

ORIGINALDecision No. 49041

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SOUTHERN CITIES TRANSIT, INC., a)
 corporation, to increase rates and) Application No. 34502
 fares for the transportation of)
 passengers in the vicinity of)
 Compton.)

O P I N I O N

Applicant operates a passenger stage service in the City of Compton and the surrounding area.

By this application authority is sought to increase fares and make zone changes as follows:

- (1) Combine its present 3 zones into 2 zones by consolidating present operations west of Garfield Avenue as far north as Pacific Electric Railway tracks (Fernwood Avenue) and as far south as Greenleaf Avenue into one zone or Zone No. 1, and,
- (2) Consolidating all operations east of Garfield Avenue as far north as Firestone Boulevard and as far south as 70th Street into one zone or Zone No. 2.
- (3) Increase single-zone fare from 12 cents to 15 cents cash.
- (4) Charge a two-zone fare of 20 cents cash.
- (5) Continue present 30-ride school tickets good within one zone, at the rate of \$2.25, or 7½ cents per ride.
- (6) Continue present 30-ride school tickets, good between 2 zones, at the rate of \$3.50, or 11-2/3 cents per ride.

Applicant alleges that passenger revenues have been declining and operating expenses increasing for the past several years. A recently negotiated Union contract, effective July 1, 1953, will increase expenses by approximately \$4,500. All other expenses have increased steadily, specifically additional fuel taxes levied by the State of California. Liability insurance expenses also will increase 10 per cent.

The following analysis and estimated results of operation are the result of an independent staff study and comparison for a rate year ending August 31, 1954:

	<u>Under Present Fares</u>		<u>Under Proposed Fares</u>	
	<u>Applicant</u>	<u>P.U.C.</u>	<u>Applicant</u>	<u>P.U.C.</u>
Revenue	\$138,261	\$143,570	\$159,566	\$163,650
Operating Expenses	<u>158,037</u>	<u>149,945</u>	158,246	150,120
Net Income before Income Taxes	(19,776)	(6,375)	1,320	13,530
Income Taxes			<u>383</u>	<u>4,440</u>
Net Income			937	9,090
Operating Ratio after Income Taxes - %	-	104.4	99.4	94.4

() Red Figures

Difference in revenue estimates is accounted for by applicant's estimate of 1,038,000 adult passengers compared with staff's estimate of 1,080,000, and a variance in estimated diminution of 4.4 per cent by applicant and 5.75 per cent by staff.

Estimated maintenance and administrative expenses vary as follows:

	<u>Applicant</u>	<u>P.U.C. Staff</u>
Maintenance	\$29,640	\$27,700
Administration	9,772	3,640

Variance in maintenance is due, principally, to cost of repair parts, applicant being charged by a parent company at list price whereas staff figures are based on market price. An administrative expense item of \$6,000, representing deferred payment to an official of a parent company, included by applicant, is not currently being charged as an expense item.

On the basis of ownership of the buses which applicant now leases from the parent company, our staff estimates results of operation for the said period as follows:

	<u>Present Fares</u>		<u>Proposed Fares</u>	
	<u>Applicant</u>	<u>P.U.C.</u>	<u>Applicant</u>	<u>P.U.C.</u>
Revenue	\$138,261	\$143,570	\$159,566	\$163,650
Operating Expenses	152,118	143,930	152,327	144,130
Net Income before Income Taxes	(13,857)	(385)	7,239	19,520
Income Taxes			2,099	6,400
Net Income			5,140	13,120
Operating Ratio after Income Taxes - %			96.8	92.0

() Red Figures

It appears that applicant has recently experienced a financially serious interruption of service due to strike conditions which, according to staff studies, will result in a somewhat lower traffic volume. In such event a less favorable condition in respect to operating ratio is indicated.

The foregoing staff estimates appear to fairly reflect the results that may be expected from the proposed fare and zone changes which, we find, have been justified and will not result in an unreasonable charge.

There is no opposition to the application which will be granted. Public hearing is not necessary.

O R D E R

Application having been made, the Commission being fully advised in the premises, having found that the proposed fare and zone changes to be justified and reasonable,

IT IS ORDERED:

(1) That Southern Cities Transit, Inc., a corporation, be and it hereby is authorized to establish, on not less than five days' notice to the Commission and to the public, the fare and zone changes as hereinabove set forth.

(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. Z. [Signature]
President
Justice F. Caswell
[Signature]
[Signature]

Commissioners