

ORIGINAL

Decision No. 45751

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Gibson Lines, a corporation, for an) Application No. 34207
order authorizing an increase in)
passenger fares.)

John G. Lyons, and Reginald L. Vaughan,
for applicant.
D. A. Mitchell, for West Sacramento
Community Council, Arthur F. Turner and
Bert J. Graham, for West Sacramento
Chamber of Commerce, Isabelle Clark, for
Del Paso Heights Improvement Club, and
A. W. Johnson, for Hagginwood Improvement
Association, Inc., protestants.
Everett M. Glenn and D. J. Faustman, for
City of Sacramento, Charles Pettingell,
for Commanding Officer, McClellan Field,
and Stanley A. Pope, in propria persona,
interested parties.
J. T. Phelps and T. A. Hopkins, for the
Commission's staff.

O P I N I O N

Gibson Lines operates as a passenger stage corporation. It provides line-haul service for the movement of passengers between Sacramento and Chico and Folsom and intermediate points and local service between Sacramento and North Sacramento, West Sacramento and other nearby points. By this application, the company seeks authority to increase the fares for the local service. No change is proposed in the line-haul fares.

A public hearing of the application was held at Sacramento on May 4, 1953, before Examiner Jacopi.

The present fares for applicant's operations were authorized by Decision No. 45785 of May 29, 1951, in Application No. 31562. For

the local service, twelve fare zones are maintained for which the existing cash fares range from 15 cents to 60 cents per one-way ride, with the round-trip fares being 180 per cent thereof. Tokens are sold at the rate of two for 25 cents. Twelve-ride commutation fares are offered based upon 90 per cent of the one-way fares. Under applicant's proposal, an increase of 5 cents per ride would be made in the one-way fares and the token rate would be advanced to two for 35 cents. The round-trip fares and the commutation fares would be adjusted to the level of 180 per cent and 90 per cent, respectively, of the increased one-way fares.

Applicant's general auditor testified that the present fares now were inadequate to cover the cost of the local service. This condition was attributed to substantial advances in wages and in other items of expense since the fares last were adjusted. He reported that for the year 1952 the company sustained a loss of \$62,953 on the combined line-haul and local operations. His exhibits showed that net revenue of \$4,573 was earned by the line-haul service and that the local operations incurred a loss of \$67,526. The auditor pointed out, however, that these operating results included the effect of a 68-day work stoppage that occurred in connection with wage negotiations.

Exhibits also were offered by the auditor showing estimates of what the financial results of operation would be if the present fares for the local operations were continued in effect during 1953 and the annual operating results anticipated under the proposed fares.¹ In these calculations, effect was given to all known advances in

¹ The estimates for 1953 were based upon the 1952 operations as adjusted to a period of 12 months.

operating expenses and to a 5-per cent loss of traffic expected to result from the establishment of the proposed fares.

Local Operations

Estimated Results of Operations for the Year
1953 Under the Present Fares and the Annual
Results Anticipated Under the Proposed Fares.

	<u>Present Fares</u>	<u>Proposed Fares</u>
Revenue	\$405,163	\$493,400
Operating Expenses	474,009	485,130
Net Before Income Taxes	(68,846)	8,270
Income Taxes	-	2,481
Net After Income Taxes	(68,846)	5,789
Rate Base	238,551	238,551
Rate of Return	-	2.43%
Operating Ratio	116.9%	98.8 % (1)

(1) After provision for income taxes.

() Denotes loss.

Based upon the proposed fares being in effect for the local service and the existing fares for the line-haul service, the auditor calculated that the over-all operations would produce annual net income of \$12,936 after provision for income taxes. The corresponding over-all operating ratio would be 98.5 per cent and the rate of return 3.78 per cent.

Witnesses for various community organizations testified in opposition to the granting of the application. They maintained that the proposed minimum cash fare of 20 cents was too great for the short hauls. In any event, they said, no fare adjustment should be authorized until the sufficiency of the service provided by applicant was established. According to the testimony of the witnesses, the schedules were too infrequent on certain routes and other routes no longer served a number of areas to the best advantage as a result of the substantial number of new homes that had been built in the last two years.

The Commission's staff since has reported that it has reviewed the foregoing service complaints with applicant's operating officials. As a result of these discussions, the company is planning to rearrange certain of its schedules, including changes and extensions of some of the routes operated. It appears that these service adjustments should result in reasonable satisfaction of protestants' complaints. Applicant will be required to report to the Commission the service improvements ultimately made.

It is clear from the record that the present fares now are insufficient to cover the cost of operation of applicant's local service and that if the present fares were continued in the next 12 months the losses would more than offset the earnings from the line-haul service and would cause the over-all operations to be conducted at a loss. The higher fares sought for the local service are necessary and reasonable.

Upon careful consideration of all of the facts and circumstances of record, the Commission is of the opinion and finds that the fare increases proposed by applicant in the application filed in this proceeding are justified. The application will be granted.

O R D E R

Based on the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Gibson Lines, a corporation, be and it is hereby authorized to establish, on not less than five days' notice to the Commission and to the public, the increased passenger fares as proposed in the application filed in this proceeding.

IT IS HEREBY FURTHER ORDERED that applicant be and it is hereby directed to post and maintain in its vehicles and depots notices to the public of the increased fares herein authorized. Such notices shall be posted not less than five days prior to the effective

date of such fares and shall remain posted until not less than thirty days after the said effective date.

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

IT IS HEREBY FURTHER ORDERED that applicant shall report to the Commission within sixty days after the effective date of this order the action taken in connection with protestants' service complaints as generally outlined in the preceding opinion.

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

Dated at San Francisco, California, this 23rd day of June, 1953.

R. J. [Signature]
President
Justin F. [Signature]
Kenneth [Signature]
[Signature]

Commissioners

Harold P. Huls
Commissioner....., being necessarily absent, did not participate in the disposition of this proceeding.