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ORIGINAL

Decision No. 49465

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of V. M. McDONALD and JOHN D. HANSEN )  
to (1) reroute the "Banning Homes- )  
Channel Heights Bus Line" and (2) )  
increase rates and fare for the )  
transportation of passengers on )  
"La Rambla" and "Banning Homes- )  
Channel Heights" Bus Lines, in San )  
Pedro, California. )

Application No. 34894

O P I N I O N

Applicants seek authority to reroute one of their two passenger stage lines operated in the San Pedro area and to increase fares from 11 cents to 12 cents.

The rerouting, which is not opposed, appears to be justified as the portion of said route which will be discontinued is no longer necessary, due to the abandonment of a temporary federal housing project which had been served. A segment of the route which will be discontinued will still be served by another carrier.

The new route will continue to serve the Channel Heights district and in addition will provide public transportation for an intermediate sector where several new residential projects have been completed.

A Commission engineer has reported favorably on the proposed change. Other carriers will not be affected.

A comparison of applicants' and the staff's estimated operation under present and proposed fares is as follows:

Item	Present	Proposed Rerouting	
	Operation PUC Staff	Applicant PUC Staff	PUC Staff
	(b)	(a)	(b)
Mileage	159,140	143,217	143,220
<u>Under Present Fares</u>			
Revenue	\$ 44,790	\$ 48,091	\$ 44,790
Operating Expenses	55,223	49,896	50,740
Net before Income Taxes	(10,433)	(1,805)	(5,950)
Income Taxes	-	-	-
Operating Ratio (c)	123.3%	103.8%	113.3%
Rate Base	\$ 17,490	\$ 25,085	\$ 17,490
Rate of Return	-	-	-
<u>Under Proposed Fares</u>			
Revenue	46,310	50,381	46,310
Operating Expenses	55,263	49,896	50,780
Net before Income Taxes	(8,953)	485	(4,470)
Income Taxes	-	(d)	-
Operating Ratio (c)	119.3%	99.0%	109.7%
Rate Base	\$ 17,490	\$ 25,085	\$ 17,490
Rate of Return	-	1.9%	-

(Red Figure)

- (a) 12 months ending 9-30-54
- (b) 12 months ending 12-31-54
- (c) After income taxes
- (d) Interest credit offsets indicated income tax.

The variance in estimating revenue arises from the loss of traffic which resulted from the closing of the Banning Homes project. The staff considered the downward trend on this line and present level which is approximately 40 per cent below the former status. The other line was credited with a slight upward trend and a 3½ per cent deflection, due to increased fares, was applied to the entire operation. Applicant, on the other hand, used a 1 per cent deflection to the past year's results.

There is negligible variation in the expense estimates of applicant and staff. Under rate base and depreciation expense calculations, the staff included only operative property, whereas applicant showed the total property purchased from the predecessor

operator (Landier) irrespective of whether or not it was in use. The staff provided for three regularly scheduled equipment units plus one spare. The applicants listed nine equipment units. Three of the nine are being dismantled and two others are not available for service.

The estimated results of operation indicate that under present fares and either present mileage or proposed reroute mileage applicants will experience an operating deficit for the year ending December 31, 1954. Under proposed fares for the same period applicant estimates a slight earning, while the staff estimates a loss.

The application is not opposed.

Having fully considered the matters and things pertinent hereto, we find that public convenience and necessity require the proposed rerouting of the Channel Heights line and that the proposed fares have been justified and will not result in an unreasonable charge.

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 public convenience and necessity require the proposed rerouting and the proposed fares to be justified,

IT IS ORDERED:

1. That the route description appearing in Paragraph (2), Subparagraph (c) of the order in Decision No. 44752, on Application No. 31612, be, and it hereby is, amended to read as follows:

(c) Subject to the authority of this Commission to change or modify such at any time,

V. M. McDonald and John D. Hansen, copartners, shall conduct said passenger stage operation over and along the following described routes:

(1) La Rambla Line

Starting at intersection of 4th Street and Harbor Boulevard, San Pedro, south on Harbor Boulevard to 6th Street, west on 6th Street to Pacific Avenue, north on Pacific Avenue to 5th Street, west on 5th Street to Cabrillo Avenue, north on Cabrillo Avenue to 3rd Street, and west on 3rd Street to Bandini Street, north on Bandini Street to Santa Cruz, west on Santa Cruz to Hanford, south on Hanford to Santa Cruz, west on Santa Cruz to Patton, north on Patton to Summerland Avenue, east on Summerland to Bandini, north on Bandini to Elberon, east on Elberon to Gaffey Place, north on Gaffey Place to MacArthur, turn around, south on Gaffey Place to General Street, along General to Gaffey Street, south on Gaffey Street to 5th Street, east on 5th Street to Pacific, south on Pacific to 6th, east on 6th to Harbor Boulevard, north on Harbor Boulevard to 4th Street and Harbor Boulevard.

(2) Channel Heights Line

Starting at Knoll Drive and Harbor Boulevard, south on Harbor Boulevard, to 6th Street, west on 6th Street to Pacific Avenue, north on Pacific Avenue to 5th, west on 5th to Cabrillo, north on Cabrillo to 3rd, west on 3rd to Hanford, north on Hanford to 1st, west on 1st to Western Avenue, north on Western Avenue to Coralmont Drive, north on Coralmont Drive to Channel Drive, southwest on Channel Drive to Western, north on Western Avenue to Trudie Drive, west on Trudie Drive to Highmore, which runs into Jaybrook Drive, and west on Jaybrook to Trudie Drive, east on Trudie Drive to Western Avenue, south on Western Avenue to 1st Street, east on 1st Street to Hanford, south on Hanford to 3rd Street, east on 3rd Street to Cabrillo, south on Cabrillo to 5th, east on 5th to Pacific, south on Pacific to 6th Street, east on 6th Street to Harbor Boulevard, north on Harbor Boulevard to Knoll Drive.

Also along Summerland Avenue between Patton Avenue and Western Avenue.

2. That V. M. McDonald and John D. Hansen, copartners, be, and they hereby are, authorized to establish, on not less than five days' notice to the Commission and to the public, the proposed fares as hereinabove set forth.

3. 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.

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 21st day of December, 1953.

R. F. [Signature]  
President  
James J. [Signature]  
[Signature]  
[Signature]  
Gene [Signature]  
Commissioners