

ORIGINALDecision No. 52309

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Samuel P. Carr and Charles F. Rhinard,)
 dba LAGUNA BEACH-SANTA ANA STAGE LINE,)
 to increase fare and express rates be-)
 tween Santa Ana and Laguna Beach and)
 intermediate points in Orange County,)
 California.)

Application No. 37234

O P I N I O N

Samuel P. Carr, also known as S. P. Carr, Sidney L. Carr and Delbert R. Carr, doing business as Laguna Beach-Santa Ana Stage Line,^{1/} are engaged in the business of transporting passengers and express for compensation between various places in Orange County pursuant to authority from this Commission.

By this application, filed on August 20, 1955, as amended by an amendment filed on October 25, 1955, Samuel P. Carr, also known as S. P. Carr, Sidney L. Carr and Delbert R. Carr, hereinafter referred to as applicants, seek authority to increase their passenger fares and express rates as follows:

	<u>Present</u>	<u>Proposed</u>
Minimum adult cash fare	\$.10	\$.15
Commutation Books		
15¢ adult fare, 30-ride book	.10	.135
20¢ adult fare, 30-ride book	.130	.180
25¢ adult fare, 30-ride book	.163	.225
30¢ adult fare, 30-ride book	.197	.270
35¢ adult fare, 30-ride book	.227	.315

^{1/} See Decision No. 51983, dated September 27, 1955, in Application No. 37055, pursuant to which Charles F. Rhinard was authorized to transfer his interest in the business to the Carrs.

	<u>Present</u>	<u>Proposed</u>
Express advertising letters ^{2/}	\$.25	\$.25
Express packages minimum rate	.25	.50

In addition applicants seek authority to eliminate stop-over privileges on all cash fares.^{3/}

As justification for the proposed increases the applicants allege that operating costs have increased since they were authorized to increase their fares (Decision No. 45197, dated December 27, 1950, in application No. 31845); that as of July 1, 1955, they agreed to increase their drivers' salaries from \$1.50 per hour to \$1.60 per hour; and that they plan to acquire a new stage for the sum of \$15,000 as soon as funds are available.

Results of operations for the year ending December 31, 1954, prepared by the applicants, results of operations for the twelve months ending June 30, 1955, prepared by the Commission's staff, and the estimated results of operations under present and proposed fares for the year ending September 30, 1956, prepared by the applicants and the staff, are as follows:

^{2/} This item refers to advertising news letters which have heretofore been carried for 25 cents as a "package of express", (see page 4 of applicants' Local Express Tariff, P.U.C. No. 2). Applicants intend to continue to carry such letters for 25 cents each, but to increase the minimum rate for "other packages of express", from 25 cents to 50 cents.

^{3/} The public has not been accorded stopover privileges for more than one year although provision therefor is in the current passenger tariff.

	: <u>Estimated results of operations</u> :					
	: Results of operations : yr. ending :		: Results of operations : yr. ending :		: Applicants : Staff :	
	: 12-31-54 :	: 6-30-55(3) :	: Applicants :	: Staff :	: Applicants :	: Staff :
Mileage	389,199	392,608	392,600	392,600	392,600	392,600
Revenue						
Passenger	\$ 83,743	\$ 82,483	\$ 83,956	\$ 83,300	\$ 90,701	\$ 89,940
Charter	4,541	5,806	5,000	5,800	5,000	5,800
Express	1,058	1,037	858	1,040	1,434	1,700
Other	(1) 2,348	(1) 2,311	1,780	500	1,780	500
Total	\$ 90,690	\$ 91,637	\$ 91,594	\$ 90,640	\$ 98,915	\$ 97,940
Expense						
Maintenance	\$ 11,234	\$ 10,569	\$ 12,398	\$ 11,790	\$ 12,398	\$ 11,790
Transportation	47,428	46,516	50,906	48,230	50,906	48,230
Station	(2) 4,132	(2) 3,805	3,033	3,040	3,033	3,290
Traffic	988	964	608	650	608	650
Insurance	4,623	4,722	4,588	5,120	4,588	5,120
Administration	15,790	15,377	10,510	10,510	10,510	10,510
Operating Rents	-	(2) 359	300	300	300	300
Depreciation	3,250	3,321	4,200	2,090	4,200	2,090
Operating taxes	10,181	10,962	10,309	9,960	10,309	10,180
Total	\$ 97,626	\$ 96,595	\$ 96,852	\$ 91,690	\$ 96,852	\$ 92,160
Net before Income Taxes	(6,936)	(4,958)	(5,258)	(1,050)	2,063	5,780
Income Taxes	-	-	-	-	433	770
Net Income	(6,936)	(4,958)	(5,258)	(1,050)	1,630	5,010
Operating ratio after Income Taxes %		105.4	105.7	101.2	98.3	94.9

(Red Figure)

- (1) Includes rent of a home for residential purposes, and refunds on purchases of gasoline, neither of which items is included in the staff's revenue figures.
- (2) The applicants included the cost of renting a bus parking lot in Balboa under station expense. The Commission's staff set the Balboa parking lot rental out separately under operating rents.
- (3) Taken from applicants' books, but prepared by the Commission's staff.

