

ORIGINALDecision No. 55863

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of)
 Charles C. Towle, doing business as)
 HIGHLAND-PATTON BUS LINE, for)
 approval of proposed increases in)
 rates of fares.)

Application No. 39279

O P I N I O N

Applicant, Charles C. Towle, doing business as Highland-Patton Bus Line, operates a passenger stage service in the City of San Bernardino and the adjacent suburban residential communities of Del Rosa, Victoria Gardens, Patton and Highland. He is seeking a fare increase.

The present fare structure consists of a three-zone system in which the adult cash fare is 15 cents for one zone, with 5-cent increments for each additional zone. A reduced fare commutation book is provided at 5 rides for 50 cents for one zone, with 5-cent cash increments for each additional zone. The fare for children under twelve is 10 cents cash for one or more zones. There is a reduced fare commutation book available for school children at 12 tickets for \$1.00 or 8 1/3 cents per ride. Applicant also sells another reduced fare commutation book to the City School Districts at 36 rides for \$3.00, also 8 1/3 cents per ride, which is distributed by the school districts to qualifying pupils free of charge. Both types of school commutation tickets are honored for one or more zones.

In this proceeding, applicant proposes to discontinue the reduced fare adult commutation book of 5 rides for 50 cents, thereby establishing his present cash fares as his only adult fare. No change is proposed in the 5-cent cash increments for each additional zone, or in the 10-cent cash fare for children under twelve for one or more zones. No change is contemplated in the existing fare zone limits. Applicant also proposes to increase his school commutation books to 11 tickets for \$1.00, or 9.09 cents per ride, and to 36 tickets for \$3.27, or 9.08 cents per ride. The staff has suggested an alternate school fare, wherein these proposed increases would be applicable only to the second and third zones, so as to keep the first zone fare the same as that of applicant's competitor.

Applicant and the competing carrier, San Bernardino Valley Transit Company, have the same cash fare structure; however, the competing carrier has an adult reduced fare ticket of 7 rides for \$1.00, or 14.3 cents per ride. School fares of competing carrier are zoned and consequently its second and third zone fares are higher than applicant's.

The Commission's staff made an analysis of operating expenses and a summary showing estimated results of operation under present and proposed fares. Applicant filed similar estimates with his application. Under present fares, both staff and applicant have estimated operating deficits for a 12-month future period. Under proposed fares and staff's alternate proposal, the estimated results of operations are as follows:

Item	Applicant's	Proposed Fares		PUC Staff
	Book Record	Applicant	Staff	Alternate
	'12 Mos. Ended	(a)	(b)	Fares
	7-31-57			(b)
Mileage	325,162	327,342	327,400	327,400
<u>Revenue</u>				
Passenger	\$101,868	\$109,951	\$108,790	\$108,240
Other	1,918	1,007	1,000	1,000
Total	\$103,786	\$110,958	\$109,790	\$109,240
<u>Expenses</u>				
Maintenance	\$ 22,319	\$ 23,482	\$ 23,850	\$ 23,850
Transportation	50,790	52,437	50,950	50,950
Station	1,200	1,200	1,200	1,200
Traffic	582	626	600	600
Insurance	5,429	5,490	5,520	5,520
Administration	12,254	12,776	9,630	9,630
Subtotal	\$ 92,574	\$ 96,011	\$ 91,750	\$ 91,750
Depreciation	\$ 2,147	\$ 2,608	\$ 2,490	\$ 2,490
Operating Taxes	9,921	10,415	8,540	8,540
Total	\$104,642	\$109,034	\$102,780	\$102,780
Net Before Income Tax	\$ (856)	\$ 1,924	\$ 7,010	\$ 6,460
Income Taxes	-	452	1,610	1,430
Net Income	\$ (856)	\$ 1,472	\$ 5,400	\$ 5,030
Operating Ratio	100.8%	98.2%	95.1%	95.4%

(a) Twelve months ending May 31, 1958
(b) Calendar Year 1958
(Red Figure)

Material differences in estimates of operating expenses are evident only in the transportation, administrative, and operating taxes accounts. In the transportation account, it is the staff's belief that applicant's fuel estimate is based on the quoted price per gallon, whereas staff's estimate reflects a 2-cents per gallon rebate. This 2-cents per gallon decreases expenses by approximately \$1,000. For administrative expense, the staff estimate is based on incidental expenses for the twelve-months' period ended July 31, 1957,

plus \$620 per month for management and accounting. This estimate for administrative expense is approximately \$3,150 less than applicant's estimate.

The difference in estimates of operating taxes are in the fuel and transportation tax accounts. Applicant has apparently computed fuel tax on the basis of 3-cents per gallon federal tax, whereas the staff estimate is based on 2-cents per gallon, reflecting the 1-cent per gallon refund due the applicant. The amount of difference is approximately \$500. The staff has made no allowance for State transportation tax as the new law, effective January 1, 1958, will relieve applicant of such payment. Applicant, due no doubt to the rate year he is using, has estimated approximately \$1,300 for this item.

Under the staff's alternate fare proposal, the net income is \$5,030, with an operating ratio of 95.4 percent. Applicant does not object to the staff's alternate fare plan.

The public and local school and civic authorities have been adequately informed of applicant's proposal. No protests have been received. The Commission concludes that the proposed increases in fares are justified. The application, with the change in school fares as recommended by the Commission's staff, will be granted. A public hearing is not deemed necessary.

ORDER

Application having been made, the Commission being fully advised in the premises and finding that the fares as hereinbelow set forth are justified,

IT IS ORDERED:

(1) That Charles C. Towle, doing business as Highland-Patton Bus Line be, and he hereby is, authorized to establish, on not less

than five days' notice to the Commission and to the public, fares as follows:

<u>Type of Fare</u>	<u>Fare</u>
<u>One-Zone</u>	
Adult - Cash	\$.15
Children under 12 years - Cash	.10
School Tickets 36/\$3.00	.0833
School Tickets 12/\$1.00	.0833
<u>Two-Zone</u>	
Adult - Cash	.20
Children under 12 years - Cash	.10
School Tickets 36/\$3.27	.0908
School Tickets 11/\$1.00	.0909
<u>Three-Zone</u>	
Adult - Cash	.25
Children under 12 years - Cash	.10
School Tickets 36/\$3.27	.0908
School Tickets 11/\$1.00	.0909

(2) That, in addition to the required filing of amended tariffs, applicant shall give not less than five days' notice to the public by posting in its buses a suitable explanatory notice describing the fare increases.

(3) 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 ten days after the date hereof.

Dated at San Francisco, California, this 19th day of November, 1957.

[Signature]
 President
[Signature]
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 Commissioners