

ORIGINALDecision No. 49029

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Charles C. Towle, doing business as)
 Highland-Patton Bus Line, for)
 approval of a proposed increase in)
 rate of school fare.)

Application No. 34584

O P I N I O N

Applicant operates a passenger stage service in the City of San Bernardino and between the city and the adjacent unincorporated communities of Victoria Gardens, Del Rosa, Highland and Patton, under certificates of public convenience and necessity heretofore granted him by this Commission.

Applicant's presently effective school fare is 14 rides for one dollar. Applicant requests authority to increase this fare to 12 rides for one dollar and to establish a conforming rate of 36 rides for three dollars.¹

In support of his request applicant states that the present school rate has been in effect since 1950; that it applies between all points on applicant's lines although the comparable non-school fares are 10, 15 and 20 cents for one, two and three zone rides, respectively; that when it was established there were very few student passengers; that subsequent to 1950 the City School Districts have curtailed school bus contract operations shifting several hundred students a day to applicant's lines; that applicant has been

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Representatives of the schools have requested that applicant offer both the 12- and 36-ride books.

compelled to operate additional school tripper buses and for longer distances, thereby increasing applicant's operating expenses beyond that contemplated when the present fare was established; that the present school fare is too low to pay for the cost of operating the extra service; that the San Bernardino Valley Transit Company also operates bus service in the City of San Bernardino, serving some of the same schools as applicant as well as many others; and that said transit company's school rate for a single zone ride is the same rate applicant seeks approval herein.

Financial statements filed with the application show that applicant, as of June 30, 1953, had assets in the amount of \$71,330.21 and liabilities of \$54,197.21, leaving a net worth of \$17,133. For the year ending June 30, 1953, applicant's net profit was \$1,112.49.

Applicant has estimated the results of operation under this increased school fare for the 12 months ending June 30, 1954 (Exhibit "B" of the application), as follows:

<u>Item</u>	<u>Per Books 1952-53</u>	<u>12 Months Ending 6-30-54</u>	
		<u>Under Present Fares</u>	<u>Under Proposed Fares</u>
Revenue	\$72,950	\$72,230	\$73,749
Operating Expenses	<u>71,838</u>	<u>72,836</u>	<u>72,881</u>
Net Operating Income	1,112	(606)	868
Operating Ratio - %	98.4	100.8	98.8
Rate Base	-	\$16,013	\$16,013
Rate of Return - %	-	-	5.4

() Denotes red figure

A Commission engineer has analyzed applicant's operations on present and proposed fares as follows:

<u>Item</u>	<u>12 Months Ended 12-31-52</u>	<u>12 Months Ending 8-31-54</u>	
		<u>Under Present Fares</u>	<u>Under Proposed Fares</u>
Revenue	\$71,955	\$79,650	\$81,820
Operating Expenses	71,702*	79,990	80,050
Net Before Income Taxes	253	(340)	1,770
Allowance for Income Taxes	60	-	390
Net Operating Income	193	(340)	1,380
Operating Ratio - %	99.6	100.4	98.3
Rate Base	\$20,560	\$20,900	\$20,900
Rate of Return - %	0.9	-	6.6

* Adjusted to include \$4,000 for owner's services.

() Denotes red figure.

It is apparent, and we find, that the proposed fares are justified and will not result in an unreasonable rate of return.

The application is not opposed by the City of San Bernardino nor by the Board of Education of the San Bernardino City Schools.

The application will be granted. A public hearing is not necessary.

O R D E R

Application having been made, the Commission being fully advised in the premises, and good cause appearing,

IT IS ORDERED:

(1) That Charles C. Towle, doing business as Highland-Patton Bus Line, be and he hereby is authorized to establish on not less than five days' notice to the Commission and to the public, a school fare of 12 rides for \$1.00 and of 36 rides for \$3.00.

(2) That the five days' notice to the public, provided for in ordering paragraph (1), shall be posted in applicant's buses and shall be a suitable explanatory notice describing the fare increases.

(3) That the authority herein granted shall expire unless exercised within sixty days from the effective date hereof.

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

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

R. J. [Signature]
President

James J. [Signature]

[Signature]
[Signature]

Commissioners