

ORIGINALDecision No. 53882

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 HOMER HELLER, conducting as sole)
 owner a certain Automobile Passenger)
 and limited Express Stage Line under)
 the name of HOMER HELLER COMPANY, to) Application No. 38207
 increase rates and fares for the)
 transportation of passengers and)
 limited express between Escondido,)
 California and Oceanside, California,)
 and removal of restriction.)

O P I N I O N

Homer Heller, doing business as Homer Heller Company, conducts an intercity passenger bus and a limited express service between Oceanside and Escondido, along Highways 101 and 78 through the communities of Vista and San Marcos. Pacific Greyhound Lines operates on Highway 78, between Vista and Escondido, along which applicant is restricted from doing local business. Applicant requests that this restriction be eliminated and that all of his fares and express rates be increased.

Applicant's present fare structure is constructed on a point-to-point basis with a minimum adult cash fare of 15 cents. Round-trip fares are 180 percent of the one-way fares. There are no commutation or school tickets. Applicant has a joint fare arrangement with Pacific Greyhound Lines. Applicant proposes to increase the minimum adult cash fare from 15 cents to 30 cents, and the remainder of the fares as shown below:

| <u>Between</u> | <u>And</u> | <u>Present Fares</u> | | <u>Proposed Fares</u> | |
|----------------|-------------|----------------------|-------------------|-----------------------|-------------------|
| | | <u>One-Way</u> | <u>Round-Trip</u> | <u>One-Way</u> | <u>Round-Trip</u> |
| Escondido | Oceanside | \$.64 | \$1.15 | \$.95 | \$1.73 |
| Oceanside | Vista | .35 | .62 | .45 | .85 |
| Oceanside | San Marcos | .50 | .90 | .73 | 1.38 |
| Oceanside | Buena Vista | .39 | .70 | .56 | 1.00 |
| Escondido | San Marcos | .15 | .30 | .30 | .57 |
| Escondido | Buena Vista | .25 | .45 | .45 | .85 |
| Escondido | Vista | .35 | .65 | .56 | 1.00 |
| Escondido | New Town | .50 | .90 | .73 | 1.38 |

Express rates are proposed to be increased from a minimum charge of 35 cents to 75 cents, which will equalize express rates

with many other carriers, including Pacific Greyhound Lines, operating in the same territory.

The Commission's staff has made a detailed study of applicant's operations. This study is hereby made a part of this record and identified as Exhibit No. 1. The present and proposed fares with estimated passengers and revenue for the year ending June 30, 1957, as developed by the staff, are shown in the following table:

TABLE NO. 1

Estimated Passengers and Revenues

| Type of Fare | Present Fares | | | Proposed Fares | | |
|-----------------------------------|-------------------------|----------------|-------------------|-------------------------|----------------|--------------------|
| | Estimated Passengers | Fare | Revenue | Estimated Passengers | Fare | Revenue |
| <u>Homer Heller Company</u> | | | | | | |
| One-Way | 11,040 | \$.4282 | \$4,727.60 | 9,720 | \$.6124 | \$ 5,952.50 |
| " " 1/2 | 150 | .2500 | 37.50 | 140 | .3000 | 42.00 |
| Round Trip | 5,340 | .4200 | 2,242.55 | 4,670 | .6115 | 2,855.80 |
| " " 1/2 | 40 | .3250 | 13.00 | 30 | .4350 | 13.05 |
| | <u>16,570</u> | <u>\$.4238</u> | <u>\$7,020.65</u> | <u>14,560</u> | <u>\$.6087</u> | <u>\$ 8,863.35</u> |
| <u>*Pacific Greyhound Lines</u> | | | | | | |
| <u>**P.C.L. (Vista-Escondido)</u> | | | | | | |
| One-Way | 4,250 | \$.1992 | \$ 846.60 | 4,250 | \$.1992 | \$ 846.60 |
| " " 1/2 | 920 | .5690 | 523.44 | 920 | .8431 | 775.62 |
| Round Trip | 10 | .3150 | 3.15 | 10 | .4320 | 4.32 |
| " " 1/2 | 640 | .5087 | 325.57 | 640 | .7624 | 487.95 |
| | <u>10</u> | <u>.2920</u> | <u>2.92</u> | <u>10</u> | <u>.3920</u> | <u>3.92</u> |
| | <u>5,830</u> | <u>\$.2919</u> | <u>\$1,701.68</u> | <u>5,830</u> | <u>\$.3634</u> | <u>\$ 2,118.41</u> |
| Total | 22,400 | \$.3894 | \$8,722.33 | 20,390 | \$.5386 | \$10,981.76 |

* Interline business

** Applicant's local restriction applies

Note: Lifting of the local restriction along Highway 78 between Vista and Escondido and way points is estimated to produce a negligible amount of added revenue as applicant, under present conditions, is now obtaining approximately the same revenue from this restricted area (because of an interline agreement with Pacific Greyhound Lines) as applicant would obtain if the restriction were removed.

