

ORIGINALDecision No. 54921

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 SAN BERNARDINO VALLEY TRANSIT COMPANY,
 a corporation, to increase certain
 fares for the transportation of
 passengers (Section 454 of the Public
 Utilities Code).

Application No. 38647

O P I N I O N

Applicant is seeking a fare increase. It operates the major local bus line in the City of San Bernardino and between the cities of San Bernardino and Colton, adjoining San Bernardino on the southwest. The present fare structure is based on a three-zone system. The adult cash fare is 15 cents for one zone plus 5 cents additional for each successive zone traveled. Reduced fare commutation tickets are sold at the rate of 8 for \$1.00 or 12½ cents each, good for a single-zone ride. A ticket plus 5 cents is good for a two-zone ride, and a ticket plus 10 cents is good for a three-zone ride. School tickets are sold at the rate of 36/\$3.00 (.0833) single zone, 36/\$4.50 (.1250) two-zone, and 36/\$6.00 (.1667) three-zone. Transfers between lines are free. There is no transfer or joint fare arrangement with connecting carriers.

Applicant proposes to discontinue the use of the adult reduced fare commutation tickets and charge a straight cash fare of 15 cents for a one-zone ride with the 5-cent increment remaining as at present for travel into each successive zone. Also it is proposed to increase the single-zone school ticket rate from 8.33 cents to 9 cents (40/\$3.60), the second zone rate from 12.50 cents to 13.50 cents (40/\$5.40), and the third zone rate from 16.67 cents to 18 cents (40/\$7.20).

The Commission's staff has estimated the number of passengers and revenue for the year ending December 31, 1957, based on present and proposed fares to be as follows:

	<u>Passengers</u>	<u>Revenue</u>
Present Fares	2,761,160	\$364,320
Proposed Fares	2,686,650	\$390,290

An alternate fare structure of 15-cent adult cash fare, retention of tokens at an increased rate of 7 for \$1.00 (14.29 cents each), with no change in the school fares was also considered by the staff. The results are:

	<u>Passengers</u>	<u>Revenue</u>
Alternate Fares	2,700,680	\$381,460

In addition to the passenger and revenue estimates, the staff made an analysis of operating expenses and summarized estimated results of operation under present, proposed, and alternate fares. Applicant filed estimates under present and proposed fares with its application. A comparison of the estimated results of operation follows:

Item	Applicant's Record		Present Fares		Proposed Fares		Alternate Fares
	12 Mos. End. 12-31-56	12 Mos. End. 10-31-57	(a)	(b)	(a)	(b)	(b)
	Applicant	Staff	Applicant	Staff	Applicant	Staff	Staff
Bus Miles Operated	958,646	960,000	960,000	960,000	960,000	960,000	960,000
Total Revenue	\$380,365	\$375,094	\$374,320	\$399,474	\$400,290	\$391,460	\$391,460
Expense	\$373,626	\$380,610	\$368,340	\$381,514	\$368,340	\$368,610	\$368,610
Net Before Income Tax	\$ 6,739	\$ (5,516)	\$ 5,980	\$ 17,960	\$ 31,830	\$ 22,850	\$ 22,850
Income Taxes	1,960	25	1,760	5,690	11,330	7,290	7,290
Net Income	\$ 4,779	\$ (5,541)	\$ 4,220	\$ 12,270	\$ 20,500	\$ 15,560	\$ 15,560
Operating Ratio %	* 98.7	* 101.5	98.9	*96.9	94.9	96.0	96.0

(a) 12 Mos. End. 10-31-57

(b) 12 Mos. End. 12-31-57

(Red Figure)

* Calculated by P.U.C. Staff

Applicant based its estimate of adult passenger revenue on the level of traffic since the last fare increase April 23, 1956. A loss of $4\frac{1}{2}$ percent was taken for down trend and loss of passengers due to increased fares. School traffic was estimated at its present level, which is about 10 percent below the prior school year because of the completion of a new junior high school at 37th and Waterman Streets and the enlargement of an elementary and junior high school in the Muscoy District (northwesterly section of San Bernardino).

