

**ORIGINAL**

Decision No. 5068A

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of PASADENA CITY LINES, INC., requesting authority to increase certain rates of fare.

Application No. 39917

John W. Holmes and George H. Hook for applicant.  
Brotherhood of Railroad Trainmen by D. H. Sheets and D. F. Fugit; City of Pasadena by Frank L. Kostlen; City of Los Angeles by Jack J. Rafelson, Engineer Associate; interested parties.  
Fred G. Ballenger and A. C. Porter for the Public Utilities Commission staff.

O P I N I O N

Public hearing in this matter was held in Los Angeles before Examiner Grant E. Syphers on April 28, 1958, at which time evidence was adduced and the matter submitted.

The Pasadena City Lines conducts a passenger stage operation in the Cities of Pasadena, Arcadia, Monrovia, and areas adjacent thereto. The present and proposed fares are as follows:

Passengers Riding Through	Present Fares (1)		Proposed Fares (2)	
	Cash	Token	Cash	Token
1 Zone	10c	8.75c	15c	12.50c
2 Zones	15	13.75	20	17.50
3 Zones	20	18.75	25	22.50
4 Zones	25	23.75	30	27.50

- (1) Tokens sold at 4 for 35c, 8-3/4c each.
- (2) Tokens proposed at 2 for 25c, 12 1/2c each.

No increase is proposed in applicant's existing school fares, tickets for which are currently sold at 40 for \$2.60 or an average cost of 6 1/2 cents.

The testimony of both the applicant and the Commission staff discloses that under present fares applicant is conducting operations at a loss. The estimates under proposed fares are as follows:

<u>Item</u>	<u>Applicant's Estimate</u>	<u>Staff's Estimate</u>
Miles	1,740,850	1,740,200
Revenue		
Adult Passenger	\$ 741,620	\$ 751,200
All Other	34,380	35,400
Total	<u>\$ 776,000</u>	<u>\$ 786,600</u>
Maintenance of Equipment Expense	\$ 112,175	\$ 111,200
Transportation Expense	423,600	425,800
Traffic and Advertising Expense	3,250	3,100
Insurance and Safety Expense	42,340	43,600
Administrative and General Expense	46,825	42,400
Operating Taxes	70,215	70,900
Depreciation Expense	31,335	29,300
Rate Base	106,035	102,300
Operating Income (Before Income Taxes)	46,610	60,300
Income Taxes	19,630	27,000
Operating Income (After Income Taxes)	26,980	33,300
Rate of Return	25.4%	32.6%
Operating Ratio After Taxes	96.5%	95.8%

The increased expenses have been occasioned primarily by increased wages of employees. A new agreement with the motor coach operators has resulted in hourly pay increases of 6 cents effective

November 1, 1957, 6 cents effective May 1, 1958, a further increase of 5 cents per hour effective November 1, 1958, and still further, an increase of 3 cents per hour effective May 1, 1959. Likewise, the new labor agreement has resulted in other costs resulting from increased vacation allowances, greater health and welfare benefits, and shorter hours of work per week.

The shop and garage employees have been granted an increase of 5 cents per hour effective February 21, 1958, and additional increases of 5 cents per hour on August 21, 1958, February 21, 1959, and August 21, 1959. These employees also received similar fringe benefits to those of the drivers.

The evidence also discloses a decline in passenger traffic and revenues of this operator, which decline averages more than 17 percent for adult passengers carried during a test period in 1958 as compared with a similar period in 1957. Most of the loss in patronage which applicant has suffered is the result of no service being operated during a 72-day strike during December 1957, January 1958, and the first part of February 1958.

A consideration of all of the testimony presented in this case leads us to the conclusion and we now find that applicant has justified an increase in fares. A comparison of estimates of applicant and staff discloses no major differences in the results shown. While it is true that the proposed increase would result in a rather large rate of return on the rate base of this company, it is also true that all of the equipment operated is at least eleven years old. Resultantly, of an original investment of \$778,632 for depreciable property, only 6-3/10 percent is undepreciated, including salvage

values. In the light of this evidence we therefore find that the proposed increases are justified and reasonable.

The record discloses that the applicant is in need of immediate financial relief. Its present rate of loss exceeds \$80,000 per year, according to staff estimates, and is more than \$90,000 per year according to company estimates. For March 1958 its losses were \$6,806.63. Therefore the ensuing order will be made effective five days after the date thereof.

O R D E R

Application as above entitled having been filed, a public hearing having been held, the Commission being fully advised in the premises,

IT IS ORDERED:

1. That Pasadena City Lines, Inc., a corporation, be and it hereby is authorized to establish on not less than five days' notice to the Commission and the public the following fare changes:
  - a. Increase present single-zone cash fare from 10 cents to 15 cents.
  - b. Increase present token fares from 4 tokens for 35 cents to 2 tokens for 25 cents.
  - c. No change shall be made in the present school commutation fares, the 5-cent fare applicable to each additional zone traveled beyond the initial zone, nor in the zone boundaries, nor in any local joint fares which this applicant may have with other carriers.
2. That in all other respects Application No. 39917 be and it is denied.

3. That applicant is directed to post and maintain in its vehicles an appropriate notice describing the increased fares herein authorized, such notice to be posted not less than five days prior to the effective date of such fares and to remain posted for a period of not less than thirty days.

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

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

Dated at San Francisco, California,  
this 13<sup>th</sup> day of May, 1958.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners

Commissioner C. Lyn Fox, being necessarily absent, did not participate in the disposition of this proceeding.