In addition to the revenue estimate, the staff has made an analysis of operating expenses and a summary showing estimated results of operation under present and proposed fares. Applicant filed similar estimates with its application. A comparison of the estimates is shown in Table No. 2.

TABLE NO. 2

Estimated Operating Results Under
Present and Proposed Fares

| Item | : Applicant's: | | : Book Record: | | : 12 Mos. End.: | |
|-------------------------|----------------|------------|------------------------------|------------|------------------------------|-----|
| | : 12-31-55 | | : Applicant: P. U. C. Staff: | | : Applicant: P. U. C. Staff: | |
| | (a) | (b) | (a) | (b) | (a) | (b) |
| Bus Miles Operated | 60,000 | 60,000 | 63,750 | 60,000 | 63,750 | |
| <u>Revenue</u> | | | | | | |
| Passenger | \$ 8,849 | \$ 8,849 | \$ 8,720 | \$12,159 | \$10,980 | |
| Other | 222 | 222 | 220 | 463 | 460 | |
| | \$ 9,071 | \$ 9,071 | \$ 8,940 | \$12,622 | \$11,440 | |
| <u>Expense</u> | | | | | | |
| Maintenance | \$ 1,434 | \$ 956 | \$ 1,430 | \$ 956 | \$ 1,430 | |
| Transportation | 6,422 | 6,140 | 6,230 | 6,140 | 6,230 | |
| Station & Terminal | 890 | 890 | 710 | 1,044 | 900 | |
| Traffic & Advertising | 33 | 125 | 130 | 125 | 130 | |
| Insurance | 941 | 1,125 | 1,130 | 1,125 | 1,130 | |
| Administration | 1,140 | 1,140 | 1,140 | 1,140 | 1,140 | |
| Operating Rents | 950 | 950 | 250 | 950 | 250 | |
| Depreciation | 1,166 | 2,008 | 680 | 2,008 | 680 | |
| Operating Taxes | 1,123 | 1,123 | 1,290 | 1,460 | 1,360 | |
| | \$14,099 | \$14,457 | \$12,990 | \$14,948 | \$13,250 | |
| Net Before Income Taxes | \$ (5,028) | \$ (5,386) | \$ (4,050) | \$ (2,326) | \$ (1,810) | |
| Income Taxes | - | - | - | - | - | |
| Net Income | \$ (5,028) | \$ (5,386) | \$ (4,050) | \$ (2,326) | \$ (1,810) | |
| Operating Ratio % | 155.4 | 159.4 | 145.3 | 118.4 | 115.8 | |
| Rate Base | - | - | \$ 5,170 | - | \$ 5,170 | |
| Rate of Return % | - | - | - | - | - | |

(Red Figure)

(a) 12 Months Ending 12-31-56

(b) 12 Months Ending 6-30-57

Applicant based its estimate of passenger revenue under present fares on the level of traffic for the year 1955. Under proposed fares applicant tabulated the percentage increase in each individual fare and calculated a numerical average increase without regard for the various numbers of passengers hauled under each fare, resulting in an estimated increase of 37 percent which was applied to the 1955 traffic without deflection or trend. Applicant estimated

express revenue under proposed rates after analyzing waybills for a 30-day period and applying the new rates to the shipments. The staff developed its revenue estimate from analysis of the trend of passengers carried since the inception of the line in September, 1946, supplemented by analysis of company records of tickets honored and fares collected for the 5-month period, January through May, 1956. Traffic was fairly constant from 1947 until 1952, when a decided downtrend became evident and appears to be continuing. The staff estimate under present fares is slightly lower than that of applicant because the applicant did not provide for any further downtrend in traffic after 1955. Under proposed fares the staff estimate reflects a continuation of the downtrend in traffic plus the estimated loss in passengers carried due to increased fares of one-fourth of the percent of increase in fares, resulting in a lower revenue estimate than that shown by applicant. The estimate of increased revenue from express made by applicant appeared reasonable and was used by the staff.