To estimate the passenger revenue for the year ending September 30, 1956, the applicants made a traffic check for the week of July 16 to July 22, 1955, annualized it, made a judgment allowance for seasonal trend under present fares, and reduced the number of passengers affected by the proposed increase by 10 percent. The staff based its passenger revenue estimate on the first eight months' experience of 1955, trended on the year 1954 for the remaining four months of 1955, in order to reflect a year's operations. The staff found that the passenger traffic for the first eight months of 1955 was about one percent less than for the corresponding period of 1954. The distribution of fares was based on the July 16 to July 22 traffic check. The staff estimate of passengers under the proposed fares reflects a loss in traffic of one-fourth of the percent of the increase in fares, where applicable.

The staff estimated charter and express revenue on company experience for the year ending June 30, 1955, and transferred discounts earned from the "other income" account, as shown on the company's books, to expense accounts when the discounts applied. The applicants' estimate of express revenue was based on express business during the week of July 16 to July 22, 1955, annualized, whereas the staff's estimate was based on 12 months' experience ending June 30, 1955.

The applicants based their expense estimates, generally, on company records for the year 1954, adjusted to provide for increases in labor rates currently in effect and for other known changes in certain expense accounts. The staff estimate of

operation expense also includes the increases in wages and expenses, such as gasoline and insurance. The cost of taxes represents the current cost level. The applicants included the full price of gasoline less taxes in the fuel account and credited 1-1/2 cents per gallon discount to "other income." The staff credited the discount to the fuel account, which accounts for the staff estimate being lower. The company's estimate of "transportation expense" includes purchased transportation. This practice has been discontinued and accordingly has been deleted in the staff estimate. The public liability and property damage insurance rate increased about 20 percent September 1, 1955. The increase is not reflected in the company's estimate.

The applicants included one new bus in their estimate for depreciation expense. This bus has neither been purchased nor contracted for and was not considered by the staff. The estimate of depreciation expense and related reserve by the staff was brought forward from a previous staff report, at the time of the preparation of which the lives of the buses were extended from five to eight years. No depreciation expense has been allowed for fully depreciated items. For the purposes of this application

the staff reviewed the estimated lives of the equipment and, in one instance, extended the service life from eight to ten years. The mileage estimate shown for both the applicants and the staff is the mileage operated for the year ending June 30, 1955, as no changes in service or schedules are contemplated.

A review of the estimated results of operation of the applicants and the staff indicates an operating loss under the present passenger fares and express rates. Under the proposed passenger fares and express rates, the applicants estimate a net annual earning of \$1,630 after income taxes, with an operating ratio of 96.3 percent. The staff's corresponding figure is \$5,010, with an operating ratio of 94.9 percent.

After considering the evidence of record, the Commission is of the opinion and finds that the proposed increases in passenger fares and express rates are justified.

The application was not opposed. Notice of the proposed fare and rate increases was posted in applicants' buses and depots and service of the application by mail was made to all local authorities and to interested carriers and chambers of commerce. The application will be granted. A public hearing is not necessary.

O R D E R

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

IT IS ORDERED that Samuel P. Carr, also known as S. P. Carr, Sidney L. Carr and Delbert R. Carr, doing business as Laguna Beach-Santa Ana Stage Line, be, and they hereby are, authorized, on not less than five days' notice to the Commission and to the public, (1) to increase their passenger fares as published in Laguna Beach-Santa Ana Stage Line Local Passenger Tariff Cal. P.U.C. No. 4 to conform to the passenger rates set forth on page two of the application, (2) to eliminate passenger stopover privileges as provided in Rule No. 9 of said passenger tariff, (3) to increase the express package minimum rate published in Laguna Beach-Santa Ana Stage Line Local Express Tariff P.U.C. No. 2 to conform to the express package minimum rate set forth on page two of the application, and (4) to add to the said Local Express Tariff a charge of 25 cents for the carriage of advertising letters.

IT IS FURTHER ORDERED that the five days' notice to the public provided for in the preceding ordering paragraph, shall be posted in applicants' buses and shall be a suitable notice describing how the passenger fare increases and express package minimum rate increase will affect the public, and shall include a small map of the area involved, clearly showing where the fare and express changes will apply.

IT IS FURTHER ORDERED that the authority to increase passenger fares and express package rates herein granted shall lapse unless the changes in fares and express rates authorized in this order are published, filed and made effective 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 29th day of November, 1955.

[Signature]
President

Justus F. Adewunle

Paula L. Luterer

[Signature]

Commissioners