

Decision No. 50178**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 SAN BERNARDINO VALLEY TRANSIT COMPANY, )  
 a corporation, to increase rates and )  
 fares for the transportation of )  
 passengers. )

Application No. 35281

Alden Reid, for applicant.  
H. F. Wiggins represented the Public  
 Utilities Commission.

O P I N I O N

San Bernardino Valley Transit Company, a corporation, seeks authority to increase its passenger fares as follows:

PRESENT FARES

	<u>Cash</u>	<u>Ticket</u>
1-Zone	10¢	None
2-Zone	15¢	None
3-Zone	20¢	None
1-Zone Student	None	36/\$3.00
2-Zone Student	None	36/\$4.50
3-Zone Student	None	36/\$6.00

PROPOSED FARES

1-Zone	15¢	10/\$1.00
2-Zone	20¢	6/\$.90
3-Zone	25¢	5/\$1.00
1-Zone Student	None	36/\$3.00
2-Zone Student	None	36/\$4.50
3-Zone Student	None	36/\$6.00

It will be noted that no change is proposed in the student fares and that different token fares are proposed for each of the three zones. By amendment to application, authority is also requested to increase the present 10-cent joint fare to 15 cents, and the 15-cent joint fare to 20 cents. The latter fares are in effect pursuant to a joint fare and transfer agreement with Charles C. Towle, doing business as Fontana Transit Lines. It is alleged that due to the small number of passengers affected by the proposed increase in joint fares, the increase in revenue accruing to applicant or to Charles C. Towle would not exceed \$25 per year.

Applicant also requests authority to delete and eliminate from its tariff, P.U. C. No. 9, the 20-cent fare shown on the fifth revised page No. 13, which fare exists between Zone No. 2 and Zone No. 5-A. This fare has been retained in said tariff by inadvertence and mistake which has arisen out of the rerouting of the line on which the fare originally applied.

A public hearing was held in San Bernardino before Examiner Chiesa, at which time oral and documentary evidence having been adduced the matter was submitted for decision.

Applicant's president and a Commission engineer presented estimates of results of operations based on proposed fares. The Commission engineer also presented estimated results of operations based on a universal token to be sold at the rate of five tokens for 50 cents (Case III below), good in any one zone, plus cash fare of 5 cents for each additional zone traversed. Said estimates show the following results:

Item	Applicant	P.U.C.	
	12 Mos. End. 1-31-55 *	12 Mos. End. 6-30-55 CASE II*	CASE III**
Mileage	994,000	987,840	987,840
Total Revenue	\$418,444	\$398,820	\$389,970
Total Oper. & Mtce. Exp.	\$337,632	\$320,990	\$320,990
Depreciation	17,041	15,300	15,300
Operating Taxes	32,712	33,330	33,180
Total Expense	\$387,385	\$369,620	\$369,470
Net Before Income Taxes	\$ 31,059	\$ 29,200	\$ 20,500
State and Federal Income Taxes	9,060	7,620	5,040
Net Income	\$ 21,999	\$ 21,580	\$ 15,460
Oper. Ratio After Income Taxes %	94.7%	94.6%	96.0%
Estimated Rate Base	\$102,209	\$ 98,130	\$ 98,130
Rate of Return %	21.3%	22.0%	15.8%

\* Applicant's proposed fares.

\*\* Tokens 5 for 50¢ good in any one zone plus 5¢ for travel in each additional zone. Cash fare same as proposed by applicant.

Under present fares for the same periods, applicant shows a 3.9 per cent rate of return and 99 per cent operating ratio, and the Commission report shows an operating ratio of 100.2 per cent.

Although operating economies have been effected, it is apparent that applicant is in need of more revenue. Passenger trend is continuing downward. The need for additional revenue is occasioned by the failure of passenger revenue to keep pace with an increase in operating costs, particularly wages, price of fuels, taxes, materials and supplies. Applicant operated at a profit of \$1,553.62, for the year ending December 31, 1953.

Estimates presented by the company and the Commission staff vary in several respects due to methods used in computation. The principal difference appears in the servicing of revenue equipment account No. 4150. Applicant's records did not reflect proper charges to said account, according to the staff engineer. Applicant based its estimate upon its book records, whereas the staff based its figures on studies of such costs of many other similar bus operating companies, and estimated servicing of revenue equipment cost at the rate of 1.2 cents per mile, whereas the applicant used 2.1 cents per mile. The staff's figure is in accord with past practice which heretofore has resulted in fairly accurate estimates.

The record shows that applicant's proposal to establish three different token fares would be confusing and undesirable. For instance, a person holding a 2-zone token desiring to ride in only one zone would have to pay a 15-cent cash fare or purchase additional 1-zone tokens. Similar difficulties would arise for 3-zone token holder desiring to ride the shorter 2- or 1-zone distances. We are of the opinion that it would be in the interests of the public and the company to provide a universal 1-zone token and charge the additional cash fares for multiple-zone travel.

It is our opinion that the fare structure as shown in Case III hereinabove would eliminate inconvenience and the possibility

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of discrimination, and that the estimates set forth therein fairly reflect results that may be expected from such fare increase. A token use of 75 per cent is estimated.

We find that the proposed increase in cash fares with 1-zone tokens selling at five for 50 cents is justified and will not result in an unreasonable charge. The application will be granted accordingly.

O R D E R

A public hearing having been held on the above-entitled proceeding, the Commission being fully advised in the premises and having found that an increase in fares as hereinafter set forth is justified,

IT IS ORDERED:

(1) That San Bernardino Valley Transit Company, 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 fares as follows:

ADULT FARES:

	<u>Cash</u>	<u>Ticket or Token</u>
1-Zone	15¢	5/ \$ .50
2-Zone	20¢	1 ticket plus 5¢
3-Zone	25¢	1 ticket plus 10¢

Joint Fares with Charles C. Towle, doing business as Fontana Transit Lines:

Present 10-cent joint fare increased to 15 cents.  
Present 15-cent joint fare increased to 20 cents.

Retain present transfer privilege.

(2) That except as herein authorized, San Bernardino Valley Transit Company shall retain and continue to publish the fares heretofore authorized.

(3) Applicant is authorized to delete and eliminate from its tariff, P.U.C. No. 9, the 20-cent fare shown on the fifth revised page No. 13, which fare exists between Zone No. 2 and Zone No. 5-A.

(4) That applicant be, and it hereby is, directed to post and maintain in its vehicles a notice of the increased fares herein authorized. Such notice shall be given not less than five days prior to the effective date of such fares and shall remain posted continuously for a period of not less than thirty days.

(5) That, except as herein authorized, Application No. 35281 be and it hereby is denied.

(6) That the authority herein granted shall expire unless exercised within sixty days after the effective date of this order.

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

Dated at San Francisco, California, this 18 day of June, 1954.

Robert L. Mackell  
President

Samuel Pottel

Deane Higgins

\_\_\_\_\_  
\_\_\_\_\_  
Commissioners

Justus E. Craemer  
Commissioner \_\_\_\_\_, being necessarily absent, did not participate in the disposition of this proceeding.