

ORIGINAL

Decision No. 54015

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
Melvin H. Bunting, dba., LEE'S AUTO )  
STAGE LINE for authority to increase )  
passenger fare between San Bernardino, )  
Rialto and Bloomington, Fontana and )  
intermediate points in San Bernardino )  
County. )

Application No. 38150

O P I N I O N

Lee's Auto Stage Line operates intercity passenger bus transportation service in San Bernardino County. The service extends in a general westerly direction from the City of San Bernardino to the communities of Rialto, Bloomington and Fontana, with one-way route distances of 8.4 and 9.4 miles. This transportation service was founded in 1912, at which time it served the territory from San Bernardino to Rialto, a distance of approximately 5 miles. In 1941 service was extended 3.4 miles to the community of Bloomington, and in 1954 it was extended 4.4 miles from Rialto to the City of Fontana. For many years in the past applicant has also conducted a school transportation bus service on a contractual basis. In the fall of 1955 the San Bernardino School Board discontinued the practice of contracting for pupil transportation. Consequently applicant applied for a certificate of public convenience and necessity limited to school service to replace the former contract business. This was granted. It is the general policy of the San Bernardino School Board to purchase books of tickets from the common carriers operating

in San Bernardino and vicinity for students qualified to receive free transportation from the school board. Since applicant's school business is now a part of its common carrier operations, no separation of revenue or expenses has been made.

Applicant's fare structure is based on a four-zone system, with adult cash fares of 10, 15, 20 and 25 cents. Reduced fare commutation ticket books are available for school children and adults. Children's fares are 10 cents for a one- or two-zone ride and 15 cents for a three- or four-zone ride. There is a transfer or joint fare arrangement with Fontana Transit Lines at Bloomington (Decision No. 51235 in Application No. 36456, March 21, 1955) which to date has resulted in a negligible amount of revenue. Applicant's school fares and routes under the limited authority are based on a three-zone system, which fares and routes do not coincide with its present four-zone system. The school routes are designed to transport students from the Rialto and Lytle Creek Canyon areas to the high school located at 19th and E Streets in San Bernardino. School fares are \$.0733 per ride for single zone, \$.14 per ride for two zones, and \$.23 per ride for three zones on a ticket basis.

In this proceeding applicant proposes to increase the one-zone adult cash fare from 10 cents to 15 cents and reduce the number of zones from four to three. The proposed two-zone ride is 20 cents; the three-zone is 25 cents. Children's fares are to remain at 10 cents single zone, with 15 cents for second- or third-zone rides. A comparison of the present and proposed zone mileage

is shown below:

	<u>San Bernardino to</u>			
	<u>Fontana</u>		<u>Bloomington</u>	
	<u>Present</u>	<u>Proposed</u>	<u>Present</u>	<u>Proposed</u>
Zone 1	2.6	4.0	2.6	4.0
2	1.6	2.3	1.6	2.1
3	3.1	3.1	2.3	2.3
4	<u>2.1</u>	<u>          </u>	<u>1.9</u>	<u>          </u>
	9.4	9.4	8.4	8.4

The effect of the proposed rearrangement of zones results in an increase for short haul passengers, which represents about one-half (51%) of the total traffic. The fares for multiple-zone riders were increased in June 1954. The increase in single-zone fare from 10 cents to 15 cents, with the accompanying reduction in number of zones, is proposed in order to retain the 5-cent uniform increment for multiple-zone patrons without increasing the fare for long haul. Reduced fare commutation ticket books are to be increased for second- and third-zone riders. There is no change contemplated in school fares or zones.

The Commission's staff made an analysis of operating expenses and a summary showing estimated results of operation under present and proposed fares for the year ending June 30, 1957. This study is hereby made a part of this record and identified as Exhibit No. 1. Applicant filed similar estimates with its application. A comparison of the estimates follows:

Item	Book Record	Present Fares		Proposed Fares	
	12 Mos. End. 12-31-55	Applicant	Staff	Applicant	Staff
Bus Miles Operated	162,492	162,492	155,100	162,492	155,100
<u>Revenue</u>					
Passenger	\$ 41,603	\$ 41,603	\$ 37,850	\$ 42,945	\$ 40,310
Other	1,153	1,153	1,220	1,153	1,220
	\$ 42,756	\$ 42,756	\$ 39,070	\$ 44,098	\$ 41,530
<u>Expense</u>					
Maintenance	\$ 4,282	\$ 5,164	\$ 4,960	\$ 5,164	\$ 4,960
Transportation	21,428	22,154	20,480	22,154	20,480
Traffic	21	271	270	271	270
Insurance	3,380	3,500	3,290	3,500	3,290
Administration	1,495	1,495	2,700	1,495	2,700
Operating Rents	-	-	600	-	600
Depreciation	3,111	3,411	2,860	3,411	2,860
Operating Taxes	2,371	2,371	4,640	2,371	4,690
	\$ 36,088	\$ 38,366	\$ 39,800	\$ 38,366	\$ 39,850
Net Before Inc. Taxes	\$ 6,668	\$ 4,390	\$ (730)	\$ 5,732	\$ 1,680
Income Taxes	1,350*	240*	-	1,050*	160
Net Income	\$ 5,318	\$ 3,650	\$ (730)	\$ 4,682	\$ 1,520
Operating Ratio %	87.6	91.5	101.9	89.4	96.3
Rate Base	-	-	\$ 11,890	-	\$ 11,890
Rate of Return %	-	-	-	-	12.8

\* Calculated by Staff

(Red Figure)

Applicant based its estimate of passenger revenue on the level of traffic for the year 1955. Under proposed fares, applicant estimated the diminution or loss of passengers due to the increased fare to be one half of the percent increase in fares for adult single-zone riders. A deflection of 10 percent was estimated for children's fares, with no loss in traffic assumed for the adult second- and third-zone patrons. Revenue from school tickets was based on the number of school ticket books that were sold to the Board of Education without adjustment for ticket books not used

during the school year which were held by the school board to be used when schools open this fall.

