traffic will be realized. In view of the probable time lag between establishment of the increased service and realization of the anticipated volume of traffic, it is concluded that with respect to operations during the coming year the revenues from the sought fares will not be substantially in excess of the cost of service. The

extent of the profitableness of applicant's operations beyond that time cannot be predicted accurately on this record since the volume of earnings may be materially affected by changes in future economic conditions. However, on the basis of the information available at present, it appears that the earnings under the sought fares will not be excessive.

Upon careful consideration of all of the facts and circumstances of record the Commission is of the opinion and finds that the sought increases in fares have been justified. The application will be granted. At the hearing applicant amended his application by requesting authority to establish the sought fares on less than statutory notice. In view of applicant's evident need for additional revenues, this authority will likewise be granted.

Applicant's showing herein was based upon the proposed establishment of service in and about the City of San Luis Obispo on a half-hour basis. In view of this fact the exercise of the fare authority hereinafter granted will be conditioned upon the establishment of service as proposed.

O R D E R

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

IT IS HEREBY ORDERED that J. A. Bardin, doing business as Green Bus Service, be and he is hereby authorized to amend his tariff, on not less than five (5) days' notice to the Commission and to the public, to the extent provided in Appendix "A" attached hereto and by this reference made a part hereof.

APPENDIX "A" TO DECISION 46943

Authorized Fares and Transfer Privileges to be Established in lieu of Fares and Transfer Privileges Currently Provided in Local Passenger Tariff No. 6, Cal. P.U.C. No. 6 of J. A. Bardin, doing business as Green Bus Service, for Transportation between Points in the City of San Luis Obispo and also between the City of San Luis Obispo on the One Hand and California State Polytechnic School and Security City on the Other Hand.

Adult

Per one-way ride 15 cents

Child, going to or returning
from school

Per one-way ride 10 cents (See note.)

Note: Ten-cent fare subject to the purchase of a 20-ride book of tickets for \$2.00. Tickets will be honored for transportation between the hours of 7:30 A.M. and 5:00 P.M. on the days that school is in session.

Transfers

Transfers between buses where buses meet at the intersection of Chorro and Higuera Streets, San Luis Obispo, will be issued upon request on any fare and will be honored if presented within one hour from time of issue.

(End of Appendix.)

IT IS HEREBY FURTHER ORDERED that, in addition to the required filing of tariffs, applicant shall give not less than five (5) days' notice to the public by distributing and posting in his buses a printed explanation of the fare changes herein authorized.

IT IS HEREBY FURTHER ORDERED that the exercise of the fare increase authority hereinabove granted be and it hereby is subject to the establishment and maintenance of not less than one-half hour scheduled bus service in lieu of present one-hour scheduled bus service within the area involved.

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

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

Dated at San Francisco, California, this 1st day of

April, 1952.

R. J. [Signature]
President
Justice J. [Signature]
Harold [Signature]
[Signature]
Commissioners