

Decision No. 52101**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
 SAN DIEGO ECONOMY LINE, INC., for)
 authority to increase passenger) Application No. 37168
 fares and make certain changes in)
 rules which will result in increase)
 by change in station points.)

O P I N I O N

Applicant operates a daily passenger stage service principally between the City of San Diego and points along State Highway 94 between a point near Euclid Avenue and the community of Homeland. It also performs a less frequent service along said highway between San Diego and points easterly of Homeland, situated near the intersection of Calavo Drive, and Campo, Tecate and Morena Lake. By this application authority is sought to increase the minimum fare from 10 cents to 15 cents, eliminate round-trip fares, increase weekly pass fares and relocate several fare points. The present \$3.00 weekly pass fare between San Diego and Homeland, and the fares applicable to and between points easterly of Homeland will not be changed.

Approximately 70 per cent of applicant's patrons will be affected by the proposed increase, and a small number will receive a reduction in fares. Approximately 30 per cent of the patrons will continue to ride for the same fares they are now paying. There will be a slight increase for weekly passes except between San Diego and Homeland (Calavo Gardens).

The proposed fares will result in a more uniform per mile charge.

Applicant claims that if present fares are continued it will suffer a loss in its operations.

Applicant and the Commission's staff each made an analysis of the operating revenues and expenses, and a summary of the estimated results of operation follows:

Estimated Results of Operation Under Present and Proposed Fares
For 12 Months Ending September 30, 1956
Application No. 37168

Item	Applicant's Estimates		P.U.C. Staff Estimates			
	For 12-Month Period : Book Record : For 12 Mos. : End. 6-30-55:	(Unspecified)	For 12-Month Period : Present : Fares :	Proposed : Fares :	For 12-Month Period : Ending Sept. 30, 1956 : Present : Fares :	Proposed : Fares :
	(1)	(2)	(3)	(4)	(5)	
Mileage	108,630*	108,200*	108,200*	108,200	108,200	
<u>Revenue</u>						
Passenger	\$30,352	\$29,123	\$32,566	\$30,400	\$32,520	
Other	406	456	456	810	810	
	<u>\$30,758</u>	<u>\$29,579</u>	<u>\$33,022</u>	<u>\$31,210</u>	<u>\$33,330</u>	
<u>Expense</u>						
Repairs, servicing, tires & Tubes	\$ 1,411	\$ 1,988	\$ 1,988	\$ 3,790	\$ 3,790	
Drivers' Wages	12,375	16,388	16,388	13,550	13,550	
Fuel	3,016	2,750	2,750	2,620	2,620	
Other Trans. Expense	859	685	685	1,200	1,200	
Station Expense	86	126	126	240	240	
Tariffs & Advg.	95	42	42	120	120	
Insurance	1,898	682	682	1,600	1,600	
Administration	558	504	504	2,400#	2,400#	
Depreciation	4,003	4,036	4,036	2,500	2,500	
Operating Taxes	3,281	3,411	3,514	3,430	3,490	
Rent	1,200	1,200	1,200	1,200	1,200	
	<u>\$28,782</u>	<u>\$31,812</u>	<u>\$31,915</u>	<u>\$32,650</u>	<u>\$32,710</u>	
Net Bef. Inc.						
Taxes	\$ 1,976	<u>\$(2,233)</u>	\$ 1,107	<u>\$(1,440)</u>	\$ 620	
Income Taxes	480*	25*	152	25	50	
Net After Inc.						
Taxes	\$ 1,496*	<u>\$(2,258)*</u>	\$ 955*	<u>\$(1,465)</u>	\$ 570	
Operating Ratio						
% After Inc.						
Taxes	95.1*	107.6*	97.1*	104.7	98.3	
Est. Rate Base	\$16,806	\$17,715	\$17,715	\$19,120	\$19,120	
Rate of Return (%)	8.9*	-	5.4*	-	3.0	

(Red Figure)

* Calculated by P.U.C. Staff

Adjusted to include remuneration for owners' services.

A review of the estimated results of operation of applicant and the staff indicates an operating loss under present fares. Under proposed fares, applicant estimates a net annual earning after income taxes of \$955 (\$296 shown in Amendment plus \$659 Miscellaneous Charges (interest) which was not allowed as an Operating Expense), with operating ratio of 97.1% and rate of return of 5.4%. The staff's corresponding figure is \$570, with an operating ratio of 98.3% and rate of return of 3.0%.

Considering the low net annual earnings indicated above and the operating ratio of 97.1% by applicant and 98.3% by the staff, the proposed increase in fares appears justified and reasonable and we so find.

The application is not opposed. Notice of the proposed increases in fares was posted in applicant's buses.

As applicant's tariff specifies fares on a point to point basis, applicant will be required to amend its Local Passenger Tariff No. 41-A, Cal. P.U.C. No. 3, so as to eliminate Item 10 (b) thereof, being a general rule pertaining to the construction of fares where no specific fares are named.

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

ORDER

Application having been made, the Commission being fully advised in the premises and having found that fares as hereinafter set forth are justified and reasonable,

IT IS ORDERED:

(1) That San Diego Economy Lines, Inc., 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 increased fares:

Between	and	San Diego	Euclid Avenue	Central Avenue	La Mesa Jct.	Conrad Drive	Calavo Gardens
		O.W.: 15	O.W.: 20	O.W.: 25	O.W.: 30	O.W.: 35	
		PASS: 200	PASS: 250	PASS: 275	PASS: 300		

All Fares in Cents.

(2) That except as hereinabove authorized applicant shall continue the named one-way and round-trip passenger fares in Section 2 of its Local Passenger Tariff No. 41-A, Cal. P.U.C. No. 3.

(3) That applicant shall eliminate Item 10 (b) of its Local Passenger Tariff No. 41-A, Cal. P.U.C. No. 3, or revise said rule to conform with the authority herein granted.

(4) That in addition to the required filing of tariffs, applicant shall give notice to the public by posting in its buses a statement of the fare changes. The notices shall be posted at least five days prior to the effective date of the fare changes, and shall remain posted for not less than ten days thereafter.

(5) 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 ten days after the date hereof.

Dated at San Francisco, California, this 18th day of October, 1955:

(Signature circled)

E. M. Mitchell
President
Justin J. Caserio
Raulo Anteroimer
Maxwell D. Dale
R. Hardy
Commissioners