The staff developed its revenue estimate from analysis of the trend of passengers carried since the previous fare increase in August 1954, supplemented by analysis of company records of individual classes of fares paid and tickets honored for the year 1955. The trend of traffic is downward at a steady rate. The staff estimate of revenue under present fares is lower than that of applicant because no provision was made by applicant for continuation of the downtrend in the regular scheduled operations and, in addition, the staff adjusted the school revenue for ticket books not used during the past school year, but held by the Board for future use. This adjustment amounted to \$4,113, based on records of the Board of Education. 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 increase in fares, resulting in a lower revenue estimate than that shown by applicant.

Applicant based its expense estimates on book records of expenses for the year 1955, adjusted for known changes in several of the operating accounts. Operators' wages were increased July 1, 1956. Tires and Tubes expense was based on 1 cent per mile, rather than on recent experience. Depreciation expense was increased because of the recent acquisition of a new bus.

The staff adjusted estimated bus miles to conform with current operations. The staff's expense estimate includes increased wages to operators, with allowance for administrative duties performed by applicant. Tire expenses were estimated on tire

contract experience of other operators in the same area, because applicant's records were incomplete. Fuel taxes were included by staff under Operating Taxes. Operating Rents cover use of property and house (owned by applicant's wife) as a parking lot for buses and for office space. Lives used by the staff for buses are a little longer than those used by applicant, with a consequent decrease in depreciation expense. The staff estimate of rate base represents the average of depreciable property for the year ending June 30, 1957, including additions and retirements plus franchise value, deposits, and use value assigned to fully depreciated buses.

The public has been informed of applicant's proposal to increase passenger fares. Local authorities were notified by copies of the application. Public notice was given by announcements posted in the buses and terminals of applicant. No protests have been received.

Under present fares, the applicant estimates a net of \$3,650 after income taxes, with an operating ratio of 91.5 percent, while the staff estimates a loss of \$730 with an operating ratio of 101.9 percent. Under proposed fares applicant estimates a net of \$4,682, with an operating ratio of 89.4 percent, while the staff estimates a net of \$1,520 with an operating ratio of 96.3 percent and a rate of return of 12.8 percent. These variations are primarily due to the aforesaid differences in revenue and in expense estimates.

The Commission having considered the application, as amended, and the estimated results of operation, is of the opinion and finds that fares and zone changes as hereinafter ordered are justified and reasonable. The application will be granted. A public hearing is not deemed necessary.

O R D E R

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

IT IS ORDERED:

(1) That Melvin H. Bunting, doing business as Lee's Auto Stage Line, be and he hereby is authorized to establish on not less than five days' notice to the Commission and to the public the following fares:

Adult and Children's Fares

	<u>Cash</u>	<u>Ticket</u>
One Zone		
Adult	15 cents or .....	10 for \$1.25
Child	10 cents	-
Two Zone		
Adult	20 cents or 1-12 $\frac{1}{2}$ cent ticket plus 5 cents, or ...	10 for \$1.75
Child	15 cents	
Three Zone		
Adult	25 cents or 1-12 $\frac{1}{2}$ cent ticket plus 10 cents, or ..	10 for \$2.25
Child	15 cents	

School Fares

Applicant shall retain its present school fares, routes, and zones.

(2) That applicant Melvin H. Bunting shall establish new fare zones applicable to adult and child passengers, as distinguished from school passengers, as follows:

San Bernardino-Fontana Line

Zone 1 Between the terminal at 3d and F Streets in the City of San Bernardino and the intersection of Eucalyptus Avenue and Foothill Boulevard.

- Zone 2A Between the intersection of Eucalyptus Avenue and Foothill Boulevard and the intersection of Cactus Avenue and Arrow Route.
- Zone 3A\* Between the intersection of Cactus Avenue and Arrow Route and the intersection of Sierra Avenue and Arrow Route (Fontana terminus).

San Bernardino-Bloomington Line

- Zone 1 Between the terminal at 3d and F Streets in the City of San Bernardino and the intersection of Eucalyptus Avenue and Foothill Boulevard.
- Zone 2B Between the intersection of Eucalyptus Avenue and Foothill Boulevard and the intersection of Willow Avenue and Diagonal Road.
- Zone 3B\* Between the intersection of Willow Avenue and Diagonal Road and the intersection of Cedar Avenue and Slover Avenue (Bloomington terminus).

\* In the transportation of passengers between said Zone 3A (in Fontana) and Zone 3B (in Bloomington), along its presently authorized routes, applicant shall use the following intermediate zone:

Between the intersection of Cactus Avenue and Arrow Route (on the Fontana line) and the intersection of Willow Avenue and Diagonal Road (on the Bloomington line).

In performing such transportation service the one-, two- and three-zone fares, as hereinabove set forth in paragraph (1), shall be applicable.

(3) 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.

(4) That, except as herein authorized, Application No. 38150 be, and it hereby is, denied.

(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 30<sup>th</sup> day of October, 1956.

Walter E. Mitchell  
President  
Paul E. Weber  
Walter J. Busby  
R. H. Harty

Commissioners