

ORIGINAL

Decision No. 57297

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of FRESNO CITY LINES, INC., for )  
authority to increase fares. )

Application No. 40175

Kenneth G. Avery, for applicant  
C. M. Ozias, for the City of Fresno, interested  
party.  
Martin J. Porter, for the Commission staff.

O P I N I O N

This application was filed on June 17, 1958. Public hearings were held in Fresno on July 23 and 24, 1958, and the matter was submitted.

Fresno City Lines' fares have been: Adults, 17 cents cash or a token, with 5 cents per extra zone on multiple zone rides; tokens, five for 75 cents; children's fares, 10 cents cash; school fare, ten rides for 80 cents. It is desired by the company to increase and simplify this fare structure. All adult fares would be 20 cents with no tokens; zone charges would be 5 cents and 5 cents as now; school fares would be increased to the present children's fare of 10 cents cash.

The record includes oral testimony of 18 witnesses. Three were applicant's, two were staff witnesses. Exhibits were 13 in number, all through applicant's witnesses, except one staff and one public exhibit.

Testimony was given by a number of public witnesses concerning applicant's service. These witnesses complained primarily about the frequency of service, the circuitous loop routings of the bus lines, and the need for a more direct service from north Fresno to certain schools. An official of the company subsequently testified

that they would run extra tripper buses on a direct route for the school children if there were sufficient patronage to warrant. The company will be expected to provide this direct service if warranted following commencement of this fall school semester, reporting to the Commission of the developments in this matter. In regard to the complaints concerning service frequency and loop routings, the company will be expected to study these related matters and report to the Commission its conclusions.

The staff's figures for depreciation reflect methods that have been used by the Commission over a period of many years. The staff's figures in this respect will be adopted. The staff's figures on potential passengers, or patronage to be anticipated, appear to be reasonable and will be adopted.

Giving effect to the observations concerning the record noted above, the fact remains that present fares have been shown to be too low. An increase is required to allow the applicant to continue its function in the area served. Both the staff's and the company's figures reveal a probable net loss on operations at present fares in the rate year selected for study, which is September 1, 1958, to August 31, 1959, as shown in the following tabulation:

Estimated Operating Results  
Under Present Fares

<u>Item</u>	<u>Applicant</u>	<u>P.U.C. Staff</u>
Revenues	\$562,070	\$595,600
Expenses	618,560	597,030
Net Before Income Taxes	<u>(56,490)</u>	<u>(1,430)</u>
Income Taxes	25	25
Net	<u>(56,515)</u>	<u>(1,455)</u>
Operating Ratio	110.05%	100.24%

(Red Figure)

The adopted fares will yield a return of 12.67 per cent on the staff's rate base of \$263,900. Upon the applicant's rate base of \$466,790 the return would, of course, be much smaller. Applicant, however, included land and structures at 1951 appraisal levels rather than historical cost and excessive original cost on several buses. The staff figures are much more accurate.

The rate of return figures do not reflect the situation with complete accuracy in this instance. The depreciable property of Fresno City Lines is approximately 75 per cent depreciated. The Commission considers operating ratio, rate base, rate of return and all other pertinent factors to test rates with a view toward achieving an end result equitable to all concerned. Because of the overly depreciated rolling stock situation here operating ratio is probably the better guide.

Applicant will be expected to operate equipment in Fresno adequate to meet its obligations as a common carrier. A substantial depreciation allowance (\$31,200 per year) is provided for in the rates allowed by the following order. The use of excessively old vehicles is not only undesirable from the service standpoint but tends to increase maintenance costs.

An increase in fares for this system appears to be clearly justified. The Commission is of the opinion, however, that applicant's proposal represents too great an increase, as indicated in the following tabulation:

Estimated Operating Results  
Under Applicant's Proposed Fares

<u>Item</u>	<u>Applicant</u>	<u>P.U.C. Staff</u>
Revenues	\$637,590	\$676,290
Expenses	622,870	598,500
Net Before Income Taxes	<u>14,720</u>	<u>77,790</u>
Income Taxes	4,830	34,820
Net	<u>9,890</u>	<u>42,970</u>
Operating Ratio	98.45%	93.65%

A cash fare of 20 cents appears to be reasonable. The proposal to eliminate tokens (and the resultant discount to regular riders) appears to us unsound. In effect, the proposal imposes too great an increase on regular riders. The Commission prefers to retain the token fares. A reasonable level based on the evidence would be: For adults, five rides for 90 cents; for students, 10 rides for 90 cents. The zone and children's fares were not proposed to be nor will they be changed. These adopted fares will produce the results shown in the following tabulation:

Estimated Operating Results  
Under Adopted Fares

Revenues	\$655,160
Expenses	598,100
Net Before Income Taxes	<u>57,060</u>
Income Taxes	23,630
Net	<u>33,430</u>
Operating Ratio	94.90%

Upon consideration of all the facts and circumstances, as shown by the record, the Commission is of the opinion and hereby finds that increased fares conforming to those set forth in the following order have been shown to be justified. To this extent increases in applicant's fares will be authorized.

O R D E R

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

IT IS ORDERED:

1. That applicant is authorized to increase its cash and token or ticket fares to the levels shown on Appendix A attached hereto, on not less than five days' notice to the Commission and to the public.

2. That applicant be and it is hereby directed to post and maintain in its vehicles a notice of the increased fares herein authorized. Such notice shall be posted not less than five days prior to the effective date of such fares and shall remain posted for a period of not less than thirty days.

3. That Fresno City Lines, Inc., shall obtain approval of the Commission before making any reductions of service on any of its routes as such service existed at the date hereof.

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

5. That in all other respects Application No. 40175 be, and it is, hereby denied.

The effective date of this order shall be <sup>ten</sup>~~twenty~~ days after the date hereof.

Dated at San Francisco, California, this 2<sup>nd</sup> day of September, 1958.

[Signature] President  
[Signature]  
[Signature]  
[Signature]  
Commissioners

Commissioner.....Ray E. Untereiner....., being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

FRESNO CITY LINES, INC.

By authority of the decision noted in the margin, Fresno City Lines may increase its fares for passenger stage service in Fresno and vicinity to levels not exceeding the following:

ADULTS

Single Zone:		
Cash .....		20 cents
Tokens .....	5 for	90 cents
Inter-Zone (between any two zones):		
Cash .....		25 cents
Tokens .....	1 plus	5 cents
Between Zones 1 and 3:		
Cash .....		30 cents
Tokens .....	1 plus	10 cents

CHILDREN

Less than 6 years when accompanied by an adult	Free
6-12 years (within 1 zone or 2 adjacent zones)	10 cents
6-12 years between Zones 1 and 3 .....	15 cents

STUDENTS

Between ages 6-18 years, inclusive on school days only, and on presentation of school identification:

Between points in any two adjacent zones:	
1 Student token at .....	10 for 90 cents
Between Zones 1 and 3:	
1 Student Token .....	plus 5 cents

Reference Note:

Management may, in its discretion, substitute multiple-ride punch tickets for adult or student tokens, provided the maximum token and student token fares herein authorized are observed.