

Decision No. 54751**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of ORA B. SMITH & CHESTER R. SMITH,
dba Santa Cruz Transit Company,
requesting authority to increase
its rates of fare.

Application No. 38758

O P I N I O N

Ora B. Smith and Chester R. Smith, copartners doing business as Santa Cruz Transit Company, engage in the transportation of passengers in and near the City of Santa Cruz. By this application they seek authority to increase their fares.

Applicants' fares were last adjusted pursuant to Decision No. 45875, dated June 26, 1951, in Application No. 32377. The adjustments now sought are as follows: increase the present adult single zone fares from 15 cents cash fares or three tokens for 35 cents (11-2/3 cents per ride) to 20 cents cash fare or three tokens for 45 cents (15 cents per ride); increase school token fares from 25 tokens for \$1.25 (5 cents per ride) to ten tokens for \$1.00 (10 cents per ride). The present rule under which the interzone fare is figured at double the single zone fare would be continued in effect.¹

Applicants allege that a recent wage increase granted to their drivers, coupled with a continuing decline in patronage, necessitates the development of additional revenues through fare increases in order for a sound financial position to be maintained. According to the carrier's book records its operations for the calendar year 1956 resulted in a loss of \$10,290, and an operating ratio of 114 percent.

¹ Only one of applicants' routes, the Capitola line, operates into the second zone.

The Commission's staff made a detailed study of applicants' operations. The results of that study are set forth in a document which is hereby incorporated in the record herein as Exhibit No. 1.

The staff study includes estimated operating results for the 12-month period ending March 31, 1958, under present and proposed fares. These results are summarized in the following table:

<u>TABLE</u>		
<u>Estimated Results of Operations</u> <u>for 12-Month-Period Ending March 31, 1958</u>		
	<u>Present</u> <u>Fares</u>	<u>Proposed</u> <u>Fares</u>
Total Operating Revenues	\$69,570	\$82,668
Operating Expenses (excluding Operating Taxes, Rents and Depreciation)	66,386	66,386
Operating Taxes and Licenses	5,686	5,836
Operating Rents	2,400	2,400
Depreciation	3,172	3,172
Total Operating Expenses	<u>\$77,644</u>	<u>\$77,794</u>
Net Before Income Taxes	\$(<u>8,074</u>)	\$ 4,874
Income Taxes	-	992
Net After Income Taxes		<u>\$ 3,883</u>
Operating Ratio (After Income Taxes)	111.6%	95.3%

() Indicates loss.

Copies of the application were served upon officials of the County of Santa Cruz and the Cities of Santa Cruz and Capitola. Letters have been received from these entities stating that they have no objection to the granting of the application and generally supporting the proposed increases. The public also has been adequately informed of the proposal. No protests have been received.

It will be seen from the table that, according to the staff estimates, continued operation under present fares will result in further losses, while under the proposed fare structure operations during the projected rate year would result in net revenue, after income taxes, of \$3,882 and an operating ratio of 95.3 percent. These results are not unreasonable.

Upon careful consideration, the Commission is of the opinion and so finds that the proposed increased fares have been justified. The application will be granted. A public hearing does not appear to be necessary.

In view of applicants' urgent need for increased revenues, the order which follows will be made effective ten days from the date of its issuance and applicants will be authorized to publish the proposed fares on less than statutory notice.

O R D E R

Based upon the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS ORDERED that Ora B. Smith and Chester R. Smith, copartners, doing business as Santa Cruz Transit Company, are, and each of them is, hereby authorized to establish, on not less than five days' notice to the Commission and to the public, the passenger fares as proposed in the application filed in this proceeding.

IT IS FURTHER ORDERED that, in addition to the required posting and filing of tariffs, applicants shall give notice to the public by posting in their buses and terminals a printed explanation of their fares. Such notice shall be posted not less than five days before the effective date of the fare changes, and shall be posted for a period of not less than thirty days.

IT IS FURTHER ORDERED that the authority herein granted shall expire unless exercised within sixty days after the effective date of this order.

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

Dated at Los Angeles, California, this 26th day of March, 1957.

[Signature]
President
[Signature]
[Signature]
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Commissioners