

ORIGINALDecision No. 49042

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SOUTH LOS ANGELES TRANSPORTATION)
 COMPANY, a California corporation,)
 for an order granting permission to)
 increase certain fares by consolida-)
 tion of the first and second zones.)

Application No. 34455

O P I N I O N

Applicant operates a passenger stage service in the Watts and Willowbrook area and surrounding territory.¹

By this application it seeks to increase its fare and make zone changes as follows:

- (1) Increase single zone fares from 7 cents cash to 10 cents cash.
- (2) Consolidate the first two zones of travel on any route in one fare zone, so that present 10-cent fare charged for travel in two adjacent zones will remain at 10 cents, the proposed charge for a single zone.
- (3) Increase present 40-ride school ticket book from \$2.00 to \$2.50, or from 5 cents to 6-1/4 cents per ride. One ticket will be good for two-zone ride, whereas present two-zone fare for students is 10 cents.
- (4) Two-zone or three-zone fares will remain unchanged.
- (5) Present joint transfer agreement with Atkinson Transportation Company will be continued.

Applicant alleges that operating revenues are not keeping pace with increased operating expenses; that if it continues to charge present fares financial losses will be incurred; and that the proposed fare and zone changes are just and reasonable.

¹

Decisions Nos. 35413, 35849, 37229, 39854, 40694, 40840 and 47443.

As of April 30, 1953, applicant's assets totaled \$139,935.54, and liabilities totaled \$48,880.67, leaving a net worth of \$91,054.87, represented by outstanding capital stock of \$100,600.00, and a deficit of \$9,545.13. A profit and loss statement for the four-month period ending April 30, 1953, reflects total revenues and expenses of \$66,335.38 and \$67,347.97, respectively, or an operating deficit of \$1,012.59.

Company and staff estimates of results of operation under present and proposed fare structures for the year ending August 31, 1954, are as follows:

Item	Present Fares		Proposed Fares	
	Per Applicant	Per PUC Staff	Per Applicant	Per PUC Staff
Revenue	\$188,621	\$186,890	\$221,151	\$213,050
Operating Expenses	<u>209,211</u>	<u>201,230</u>	<u>211,423</u>	<u>201,650</u>
Net Before Income				
Taxes	(20,590)	(14,340)	9,728	11,400
Income Taxes	not shown	25	not shown	3,640
Net Income	not shown	(14,365)		7,760
Operating Ratio after Income Tax - %	not shown	107.7		96.4
Estimated Rate Base				\$ 86,000
Rate of Return - %				9.0

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A detailed comparison of the estimates of operating expenses reveals differences in some of the major accounts.

Operating Expenses

	<u>Applicant</u>	<u>P.U.C. Staff</u>
Maintenance	\$ 29,026	\$ 36,230
Transportation	93,823	88,800
Traffic	1,085	800
Insurance	10,748	11,950
Administration	30,125	17,600
Operating Rents	6,750	5,220
Subtotal	<u>\$171,057</u>	<u>\$160,600</u>
Depreciation	18,474	18,470
Operating Taxes	21,892	22,580
Total	<u>\$211,423</u>	<u>\$201,650</u>

Differences in maintenance expense are due to different allocations between this company and the Atkinson Transportation Co., an affiliated company.

The staff engineer allowed \$6,000 per annum as a proper measure of general officers' salaries, eliminating compensation paid to inactive officers.

This company does not own any land or garage buildings but pays a rental for them. On the basis of depreciated value of these facilities (estimated to be \$25,000), if included in rate base, the rate of return would be reduced to 7 per cent approximately.

The estimates of the Commission staff 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 unjust or unreasonable charge.

The Cities of Los Angeles and Compton have indicated that they do not desire to oppose applicant's request.

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

O R D E R

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

IT IS ORDERED:

(1) That South Los Angeles Transportation 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, 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. F. ...
President
Justin F. ...
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...

Commissioners