

ORIGINAL

Decision No. 49830

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
INGLEWOOD CITY LINES, a corporation, )  
for an order granting permission to )  
increase its local basic passenger )  
rate and fare for the transportation )  
of persons. )

Application No. 34741

Spencer and Harris by Vernon S. Spencer, attorneys  
for applicant.  
T. M. Chubb and Alan G. Campbell, Assistant City  
Attorney for Department of Public Utilities and  
Transportation of the City of Los Angeles,  
interested party.  
Timothy J. Canty, representing the Public Utilities  
Commission.

O P I N I O N

Inglewood City Lines, a corporation, operating a passenger stage service in the City of Inglewood and vicinity by this application seeks authority to increase its cash fare from 11 cents to 15 cents or two tokens for 25 cents. The present student fare of 7 cents will be continued. In January of 1952 applicant was authorized to increase its fare from 10 cents to 11 cents cash (Decision No. 46676). Applicant does not have a multiple zone system. As justification for the proposed increase it is alleged that higher costs of labor, materials, fuel and taxes make it necessary to obtain more revenue in order to meet expenses and return a reasonable profit.

A public hearing was held in Inglewood before Examiner Chiesa. Oral and documentary evidence having been adduced, the matter was submitted for decision.

Evidence was presented by the applicant showing estimated results of operation under proposed fares for the year ending December 31, 1954. No estimate was made of results of operation

under present fares. A Commission engineer presented estimates for said period under present, proposed and alternate fare structures. The following table shows applicant's estimate and the Commission's staff figures under present and proposed fares for the year 1954:

	Applicant * <u>Proposed Fares</u>	<u>Present Fares</u>	<u>P. U. C.</u> <u>Proposed Fares</u>
Revenue	\$286,924.00	\$260,620.00	\$284,150.00
Expense	267,446.00	245,010.00	245,610.00
Net Income Before Taxes	19,478.00	15,610.00	38,540.00
Income Taxes	6,623.00	3,510.00	12,080.00
Net Income	12,855.00	12,100.00	26,460.00
Operating Ratio After Taxes	95.52%	95.4%	90.7%
Estimated Rate Base	\$126,863.00	\$145,530.00	\$145,530.00
Rate of Return	10.13%	8.3%	18.2%

\*Adjusted to conform with testimony of applicant's president.

The variance is due to methods used in computing passenger trend and some expense items. In several accounts there were minor differences, in others more significant sums are apparent, such as the inclusion by applicant of two interest items amounting to \$4,064 as operating expenses rather than as a deduction from ordinary income, Account No. 7100. The adjustment of this item alone would lower applicant's estimated operating ratio to 94.58 per cent and its rate of return would be increased to 12.25 per cent.

One of the several alternate fare structures presented by the Commission's staff estimated results of operation based on a

fare of 12 cents cash and five tokens for 55 cents (a token fare equal to the present cash fare) as follows:

Revenue	\$263,560.00
Expense	245,090.00
Net Income Before Taxes	18,470.00
Income Taxes	4,340.00
Net Income After Taxes	14,130.00
Operating Ratio After Taxes	94.6%
Rate Base	\$145,530.00
Rate of Return	9.7%

The foregoing estimated operating results we hereby adopt as reasonable and find that they will produce the additional revenue reasonably required to meet increased operating costs, and we further find that an increased fare from 11 cents to 12 cents cash with five tokens selling for 55 cents has been justified. The rate of return of 9.7 per cent on the adopted rate base of \$145,530 we hereby find to be reasonable. On the other hand we cannot find justification for an increase in fares in the amount requested by applicant.

#### O R D E R

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

#### IT IS ORDERED:

(1) That Inglewood City Lines, 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 following fare change:

(a) Increase its adult cash fare from 11 cents to 12 cents.

(b) Applicant shall sell tokens at the rate of five for 55 cents.

(2) That except as herein authorized applicant shall continue to charge the present fares.

(3) That applicant is directed to post and maintain in its vehicles an appropriate notice describing the increased fares herein authorized, such notice to be posted not less than five days prior to the effective date of such fares and to remain posted for a period of not less than thirty days.

(4) That the authority herein granted shall expire unless exercised within sixty days from the effective date hereof.

(5) That in all other respects Application No. 34741 be, and it hereby is, denied.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 23rd day of March, 1954.

A. J. [Signature]  
President

Justin J. [Signature]

[Signature]

[Signature]

[Signature]  
Commissioners