

ORIGINALDecision No. 50261

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 CHARLES H. METZGER, dba SANTA MONICA)
 SIGHTSEEING SERVICE, an individual,) Application No. 35382
 to increase and adjust rates and)
 fares for sightseeing tours in the)
 State of California.)

O P I N I O N

By this application Charles H. Metzger, doing business as Santa Monica Sightseeing Service, requests authority to increase fares as follows:

	<u>Present</u>	<u>Present</u>	<u>Proposed</u>	<u>Proposed</u>
	<u>Present</u>	<u>with tax</u>	<u>Proposed</u>	<u>with tax</u>
<u>Santa Monica-</u>				
<u>Beverly Hills</u>				
Adults	\$2.75	\$3.03	\$3.59	\$3.95
Children	1.38	1.52	1.77	1.95
<u>Santa Monica-</u>				
<u>Beverly Hills-</u>				
<u>Hollywood</u>				
Adults	3.00	3.30	3.59	3.95
Children	1.50	1.65	1.77	1.95
<u>Santa Monica-</u>				
<u>Los Angeles, 1/2 day</u>				
Adults	3.25	3.58	3.59	3.95
Children	1.63	1.80	1.77	1.95
<u>Santa Monica-</u>				
<u>Los Angeles,</u>				
<u>full day</u>				
Adults	5.25	5.78	7.18	7.90
Children	2.63	2.90	3.54	3.90

This is an owner-operated business, and for the year ending December 31, 1953 applicant's loss was \$289.61. Total revenue was \$6,428.20 and total expenses were \$6,717.81. The latter included drivers' wages of \$3,865. No administrative expense was included. Applicant has been in business six years.

No prior increase in fares has been authorized. Applicant states that higher rates are necessary because of increased cost of equipment, fuel, materials, supplies, and taxes.

Applicant and a Commission engineer presented estimated result of operations under present and proposed fares as follows:

	Applicant ^a		P.U.C. Staff ^b	
	Present Fares	Proposed Fares	Present Fares	Proposed Fares
<u>Revenue</u>				
Passenger	\$6,029	\$7,024	\$5,610	\$6,660
Other	<u>298</u>	<u>298</u>	<u>300</u>	<u>300</u>
Total Revenue	6,327	7,322	5,910	6,960
Total Expenses	6,879	6,879	7,070	7,100
Net before Income Taxes	(552)	443	(1,160)	(140)
Income Taxes	<u>-</u>	<u>92</u>	<u>-</u>	<u>-</u>
Net Income	(552)	351	(1,160)	(140)
Operating Ratio % ^c	108.7	95.2	119.6	102.0

- a. 12 months ending 4-30-55
b. 12 months ending 6-30-55
c. After income taxes

(Red Figure)

Both applicant and the Commission engineer showed a rate base of less than \$900. A rate of return in this instance would not be indicative or a just criterion of the reasonableness of the fares proposed to be charged.

Applicant based its proposed revenue estimate on 1953 records, whereas the staff used the 12-month period ending March 31, 1954, in order to reflect a downward trend which prevailed since October 1953. Hence, the staff estimate of revenue is slightly less than that of applicant.

Operating expense estimates of applicant and staff indicate very few differences, the only variation of consequence being an item of rent that the staff estimated for garage and office space at applicant's residence. The staff deleted an insurance recovery claim from maintenance expense which applicant had included in its estimate.

The Commission finds that the proposed fare increase has been justified.

The application will be granted. A public hearing is not deemed necessary.

O R D E R

filed

Application having been *filed* the Commission being fully advised in the premises and having found that the proposed fares are justified,

IT IS ORDERED:

(1) That Charles H. Metzger be and he hereby is authorized to establish, on not less than five days' notice to the Commission and to the public, proposed fares as hereinabove set forth.

(2) That applicant shall post in his equipment and at his stand a suitable explanatory notice of said fare increases continuously for at least five days before the effective date of the fare changes.

(3) 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 ten days after the date hereof.

Dated at San Francisco, California, this 6th day of July, 1954.

John E. Mitchell
President

Justus J. Casper

Benjamin F. Patten

Gene Roggens

Commissioners