

ORIGINALDecision No. 49044

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 LONG BEACH MOTOR BUS CO. requesting)
 authority to increase its present) Application No. 34351
 basic single zone cash fare from 10¢)
 cash to 11¢ cash.)

James Munholland, attorney, for applicant.
Henry E. Jordan, for Bureau of Franchises
 and Public Utilities of the City of
 Long Beach, protestant.
Douglas Hamilton, protestant.
John Power and T. J. Canty, for the Public
 Utilities Commission.

O P I N I O N

Applicant operates a passenger stage service in the City of Long Beach and vicinity. By this application authority is requested to increase its present basic single zone cash fare from 10 cents to 11 cents. No other changes are proposed. The proposal will result in a 1-zone fare of 11 cents, 2-zone fare of 16 cents, and 3-zone fare of 21 cents, as compared with the present fares of 10, 15 and 20 cents, respectively. The current school fares of 5 cents and 7-1/2 cents will be retained. No zone boundary changes are contemplated.

Present fares have been in effect since January 1951.

Applicant alleges that costs of operation, particularly wages and fuel taxes, have increased to such an extent that substantial operating losses will be incurred if the relief sought is not granted.

The operations of applicant and those of Long Beach City Lines, a company operating entirely within the city limits of

Long Beach and therefore subject to the jurisdiction of the Bureau of Franchises and Public Utilities of said city, are closely related as both companies are owned by National City Lines and managed by Pacific City Lines.

A public hearing was held in Long Beach on August 5, 1953, before Examiner Chiesa. Oral and documentary evidence having been adduced, the matter was submitted for decision.

Representatives of applicant company, the City of Long Beach, and the Commission each presented a detailed study or forecast of results of operations under present and proposed fares for the 12-month period ending August 31, 1954.

In so far as said studies affect the operations of applicant company, they show the following data for said extended period:

ESTIMATED RESULTS OF OPERATIONS

PRESENT FARES

	<u>Applicant</u>	<u>City</u>	<u>P.U.C.</u>
Operating Revenues	\$847,020	\$856,117	\$848,350
Operating Expenses	<u>867,328</u>	<u>866,652</u>	<u>842,337</u>
Net Operating Revenue	(20,308)	(10,535)	6,013
Income Taxes	-	-	<u>1,139</u>
Net after Taxes	(20,308)	(10,535)	4,874
Operating Ratio (After Income Taxes)	102.4%	101.2%	99.43%
Rate Base Estimated	\$170,686.04	\$194,574	\$384,735
Rate of Return (After Income Taxes)	-	-	1.27%

() Red Figures

ESTIMATED RESULTS OF OPERATIONSPROPOSED FARES

	<u>Applicant</u>	<u>City</u> ⁽¹⁾	<u>P.U.C.</u> ⁽²⁾
Operating Revenues	\$898,820	\$921,899	\$899,280
Operating Expenses	<u>868,435</u>	<u>868,209</u>	<u>839,637</u>
Net Operating Revenue	30,385	53,690	59,643
Income Taxes	<u>9,681</u>	<u>21,835</u>	<u>25,290</u>
Net after Taxes	20,704	31,855	34,353
Operating Ratio (After Income Taxes)	97.7%	96.54%	96.18%
Rate Base Estimated	\$170,686.04	\$194,574	\$384,735
Rate of Return (After Income Taxes)	12.13%	16.37%	8.93%

() Red Figures

- (1) A token fare of 8 for 85¢ was suggested by the city's representative. Said token fare would result in such a low use factor that operating revenue would not be materially reduced.
- (2) A slight modification of these figures was presented at the hearing reflecting an increase due to Social Security taxes. The result was inconsequential.

The record clearly shows that present fares are not affording applicant a reasonable return and that applicant is entitled to relief. The tabulated figures show a variance in the rate base due to the use of different methods of calculation because of applicant's policy of renting a substantial amount of its operating equipment and sharing management, personnel, buildings, and other facilities with Long Beach City Lines. We are of the opinion that the Commission's staff has fairly treated the items by dividing the combined rate base 45 per cent to Long Beach Motor Bus Company and 55 per cent to Long Beach City Lines, the figures being an approximate average of the relative number of buses and seats required to meet peak

demand. Applicant's figure is an average monthly net book value of its depreciable property (Exhibit No. 3, page 11) and does not take into consideration rented equipment used in the business.

The variance shown in operating revenue results from estimates by the city's engineer that traffic volume will be higher than the past twelve months, whereas the applicant's and the Commission's witnesses predict travel will remain at approximately the present level. The studies show a leveling off of adult passengers while school passengers show an up trend.

Having carefully considered the evidence of record, we are of the opinion that the estimates of the Commission's transportation engineer (Exhibit No. 5, page 21) fairly reflect results that may be expected from the revised fares as proposed by applicant, which fares we find have been justified, and will result in a just and reasonable return.

The application will be granted.

O R D E R

A public hearing having been held in the above-entitled proceeding, the Commission being advised in the premises and having fully considered the evidence,

IT IS ORDERED:

(1) That Long Beach Motor Bus Co., 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 and revised fares as set forth in its Application No. 34351.

(2) That the five days' notice to the public, provided for in the preceding paragraph, shall be posted in applicant's buses and shall be a suitable explanatory notice of said 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 twenty days after the date hereof.

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

[Signature]
 President

James J. Calver

[Signature]

[Signature]

Commissioners

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