The staff developed its revenue estimate after analyzing the trend of adult passenger travel for the past four years and especially since the last fare increase April 23, 1956. There is a continued down trend in traffic, but of a lesser degree in 1956 resulting in a tendency to level off. The staff estimate of revenue under proposed and alternate fares reflects diminution due to increased fares of one-fourth of the percent increase. There is a minor variation in the estimates of school ticket revenue, as the same method of determination was followed by both applicant and staff. The estimates are based on the number of school tickets honored or canceled, and do not conform to school ticket sales to the Board of Education as reflected in the books. The total revenue estimates of applicant and staff are reasonably in accord.

Applicant based its expense estimates on book records of expenses for the year ending October 31, 1956, adjusted for known changes in certain of the operating expenses. All accounts involving labor have been adjusted to provide for increases effective March 10, 1957. Operators' wages were increased from \$1.83 per hour to \$1.87 per hour, with corresponding increases in the mechanics'

wages. In addition to the increase in wages, there is an increase in fringe benefits and employees' welfare expense equivalent to about $1\frac{1}{2}$ cents on an hourly basis.

The staff estimate of operating expenses also includes the increases in labor wage rates, and all other expense items of a fixed character are based on current costs. Shop supervision was transferred from mechanics' payroll to supervision in the staff estimate. Applicant increased tire costs by 7 percent but did not deduct for mileage bonus. The staff used the present contract rate of $8\frac{1}{2}$ mils per mile less the mileage bonus, resulting in a figure lower than applicant shows. The staff based the estimate of injuries and damages on the company's experience for the past four years. Applicant estimated the account as 4 percent of gross revenue, which is higher than the staff estimate. Under administration expense, the staff estimate excludes company officials not actually engaged in the performance of duties for the transit operation. Depreciation expense is based mainly on 12-year lives for the diesel buses with an allowance for salvage, and when compared to applicant's lives of 5, 7 and 10 years for buses, results in a lower estimate for depreciation expense. Applicant operates 36 buses, 22 of which are fully depreciated. The rate base is depreciated to approximately $12\frac{1}{2}$ percent of original cost. Materials and supplies have been omitted from rate base, having previously been charged to operating expense accounts and are reflected in the estimates accordingly.

The estimate of bus miles to be operated during the rate year ending December 31, 1957, represents the mileage necessary to provide service under the present schedules including special bus or charter requirements.

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. The application is not opposed except that an objection was received to the elimination of tokens on the grounds that an all-cash fare would be inconvenient and cause delay.

The Commission having considered the matter and finding that the fares hereinafter set forth are justified and reasonable, and that a public hearing is not necessary, makes its order as follows:

O R D E R

Application having been made, the Commission being fully advised in the premises and having found that the following fares are justified and reasonable,

IT IS ORDERED:

(1) That San Bernardino Valley Transit Company, a corporation, be, and it hereby is, authorized to establish, on not less than five days' notice to the Commission and to the public the following fares:

<u>Adult Fare</u>	<u>School Fare</u>
<u>One Zone:</u>	<u>One Zone:</u>
Cash 15 cents	Ticket 36/\$3.00
Ticket 7/\$1.00	
<u>Two Zones:</u>	<u>Two Zones:</u>
Cash 20 cents, or	Ticket 36/\$4.50
Ticket plus 5 cents	
<u>Three Zones:</u>	<u>Three Zones:</u>
Cash 25 cents, or	Ticket 36/\$6.00
Ticket plus 10 cents	
Transfers Free	Transfers Free

(2) That applicant shall post in its buses and at its terminals continuously for at least ten days prior to the effective date of this order, a suitable explanatory notice of said fare increases.

(3) That except as herein authorized, Application No. 38647 be and it hereby is denied.

(4) That the authority herein granted shall expire unless exercised within sixty days after the effective date hereof.

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

Dated at Los Angeles, California, this 30th day of APRIL, 1957.

[Signature]
 President

[Signature]

[Signature]

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 Commissioners