

ORIGINALDecision No. 53070

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. 37551

Spencer and Harris, by Vernon P. Spencer, for
 applicant.

Clark H. Sturm, for Board of Public Utilities
 and Transportation of the City of Los
 Angeles; Mrs. Frank Herzog; Mrs. Linden
Bald; Mr. Michael Lavine; Mr. Stephen Doss;
 interested parties.

Timothy J. Canty of the Commission staff.

O P I N I O N

By this application Inglewood City Lines, a California corporation engaged in the "passenger stage" business in Inglewood and vicinity, seeks authority to increase its adult passenger fare as follows:

	<u>Present Fare</u>	<u>Proposed Fare</u>
Adult Cash	12 cents	15 cents
Adult Tokens	5/55¢ (11 cents)	2/25¢ (12½ cents)

Applicant alleges that the proposed increase in fares is required if losses are to be avoided; that costs of labor, fuel, tires, and other materials and supplies will be materially higher, and that estimated passenger revenue under present fares will not be adequately compensatory.

Applicant operates a single zone system. No change is proposed for the school fare which is seven cents cash or ten tokens for 70 cents. Free transfers for adults and school children will be continued.

A public hearing was held in Inglewood before Examiner Mark V. Chiesa on February 20, 1956. Oral and documentary evidence having been adduced, the matter was submitted for decision.

Evidence was presented by applicant showing estimated results of operation under present and proposed fares for the 12 months ending October 31, 1956. A Commission engineer presented estimates for a like period. A comparison follows:

	<u>Applicant</u>		<u>Case I</u>	<u>Case II</u>
	<u>Present Fares</u>	<u>Proposed Fares</u>	<u>P.U.C. Present Fares</u>	<u>Proposed Fares</u>
Mileage	599,444	599,444	599,540	599,540
Revenue	\$253,002	\$270,441	\$257,180	\$272,610
Expense	209,378	209,378	203,250	203,250
Depreciation	23,652	23,652	14,620	14,620
Operating Taxes	24,395	24,881	23,620	24,010
Net Income before Income Taxes	<u>4,423</u>	12,530	15,690	30,730
Income Taxes	-	3,004	4,040	9,250
Income after Taxes	-	9,526	11,650	21,380
Operating Ratio after Taxes	101.7%	96.5%	95.5%	92.1%
Rate Base	\$104,151*	\$104,151*	\$103,760	\$103,760
Rate of Return	-	9.1%***	11.2%	20.6%

Red Figure/

* Exhibit "C" filed with application adjusted to conform with testimony of applicant's president.

** Figure supplied by staff.

The variance in annual depreciation results from disallowance of any depreciation on fully depreciated items of plant and equipment, and the use by the Commission's staff of a twelve-year service life for certain buses, on a remaining life basis, with appropriate adjustments for salvage value. Applicant, on the

other hand, used a life basis of not more than eight years. Although several minor differences are apparent in the two estimates of results of operation, the other principal variance is in operating expenses and results from the staff's elimination of certain personal charges to several accounts, which charges were deemed inappropriate.

In addition to the estimated results of operation as hereinabove set forth, the Commission staff also presented figures based on three alternate fare structures.^{1/} As the resulting figures showed lower operating ratios and higher rates of return than shown in Case I, which operating ratio and rate of return the Commission finds to be reasonable, it would serve no purpose to itemize the results of said alternate structures.

The Commission, having considered the evidence of record, finds that the staff has based its results of operation upon accounting procedures which are more in line with the Commission's policy pertaining to depreciation of plant and equipment, and also that the staff's elimination of certain charges listed by applicant as an expense was justified.

We cannot find that an increase in applicant's present fares has been justified. The application will be denied.

At the hearing the Commission staff suggested that applicant's routes, regular passenger and school routes, should be redefined so as to show the manner in which they are operated. Applicant having consented thereto, an in lieu certificate will be granted setting forth each route in its entirety.

<u>1/</u>	<u>CASE III</u>	<u>CASE IV</u>	<u>CASE V</u>
	: Alternate	: Alternate	: Alternate:
	: 13¢ cash	: 13¢ cash	: 12¢ cash :
	: Tokens 5/.55	: Tokens 2/.25:	No Tokens:
Operating Ratio	94.1%	93.0%	94.8%
Rate of Return	15.0%	18.1%	13.1%

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 found that an increase in fares is not justified,

IT IS ORDERED:

(1) That Application No. 37551, of the Inglewood City Lines, be and it hereby is denied.

(2) That a certificate of public convenience and necessity be, and it hereby is, granted to Inglewood City Lines, a corporation, authorizing it to establish and operate as a "passenger stage corporation", as defined in Section 226 of the Public Utilities Code, for the transportation of persons between points and over routes more particularly set forth in Appendix A, attached hereto and made a part hereof, and subject to the conditions and restrictions, if any, set forth in said appendix.

