

**ORIGINAL**

Decision No. 48688

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application by )	
SAN BERNARDINO VALLEY TRANSIT COMPANY, )	
a corporation, for an order or orders )	Application No. 33947
granting permission to increase fares )	
for the transportation of passengers. )	

Alden Reid, attorney, for applicant.  
Melvin H. Bunting, for Lee's Auto Stage  
 Line, interested party.  
Glenn E. Newton represented the Public  
 Utilities Commission.

O P I N I O N

A public hearing on this application was held in San Bernardino on May 20, 1953, before Examiner Chiesa. Oral and documentary evidence having been adduced, the matter was submitted for decision.

Applicant is a passenger stage corporation operating in San Bernardino and vicinity. It operates eight lines, and its president testified that its present schedules are the minimum that can be operated without seriously affecting the operating revenue.

By this application authority is sought to establish an increase in fares by eliminating the token fares now applicable and to establish a school fare of the same volume as the token fares proposed to be eliminated. In other words, there would be no reduced fares except for school children who would continue to ride on the basis of the present token fares which would become the "school rate", when purchased in books as hereinafter provided.

Present and proposed local passenger fares are as follows:

<u>Present Cash Fare</u>	<u>Present Token Fare</u>	<u>Proposed Cash Fare</u>	<u>Proposed Token Fare</u>	<u>Proposed<sup>(1)</sup> School Rate</u>
10¢	6 for 50¢	10¢	none	8-1/3¢
15¢	8 for \$1.00	15¢	none	12-1/2¢
20¢	6 for \$1.00	20¢	none	16-2/3¢
25¢	none	25¢	none	none
30¢	none	30¢	none	none

Applicant's president testified that the principal reasons that additional revenues are required are increased wages, increased cost of fuel and other materials and supplies, and added depreciation charges resulting from purchase of buses. Applicant has a union labor contract calling for increased wages by two cents per hour on March 11, June 9 and September 16, 1953, and four cents per hour December 9, 1953.

As of March 31, 1953, applicant's assets totaled \$126,790.19, and liabilities were \$103,071.33. The net worth of \$23,718.86 consisted of capital stock of \$15,730, contributed surplus \$5,700, and earned surplus of \$2,288.86.

The Commission staff estimated that proposed fares would increase passenger revenue \$19,240. The company's figures are \$18,921.90. Estimated results of operation under present and proposed fares are as follows:

---

(1)

Applicant proposes to sell to school children 36 single-zone tickets for \$3.00; 36 two-zone tickets for \$4.50; and 36 three-zone tickets for \$6.00.

	Actual	Applicant's		P.U.C. Staff	
	12 Months	Estimates*		Estimates***	
	Ending 3/31/53	Present Fares	Proposed Fares	Present Fares	Proposed Fares
Total Revenue	\$388,795	\$388,953	\$407,875	\$387,020	\$406,260
Total Operating & Maintenance Expense	330,688	347,166	347,828	345,510	348,960
Depreciation	16,373	17,002	17,002	17,560	17,560
Operating Taxes	<u>29,450</u>	<u>29,591</u>	<u>29,816</u>	<u>28,090</u>	<u>28,400</u>
Total Expense	376,511	393,759	394,646	391,160	394,920
Operating Ratio Before Taxes %	96.8	101.2	96.8	101.1	97.2
Net Before Income Taxes	12,284	(4,806)	13,229	(4,140)	11,340
State & Federal Income Taxes	<u>2,717</u>	-	<u>3,027</u> <sup>(1)</sup>	<u>25</u>	<u>2,410</u>
Net Income	9,567	-	10,202 <sup>(1)</sup>	(4,165)	8,930
Operating Ratio After Taxes %	97.5	-	97.5	101.1	97.8
Rate Base	140,500	-	131,800 <sup>(1)(2)</sup>	131,800	131,800***
Rate of Return %	6.8	-	7.7 <sup>(1)</sup>		6.8

\* Year ending March 31, 1954.

\*\* Year ending May 31, 1954.

\*\*\* Rate Base estimated as 63% depreciated.

(1) Calculated figures.

(2) Staff Rate Base.

(Red Figure)

The staff's figures show an operating ratio, after taxes, of 97.8 per cent, and a rate of return of 6.8 per cent, considering wage levels prevailing at end of rate year. Under applicant's estimate the operating ratio would be 97.5 per cent and the rate of return would be 7.7 per cent. It will be seen that there is little variance between applicant's and the Commission staff's estimated results of operation.

It is our opinion, and we find, upon all the evidence of record, that applicant has justified the proposed elimination of the present token fares and the establishment of the proposed school rate, and that the resulting increase in fares will not produce an excessive return.

The application will be granted.

O R D E R

A public hearing having been held, the Commission being fully advised in the premises and good cause appearing,

IT IS ORDERED:

(1) That San Bernardino Valley Transit Company, a corporation, be, and it hereby is, authorized to establish, on not less than five days' notice to the Commission and to the public, increased fares as follows:

(a) Cancel present token fares.

(b) Establish school fares of:

1 zone - 36 rides for \$3.00  
2 zones - 36 rides for \$4.50  
3 zones - 36 rides for \$6.00

School fares shall be subject to the following conditions:

Valid only between the hours of 7 a.m. and 6 p.m. for bona fide students up to and including Grade 12 when traveling to or from public or private, accredited, non-profit schools.

Reduced fares sold only in books of 36 rides or multiples thereof.

(2) That, except as herein authorized, San Bernardino Valley Transit Company shall retain and continue to publish the fares heretofore authorized.

(3) That applicant be, and it hereby is, directed to post and maintain in its vehicles a notice of the increased fares herein authorized. Such notice shall be given not less than five days prior to the effective date of such fares and shall remain posted continuously for a period of not less than thirty days.

(4) That the authority herein granted shall expire unless exercised within sixty days after the effective date of this order.

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

Dated at Los Angeles, California, this 9th day of June, 1953.

*R. F. [Signature]* President  
*Justin F. Calver*  
*Harold [Signature]*  
*Kenneth [Signature]*  
*John L. [Signature]* Commissioners