

ORIGINALDecision No. 54152

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 FOSTER TRANSPORTATION, INC., a)
 California corporation, for authority)
 to increase fares and charges pursuant) Application No. 38156
 to Sections 454 and 491 of the Public)
 Utilities Code of the State of)
 California.)

O P I N I O N

Foster Transportation, Inc., is engaged in the business of transporting persons as a passenger stage corporation within and between the cities of Alhambra, Monterey Park, San Gabriel and adjacent communities. It is also engaged in performing certain other transportation under contracts with schools, lodges, churches and similar groups or organizations. By this application it seeks authority to establish increased fares for its public utility services on less than statutory notice.

Applicant's fares for the services involved herein are maintained on a zone basis. Its present fares, and those which it seeks to establish, are as follows:

	<u>Present fare per ride</u>	<u>Proposed fare per ride</u>
<u>For transportation within the same fare zone</u>		
Adult		
Cash	\$.17	\$.20
Multiple ride ticket	.1667 (18-ride ticket \$3)	.1875 (16-ride ticket \$3)
Student		
Multiple ride ticket	.1111 (27-ride ticket \$3)	.1429 (21-ride ticket \$3)
<u>For transportation between fare zones</u>		
Adult		
Cash	\$.22	\$.25
Multiple ride ticket	.2143 (14-ride ticket \$3)	.2308 (13-ride ticket \$3)
Student		
Multiple ride ticket	.1429 (21-ride ticket \$3)	.1765 (17-ride ticket \$3)

Applicant alleges that the sought fares are necessary to meet increases in operating costs which have become effective since its fares were last adjusted in February, 1955. It states that during this interval it has experienced increases in the costs of gasoline, tires, parts and in other items of operating expense. It asserts that as a result of these expense increases its total operations are being conducted at a loss, that these losses will continue in the future, and that even under the sought fares its operations will not return a profit. Estimates of future operating results under present and proposed fares were submitted by applicant as follows:

Estimated Operating Results - Combined Operations
Year Ending March 31, 1957

	<u>Under Present Fares</u>	<u>Under Proposed Fares</u> (a)
Revenues	\$ 196,891	\$ 200,054
operating Expense (b)	<u>200,886</u>	<u>200,886</u>
Net Operating Loss	\$ 3,995	\$ 832
Rate Base	\$ 21,656	\$ 21,656
Operating Ratio	102.0%	100.4%

(a) Assumes proposed fares in effect throughout year.

(b) In addition to the expenses shown applicant's estimates list an item of interest expense of \$3,866. Allowance being made for this non-operating expense item, applicant's estimates of losses for the year are \$7,861 and \$4,698 under present and proposed fares, respectively.

In connection with this matter the Commission's staff made a study of applicant's operations and records. The study is hereby made a part of this record as Exhibit No. 1. In its study the staff developed segregated data to show anticipated operating results of the services involved herein apart from applicant's other services. The segregated data, as set forth in or as derived from Exhibit No. 1, are as follows:

Estimated Operating Results - Public Utility Services
Year Ending March 31, 1957

	<u>Under Present Fares</u>	<u>Under Proposed Fares</u> (a)
Revenues	\$ 122,820	\$ 136,089
Operating Expenses	<u>135,410</u>	<u>135,560</u>
Net Operating Revenues	\$(<u>12,590</u>)	\$ 529
Income Taxes	\$ 25	\$ 176
Net Income	\$(<u>12,615</u>)	\$ 353
Rate Base	\$ 25,680	\$ 25,680
Operating Ratio	110.3%	99.7%
Rate of Return	-	1.4%

() Indicates loss

(a) Assumes proposed fares in effect throughout year.

In arriving at its estimates the Commission's staff differed in various respects from bases upon which applicant's estimates were developed and the staff estimates reflect these differences accordingly. Discussion of the differences is not necessary to our conclusions, however, inasmuch as it is clear that applicant's revenues from its present fares are not sufficient to maintain the public utility services and that the revenues from the proposed fares would return only a small profit. Increases in the adult fares should be authorized as proposed. To this extent the sought fare increases are found justified. Their establishment on less than statutory notice is likewise found justified. An increase in the student fares in like percentage to the adult fare increase will be authorized at this time. While as a matter of public policy, student fares should be maintained at the lowest possible level, nevertheless the Commission must accept the realities involved. Should applicant, after three months' operating experience under the fares herein authorized, deem that a further increase in its fares is necessary, it may bring the matter to the Commission's attention.

There appears to be no need for a public hearing of this matter. Copies of the application were furnished to civic or other organizations representing the cities and communities which applicant serves. Notices of the proposals were posted in applicant's terminals and buses. One of the applicant's patrons recommended that authorization of the increased fares be conditioned upon the replacement of applicant's oldest equipment by new buses. In this regard it is noted that applicant has since put two new buses into

service and is engaged in a program of rehabilitating other equipment used in its public utility operations. In the circumstances the recommended condition will not be imposed. Aside from this recommendation establishment of the sought fare increases was not protested.

O R D E R

Based on the evidence and on the conclusions and findings contained in the preceding opinion,

IT IS HEREBY ORDERED that:

1. Foster Transportation, Incorporated, be and it hereby is authorized to amend its Local Passenger Tariff Cal. P.U.C. No. 13 to establish on not less than five days' notice to the Commission and to the public the following fares and rates:

One Zone

Adult - Cash	20 cents
Adult - Ticket	16-ride, \$3.00
Student- Ticket	10-ride, \$1.25

Two Zone

Adult - Cash	25 cents
Adult - Ticket	13-ride, \$3.00
Student- Ticket	10-ride, \$1.50

2. In addition to the required filing of tariffs, Foster Transportation, Incorporated, shall give notice to the public by posting in its vehicles a statement of the fare changes. Such notice shall be posted on not less than five days before the effective date of the fare changes, and shall remain posted until not less than ten days after said effective date.
3. Except as otherwise provided by this order, the application in this proceeding be and it hereby is denied.

4. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

This order shall become effective ten days after the date hereof.

Dated at San Francisco, California,
this 27th day of November, 1956.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners