

Decision No. 60737**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 KATHLEEN C. TOWLE, Executrix, Estate  
 of Charles C. Towle, doing business  
 as HIGHLAND-PATTON BUS LINES for  
 authority to increase passenger fares  
 and reduction in Sunday and holiday  
 service.

Application No. 42526

O P I N I O N

Applicant operates as a passenger stage corporation in and between the City of San Bernardino and the communities of Del Rosa, Victoria Gardens, Patton and Highland. By this application the carrier seeks authority to increase her passenger fares and to reduce her Sunday and holiday service.

The Commission's staff has made independent studies of applicant's operations. The results of those studies are set forth in a document which is hereby incorporated in the record herein as Exhibit No. 1.

The present fare structure is based on a three-zone system. The adult cash fare is 15 cents for a single-zone ride plus 5 cents for each additional zone. The fare for children under 12 years of age is 10 cents for one or more zones. Reduced fare commutation ticket books are available for school children at the rate of 12 tickets for one dollar or 8-1/3 cents for a single-zone ride, and 11 tickets for one dollar (\$.0909 each) for a two- or three-zone ride. Applicant also sells school ticket books to the San Bernardino Board of Education at the above rate only in denominations of 36 rides instead of the 12

rides, which are sold on the buses. The school district distributes the school ticket books to qualifying pupils free of charge.

Applicant seeks authority herein to increase the adult cash fare from 15 cents to 20 cents, with 5 cents additional for each additional zone, and to raise the fare for children under 12 years of age to 20 cents. Authority is also sought to increase the school fares from 8-1/3 cents to 10 cents for the first zone, from 9.08 cents to 11 cents for the second zone, and from 9.08 cents to 12 cents for the third zone.

In its report, the Commission's staff included an alternate fare structure for the Commission's consideration. Under this structure, the single-zone adult fare would be increased from 15 cents to 17 cents, the present 5-cent increments for multi-zone travel would be retained and the children's present 10-cent cash fare for riding in all zones would remain unchanged. School fares would be increased as proposed by applicant.

Applicant's fares were last adjusted in 1957. Since that time, the application alleges, operating expenses, including wages, fuel, oil, repair parts, insurance and taxes, have increased by amounts ranging from 4 percent to 50 percent. According to the carrier's book records, revenues for the 12-month period ended June 30, 1960 amounted to \$105,943, while expenses totaled \$112,922, reflecting a deficit of \$6,979 and an operating ratio of 106.6 percent.

Estimated results of operations for the 12-month period ending August 31, 1961, under both present and proposed fares, were developed by applicant and the staff, respectively. Additionally, the staff worked up estimated results, for the same period, under the above-mentioned alternate fare structure. The respective

studies are summarized in the table below. The figures shown are predicated on conditions which would prevail if the requested reduction in Sunday and holiday service were in effect during the period studied.

	Applicant		Staff		
	Present Fares	Proposed Fares	Present Fares	Proposed Fares	Alternate Fares
Revenues	\$105,943	\$129,756	\$107,640	\$131,510	\$124,150
Expenses	<u>\$120,764</u>	<u>\$120,764</u>	<u>\$117,500</u>	<u>\$117,590</u>	<u>\$117,560</u>
Net Before Income Taxes	\$ (14,821)	\$ 8,992	\$ (9,860)	\$ 13,920	\$ 6,590
Net After Income Taxes	\$ (14,821)	\$ 6,232	\$ (9,860)	\$ 9,690	\$ 5,140
Operating Ratio <sup>#</sup>	114.0%	95.2%	109.2%	92.6%	95.9%

<sup>#</sup> After Income Taxes.

           Indicates red figure.

The respective estimates by applicant and the staff of revenues and expenses for the rate year are not materially divergent. It is not deemed necessary, therefore, to discuss the individual differences in the estimates. For the purposes of this proceeding, the staff estimates of operating results will be adopted.

The staff's analysis of applicant's service included a study of the use made of the company's facilities on Sundays and holidays. The staff found that the schedules proposed in the application herein would provide more than adequate capacity to meet traffic demands.

The public has been adequately informed of the proposed fare increases. Copies of the application were served on local authorities and public notice was given by announcements posted in applicant's vehicles and terminals. No one has opposed the granting of the application.

The record shows that under a continuation of present fares, even with the proposed reduction in Sunday and holiday service, applicant would continue to operate at a loss. The estimated annual net revenue, after taxes, under the proposed fares and service, amounts to \$9,690, while under the alternate fare structure the net revenue estimate is \$5,140. The corresponding operating ratios are 92.6 percent and 95.9 percent, respectively.

After consideration, the Commission finds that the proposed Sunday and holiday service will be adequate to meet the needs of the traveling public. It further finds that the fare increases sought by applicant have been justified. The application will be granted. A public hearing is not necessary.

In view of the applicant's urgent need for increased revenues, coupled with imminence of the opening of the fall session of the public schools, the order which follows will be made effective five days from the date of its issuance, and applicant will be authorized to establish the service changes and increased fares on less than statutory notice.

O R D E R

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

IT IS ORDERED that:

1. Kathleen C. Towle, Executrix, Estate of Charles C. Towle, is hereby authorized to establish, on not less than two days' notice to the Commission and to the public, the service changes and increased passenger fares proposed in the application filed in this proceeding.
2. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in her buses and

terminals a printed explanation of her fares and service changes. Such notice shall be posted not less than two days before the effective date of the fare and service changes, and shall be posted for a period of not less than thirty days.

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

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 SEPTEMBER, 1960.

*Geoffrey S. [Signature]*  
President  
*[Signature]*  
*[Signature]*  
Commissioners