(3) That in providing service pursuant to the certificate herein granted, there shall be compliance with the following service regulations:

- (a) Within thirty days after the effective date hereof, applicant shall file a written acceptance of the certificate herein granted. By accepting the certificate of public convenience and necessity herein granted, applicant is placed on notice that he will be required, among other things, to file annual reports of his operations and to comply with and observe the safety rules and other regulations of the Commission's General Order No. 98, and provide insurance protection as required by General Order No. 101. Failure to file such reports, in such form and at such time as the Commission may direct, or to comply with and observe the provisions of General Order No. 98 and General Order No. 101, may result in a cancellation of the operating authority granted by this decision.

(b) Within sixty days after the effective date hereof, and upon not less than five days' notice to the Commission and the public, applicant shall establish the service herein authorized and file in triplicate and concurrently make effective tariffs and time schedules satisfactory to the Commission.

(4) That the certificate of public convenience and necessity herein granted by paragraph (2) of this order shall be in lieu of any and all operating authority heretofore granted to the Inglewood City Lines, and all prior operating authority heretofore granted to Inglewood City Lines is hereby revoked.

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

Dated at Los Angeles, California,
this 15th day of May, 1956.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners

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Inglewood City Lines, a corporation, by the certificate of public convenience and necessity granted in the above-numbered decision, is authorized to transport passengers over and along the routes hereinbelow described, subject, however, to the conditions and restrictions hereinbelow set forth, and subject to the authority of this Commission to change or modify said routes at any time:

REGULAR ROUTES

Route No. 1 - Eucalyptus-Douglas-North American Plants

Beginning at the intersection of Manchester Boulevard and La Brea Avenue, thence along La Brea Avenue, Regent Street, Market Street, Manchester Boulevard, Eucalyptus Avenue, Arbor Vitae Street, Inglewood Avenue, Imperial Highway, and Douglas Street to the Douglas Aircraft plant.

Also, beginning at the intersection of Imperial Highway and Felton Avenue, thence along Felton Avenue, 119th Street, and Aviation Boulevard to its intersection with Imperial Highway.

Route No. 2 - West Manchester-Morningside Park-Westchester

Beginning at the intersection of 108th Street and Wilton Place, thence along Wilton Place, Century Boulevard, Fifth Avenue, Manchester Boulevard, Sepulveda Boulevard, 88th Street, Emerson Avenue, 83rd Street, Lincoln Boulevard, and Manchester Boulevard to its intersection with Hastings Street.

Also, beginning at the intersection of Manchester Boulevard and Sepulveda Boulevard, thence along Sepulveda Boulevard and 77th Street to its intersection with McConnell Avenue.

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REGULAR ROUTES (Continued)

Route No. 3 - Los Angeles Airport-Imperial and Crenshaw

Beginning at the intersection of Prairie Avenue and 110th Street, thence along 110th Street, Crenshaw Boulevard, Imperial Highway, Prairie Avenue, Manchester Boulevard, Oak Street, Arbor Vitae Street, Aviation Boulevard, Century Boulevard, and Avion Drive to Los Angeles International Airport.

Also, beginning at the intersection of Arbor Vitae Street and Freeman Boulevard, thence along Freeman Boulevard and Century Boulevard to its intersection with Aviation Boulevard.

Route No. 4 - North Inglewood

Beginning at the intersection of Ellis Avenue and Inglewood Avenue, thence along Ellis Avenue, Beech Street, Fairview Boulevard, La Brea Avenue, Ellis Avenue, Inglewood Avenue, Acacia Street, Venice Way, Hyde Park Boulevard, Redondo Boulevard, Regent Street, La Brea Avenue, Manchester Boulevard, Hillcrest Boulevard, Grace Street, Prairie Avenue, and Manchester Boulevard to its intersection with Hillcrest Boulevard.

SCHOOL ROUTES

The following routes are authorized only for the transportation of school children to and from classes or school functions at public, parochial or other private grade or high schools:

(a) Beginning at the intersection of Arbor Vitae Street and Inglewood Avenue, thence along Inglewood Avenue, 111th Street, Prairie Avenue, Imperial Highway, Cherry Avenue, 119th Street, and Yukon Avenue to its intersection with Imperial Highway.

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SCHOOL ROUTES (Continued)

(b) Beginning at the intersection of Imperial Highway and Prairie Avenue, thence along Imperial Highway, Acacia Avenue, 118th Street, Felton Avenue, 121st Street, Anza Avenue, and 118th Street to its intersection with Aviation Boulevard.

Also, along Acacia Avenue between 118th Street and 119th Street.

(c) Beginning at the intersection of Century Boulevard and Doty Avenue, thence along Doty Avenue, 113th Street, Lemoli Avenue, 108th Street, Crenshaw Boulevard, Century Boulevard, and Van Ness Avenue to its intersection with 96th Street.

Applicant is authorized to turn its motor vehicles at termini and intermediate points, in either direction, at intersections of streets or by operating around a block contiguous to such intersections, or in accordance with local traffic rules.