

ORIGINALDecision No. 49323

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 ATKINSON TRANSPORTATION COMPANY, a)
 California corporation, for an)
 order granting permission to abolish) Application No. 34681
 use of tokens and institute a straight)
 10-cent cash fare, and to increase)
 school commutation fares.)

O P I N I O N

Applicant operates a passenger stage service in the Watts area of the City of Los Angeles and vicinity. It is applying for authority to increase its fares by elimination of the present token rate of three for 25 cents, charging instead a straight 10-cent cash fare. It also proposes to increase the school fare from \$2.40 to \$3.00 for a 40-ride school ticket book, or an increase from 6 cents to 7½ cents per ride. Free transfers on all of its local lines and the joint transfer agreement with South Los Angeles Transportation Company will be continued.

As justification for the proposed fare increase applicant alleges that present revenues are inadequate to meet operating costs, provide a reasonable return, and render an adequate service to the public.

Financial statements filed with the application show applicant's condition, as of June 30, 1953, to be as follows: total assets \$181,766.03, total liabilities \$178,180.30, net worth \$3,585.67 represented by capital stock outstanding of \$23,500 and a deficit of \$19,914.33. For the six-month period ending June 30, 1953, the operating loss was \$16,040.39.

Applicant's and the Commission staff's estimated results of operation under present and proposed fares are as follows:

	<u>Applicant (a)</u>	<u>P.U.C. Staff (b)</u>
I. <u>Under Present Fares</u>		
Revenue	\$241,680	\$235,570
Operating Expenses	280,820	251,480
Net before Income Taxes	<u>(39,140)</u>	<u>(15,910)</u>
Income Taxes	25	25
Net Income	<u>\$(39,165)</u>	<u>\$(15,935)</u>
Operating Ratio % (c)	116.2	106.8
Rate Base	\$153,400	\$128,900
Rate of Return %	-	-
II. <u>Under Proposed Fares</u>		
Revenue	\$259,880	\$245,190
Operating Expenses	281,140	251,750
Net before Income Taxes	<u>(21,260)</u>	<u>(6,560)</u>
Income Taxes	25	25
Net Income	<u>\$(21,285)</u>	<u>\$(6,585)</u>
Operating Ratio % (c)	108.2	102.7
Rate Base	\$153,400	\$128,900
Rate of Return %	-	-

(Red Figure)

- (a) 12 months ending February 12, 1954
(Expanded to 1 year by staff from 6 months' operating experience.)
- (b) 12 months ending October 31, 1954
- (c) After income taxes

The staff's figures as to increased revenue considered traffic trend and deflection, while applicant has not allowed for deflection. Company repair estimate is higher and contains reconditioning old Landier equipment not now in use; staff estimate is based on new Diesel equipment now in service. A salary of \$12,000 annually was deducted from administration and supervision expense by the Commission's staff, the recipient not being active in the business. Ten buses recently acquired by applicant from Landier Transit Co., Inc. (Decision No. 48153) and not now used in the business were excluded from depreciation expense and rate base. Under operating taxes, the staff estimate is higher than applicant's estimate because the staff included the 2½% Los Angeles City

Franchise gross receipts tax in the amount of \$2,500 under present fares and \$2,600 under proposed fares (although it does not appear as an expense item on company books), and provided for known increases in fuel and motor vehicle taxes.

Although an operating loss is indicated, the deficit will not, according to staff estimates, exceed the depreciation reserve required. Consideration has also been given to expectant additional patronage from several new housing projects to be served by applicant and to improved public relations. Applicant and the Commission's staff are of the opinion that applicant will also be able to increase its revenue because of said factors. The Commission finds that applicant's proposed fare increase has been justified.

Notices of the proposed fare increase have been posted in all of applicant's buses since October 20, 1953. The application is not opposed and 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 the proposed fare to be justified and reasonable,

IT IS ORDERED:

(1) That Atkinson Transportation Company be, and it hereby is, authorized to establish, on not less than five days' notice to the Commission and to the public, the proposed fares as hereinabove set forth.

(2) That applicant shall post in its buses and terminals a suitable explanatory notice of said fare increases continuously

for at least ten days before the effective date of the fare changes..

(3) That, upon cancellation of the token fares, the sale and acceptance of tokens shall be discontinued. For a period of thirty days thereafter, applicant's bus operators shall redeem for cash all tokens presented to them in numbers not exceeding 12, and thereafter for a period of an additional sixty days applicant shall redeem for cash all tokens presented at its offices. Tokens presented in multiples of three shall be redeemed at the rate of 8-1/3 cents each.. Single tokens and tokens presented in excess of multiples of three shall be redeemed at the rate of 8 cents each.

(4) That any joint fare and transfer agreement entered into between applicant and any other carrier or carriers shall provide for a uniform fare and transfer privilege in accordance with the fares as authorized to be charged by this Commission.

(5) That the authority to increase fares as 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 10th day of November, 1953..

R. F. Johnson
President

Justin F. Callahan

Samuel J. Patton

John E. Hill

Gene Deegan
Commissioners