Applicant based its expense estimates on book records of expenses for the year 1955, adjusted for known changes in certain of the operating accounts. Operators' wages were increased July 1, 1955. Insurance rates were raised March 16, 1956. As the result of the purchase of a new type of bus (Ford Coachette) put in service in June, 1955, applicant estimated maintenance and running expense at one-third less its past experience of operating a Ford Transit bus. The additional federal gasoline tax of one cent per gallon effective July 1, 1956, was not included in applicant's estimates. Weight fee credit was omitted.

The staff estimate of operating expenses also includes the recent increases in operators' wages and insurance rates. All expense items of a fixed character are based on present cost levels. Applicant's estimate of bus miles operated did not conform to the present.

routing in the City of Oceanside and was corrected by the staff. Maintenance expense including tires was estimated at 2½ cents per mile, which appeared reasonable due to the fact that the new bus will be in its second year of operation during the rate year and the old bus will be used as a spare, and applicant's record of tire expense for 1955 did not fully reflect proper charges. Under operating rents the staff excluded intercompany bus storage charge of \$700 per year since the buses are parked on a public street. The staff calculated depreciation expense on the straight-line basis using 10-year life for the new bus and 5-year life for the used bus. The estimate of bus miles to be operated during the rate year ending June 30, 1957, represents the mileage necessary to provide service under schedules now being operated.

The public and connecting carriers have been informed of applicant's proposal to increase passenger fares and express rates and to remove the local restriction between Vista and Escondido. Copies of the application were sent to local authorities and to connecting carriers. Public notice was given by announcements posted in the buses and terminals of applicant. City officials of Escondido, San Marcos, Vista and Oceanside were personally contacted by a representative of the Commission's staff. No protests have been indicated by parties interviewed, nor have protests been received from any other source.

The results of operation presented by applicant and estimated by the staff under both present and proposed fares and express rates indicate an operating loss. Under present fares applicant estimates the annual deficit as \$5,386 compared with the staff estimate of \$4,050. Under proposed fares the applicant estimates a loss of \$2,326 yearly while the staff estimate of loss is \$1,810. The operating ratios are 118.4 percent as estimated by the applicant and 115.8 percent as estimated by the staff.

The Commission is of the opinion and finds that the proposed increases in passenger fares and express rates are justified and that removal of the local restriction applying between Vista and Escondido is in the public interest. 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 the sought increases are justified,

IT IS HEREBY ORDERED:

(1) That Homer Heller, doing business as Homer Heller Company, be and he is hereby authorized to establish, on not less than five days' notice to the Commission and to the public, the increased passenger fares and express rates as proposed in the application filed herein.

(2) That the restriction contained in Decision No. 39249, in Application No. 27361, as amended by Decision No. 39321, prohibiting the transportation of passengers, baggage or express locally between the City of Escondido and the intersection of State Highway No. 78 and U. S. Highway No. 395 in the town of Vista, be and it is hereby canceled.

(3) That applicant be and he is hereby authorized to amend his tariffs, on not less than five days' notice to the Commission and to the public, to reflect the authority granted by the preceding ordering paragraph.


(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 changes herein authorized. The notices shall be

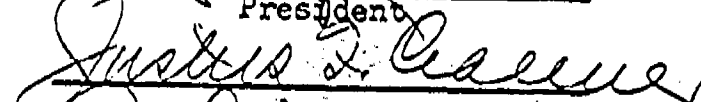
posted at least five days prior to the effective date of the changes, and shall remain posted for not less than ten days thereafter.


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

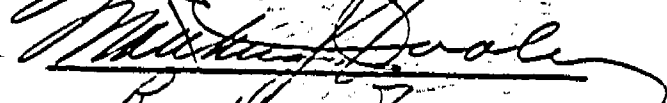
The effective date of this order shall be twenty days after the date hereof.

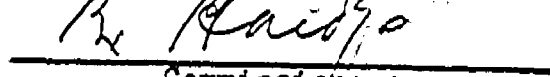
Dated at San Francisco, California, this 9th day of October, 1956.



President








Commissioners