

## ORIGINAL

Decision No. 48670

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)  
 SACRAMENTO CITY LINES requesting )  
 authority to discontinue the adult )  
 token rate of fare. )

Application No. 34223  
 (Filed April 7, 1953)

Harry B. Seymour, for applicant. George H. Hook, for applicant.  
Everett M. Glenn and D. Jackson Faustman, for City of Sacramento, interested party.  
John Power and Thomas Hopkins, for the Commission staff.  
Julius F. Uhlig, in propria persona, protestant.

## O P I N I O N

Applicant requests authority to discontinue the sale and use of its metal tokens.

A public hearing was held before Commissioner Potter and Examiner Silverhart at Sacramento on April 29, 1953, at which time the matter was submitted.

Scope of Application

Applicant proposes to discontinue the use of token fares presently selling at the rate of four tokens for 35 cents and to charge a single zone adult fare of 10 cents cash. No changes are proposed in school children's fares, fare zones or the fares applying to travel beyond the initial zone except as they may be affected by the elimination of token usage. ✓

Evidence as to Earnings

Applicant's vice-president testified that the request for a fare adjustment was compelled by the company's poor earnings record, particularly during the past six months, principally brought about by increased wage and motor fuel costs.

Applicant's and the staff exhibits disclose that applicant's operations during the calendar year 1952 yielded a net income

of approximately \$32,164 and an operating ratio after income taxes of approximately 97.6 per cent. The record further shows that applicant's operations during the six-month period ending March 31, 1953, resulted in a loss of \$5,138.25.

Results of Operations for a Test Year Ending June 30, 1954

	<u>Present Fares</u>		<u>Proposed Fares</u>	
	<u>Applicant</u> <u>(Exhibit 1)</u>	<u>Commission</u> <u>Engineer</u> <u>(Exhibit 3)</u>	<u>Applicant</u> <u>(Exhibit 1)</u>	<u>Commission</u> <u>Engineer</u> <u>(Exhibit 3)</u>
Operating Revenues	\$1,372,085	\$1,374,715	\$1,446,415	\$1,447,635
Operating Expenses and Taxes	1,337,508	1,318,619	1,338,998	1,320,079
Net Income from Operations	34,577	56,096	107,417	127,556
Other Income	700	-	700	-
Net Income before Income Taxes	35,277	56,096	108,117	127,556
Income Taxes (State and Federal)	13,138	24,365	52,414	71,615
Net Income after Taxes	22,139	31,731	55,703	55,941
Rate Base	526,916	524,731	526,916	524,731
Rate of Return	4.20%	6.05%	10.57%	10.66%
Operating Ratio after Taxes	98.44%	97.69%	96.02%	96.14%

Conclusion

While there are differences between the estimates under proposed fares submitted by applicant and the Commission's staff, the end results thereof are substantially so similar as to eliminate the need for comment thereon.

Acceptance of either estimate compels the conclusion that present fares are inadequate. Considering all the facts of record, we find that a rate of return of 10.66 per cent when considered in relation to an operating ratio of 96.14, which we hereby adopt for the purposes of this proceeding, is just and reasonable. It is found, therefore, that the proposed fare adjustment is justified. The application will be granted as set forth in the ensuing order.

The record reveals that applicant has bettered its performance with reference to safety of its operations. The record further discloses that on occasion applicant's drivers have not maintained schedules and have engaged in irregular practices. Continued improvement in accident prevention can be obtained, irregular practices eliminated, and schedules maintained by applicant's exercising more diligent supervision over its drivers. As the Commission has previously ordered by Decision 48467 in Case 5364, the company will be expected to make no reductions in midday, night or Sunday service without prior approval of the Commission.

O R D E R

A public hearing having been held and based upon the evidence therein adduced,

IT IS ORDERED that:

(1) Sacramento City Lines is authorized to establish, on not less than ten days' notice to the Commission and the public, the changes in fares as hereinafter set forth:

(a) Increase adult one-way fares as follows:

<u>From</u>	<u>To</u>
10 cents or 1 token	10 cents cash
15 cents or 1 token plus 5 cents cash	15 cents cash
20 cents or 2 tokens	20 cents cash
25 cents or 2 tokens plus 5 cents cash	25 cents cash

(2) Sale and acceptance of tokens shall be discontinued upon cancellation of the token fares.

(a) For a period of thirty days thereafter, applicant's bus operators shall redeem for cash all of its tokens presented to them in numbers not exceeding 16, and applicant shall redeem for cash all tokens presented at its offices on or before September 1, 1953.

(b) Tokens shall be redeemed in the manner set forth in Item No. 6 of the regulations contained in applicant's local passenger tariff, Cal. P.U.C. No. 9 now in effect and on file with this Commission.

(3) In addition to the required filing and posting of tariffs, applicant shall give notice to the public by posting in its buses and terminals a printed explanation of the fare changes, redemption value of tokens, and redemption procedure. Such notices shall be posted not less than ten days before the effective date of the fare changes, and shall remain posted until not less than thirty days after said effective date.

(4) The authority herein granted shall lapse unless exercised within ninety days after the effective date of this order.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 1st day of JUNE, 1953.

R. J. [Signature]  
President

Justice J. [Signature]

Harold [Signature]

[Signature]

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.