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ORIGINALDecision No. 49100

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SAN DIEGO ECONOMY LINE, INC., for)
 authority to increase passenger fares) Application No. 34438
 and make certain changes in rules)
 which will result in increases.)

O P I N I O N

Applicant now operates a passenger stage and express service incidental thereto, between San Diego, Campo, Moreno Lake and Tecate, California, and intermediate points, including Homeland, via California State Highway No. 94 (Decisions Nos. 40900, 45599 and 47076).

By the application, as amended, authority is requested to make certain changes in its fares and rules and regulations which will result in increased fares generally as follows:

1. Increase minimum fare to 10¢.
2. Elimination of children's half fares when the resulting fare would be less than 35¢.
3. Increase the price of weekly passes by 25¢.

As justification for the proposed increase, applicant alleges that present fares are not producing a reasonable return and operating costs are materially higher and will continue to rise. Applicant expects a gradual improvement in traffic volume which will not be materially affected by the proposed higher fares. The proposed fares and anticipated traffic, accordingly, will enable the company to realize a reasonable return.

Applicant's estimates of results of operation under present and proposed fares have been analyzed by the Commission's staff, which

also has made its own study of this operation, the results of which are as follows:

Estimated Results of Operation

<u>I Under Present Fares</u>	<u>Applicant</u> ⁽¹⁾		<u>P.U.C. Staff</u> ⁽²⁾
	<u>Level Trend</u>	<u>8.2% Uptrend</u>	
Revenue	\$24,167	\$26,149	\$33,060
Operating Expenses	27,079	27,079	32,230
Net Income before Income Taxes	(2,912)	(930)	830
Income Taxes	25	25	30
Net Income	(2,937)	(955)	800
Operating Ratio ⁽³⁾ - %	112.1	103.6	97.6
Rate Base	\$20,475	\$20,475	\$22,900
Rate of Return - %	-	-	3.5

(1) For 12 months' period ending June 30, 1954.

(2) " 12 " " " July 31, 1954.

(3) After income taxes.

() Red figures.

II Under Proposed Fares

	<u>8.2% Uptrend</u>	<u>20.5% Uptrend</u>	
	Revenue	\$28,213	\$31,419
Operating Expenses	27,079	29,077	32,270
Net Income before Income Taxes	1,134	2,342	1,950
Income Taxes	385	775	380
Net Income	749	1,567	1,570
Operating Ratio after Income Taxes - %	97.3	95.0	95.4
Rate Base	\$20,475	\$20,475	\$22,900
Rate of Return - %	3.7	7.7	6.9

Differences in the company's and the staff's figures above are due to the fact that, under present fares, applicant did not show an estimate for a 20.5 per cent uptrend, whereas the staff's uptrend approximates 20 per cent. Furthermore, the staff estimates of expenses are higher than applicant's for repairs, salaries and operating taxes, whereas the owner did not estimate any salaries for administrative work.

A-34438 AH *

We are of the opinion that the estimates of the Commission's staff fairly reflect the results that may be expected from the revised fare structure. We find that the increased fares are justified and that the resulting rate of return is reasonable.

The application, which has not been opposed, will be granted. A public hearing is not necessary.

ORDER

Application having been made, the Commission having fully considered the matter and good cause appearing,

IT IS ORDERED:

(1) That San Diego Economy Line, 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 increases and tariff changes as set forth in its application as amended.

(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 15th day of September, 1953.

G. Z. Anderson
President
Justin F. Calver
Harriet Hull
Francis P. Potter
John E. Marshall
Commissioners