

ORIGINAL

Decision No. 61623

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CALIFORNIA BUS LINES, INCORPORATED,
a California corporation of 1998
Roberta Street, Riverside, California,
for authority to increase passenger
fares.

)
) Application No. 42913
) (Filed November 28, 1960)

Art Nay, Jr., for California Bus Lines, Inc.,
applicant.
Glenn E. Newton, for the Commission's staff.

O P I N I O N

California Bus Lines, Inc., is engaged in the business of transporting, as a passenger stage corporation, persons and their baggage between the City of Riverside and March Air Force Base, and intermediate points. By this application it seeks authority to increase its fares on five days' notice to the Commission and to the public. It alleges that increases in its fares are necessary to the maintenance of its services for the public.

On January 9, 1961, subsequent to notice to persons and organizations believed to be interested, public hearing on the application was held before Examiner C. S. Abernathy at Riverside. Evidence was presented by applicant's secretary-treasurer and by an engineer of the Commission's staff.

Applicant's fare structure is constructed on the basis of four fare zones. For transportation within a single zone the present fare is 10 cents per one-way ride. For transportation

beyond a single zone an additional charge of 5 cents per zone or fraction thereof applies. Commutation fares of 20 cents, 18 cents and 16 cents per ride between Riverside and March Air Force Base are also provided, based on the purchase of 5-ride, 25-ride and 50-ride tickets.¹ By its proposals in this matter, applicant seeks to increase its base, or single zone, fare to 15 cents; to cancel its 5-ride ticket fare, and to increase its 25-ride and 50-ride ticket fares to 24 cents and 22 cents per ride, respectively.

According to evidence which was presented by applicant's witness, the sought fare increases are needed to overcome operating losses which applicant is experiencing largely as a result of the following circumstances:

- a. A decline in patronage;
- b. A reduction in scope of operations;
- c. Increases in operating costs.

The witness explained that the movement of military personnel and their dependents to and from the March Air Force Base accounts for a substantial portion of applicant's traffic; that in recent years much of this personnel, together with their dependents, has been dispersed to other military bases, and that as a consequence applicant's traffic has diminished accordingly.

Regarding the reduction in scope of operations, the witness said that in July, 1960, applicant sold the charter portion of its business to Riverside City Lines, and that although as a result applicant's revenues and expenses have been reduced, the reduction in expenses has not been proportionate to the reduction in

¹ The corresponding cash fare is 25 cents per one-way ride.

revenues, principally because of the necessity of retaining employees and equipment sufficient for the adequate maintenance of the services involved herein. With respect to increases in operating costs, the witness said that applicant's fares have been in effect at their present level since 1954, and he pointed out that it is common knowledge that during the past six years the prices of virtually all commodities and services have increased substantially. He stated, furthermore, that applicant is confronted with further expense increases in the form of higher wage costs to which it is committed to pay during 1961.

Applicant's witness estimated that unless applicant is permitted to effect increases in its fares, its operations during the coming year will result in a loss of about \$9,500, an amount which is about 60 percent of its rate base. On the other hand, if the sought fares are established, they would produce earnings of about \$750, or a rate of return of about 5 percent.

The Commission engineer who participated in this proceeding also submitted estimates of applicant's operating results for the coming year under present and proposed fares. According to the engineer's estimates, applicant will lose \$8,440 under present fares during the coming year, and even under the proposed fares it would sustain a loss -- a loss of \$480.

The respective estimates of applicant and of the Commission engineer are summarized in the tables below:

Table No. 1

Estimated Financial Results of Operations
Under Present Fares
Year, 1961

	<u>Applicant</u>	<u>Commission Engineer</u>
Revenues	\$43,878	\$44,950
Expenses	<u>53,247</u>	<u>53,290</u>
Net Operating Revenues	(\$ 9,369)	(\$ 8,340)
Income Taxes	<u>100</u>	<u>100</u>
Net Income	(\$ 9,469)	(\$ 8,440)
Rate Base	\$15,178	\$22,260
Operating Ratio Rate of Return	121.5%	118.8%

⊖ Indicates loss.

Table No. 2

Estimated Financial Results of Operations
Under Proposed Fares
Year, 1961

	<u>Applicant</u>	<u>Commission Engineer</u>
Revenues	\$54,387	\$52,910
Expenses	<u>53,247</u>	<u>53,290</u>
Net Operating Revenues	\$ 1,140	(\$ 380)
Income Taxes	<u>389</u>	<u>100</u>
Net Income	\$ 751	(\$ 480)
Rate Base	\$15,178	\$22,260
Operating Ratio Rate of Return	98.5% 5.0%	100.9% -

⊖ Indicates loss

In view of the loss that Table No. 1 shows is confronting applicant if the present fares are continued in effect, applicant clearly must be permitted to increase its fares if its services are to be sustained. Consideration being given to the amount of the expected loss under present fares, and to the amount of the expected earnings under the proposed fares, it appears that the sought increases are reasonable. The Commission is of the opinion and finds that the proposed fare increases have been shown to be justified. The application will be granted. Also will be granted applicant's request for authority to make the increased fares effective on five days' notice to the Commission and to the public. This action is justified by applicant's need to obtain increased revenues as soon as possible in order to minimize its losses.

O R D E R

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

IT IS HEREBY ORDERED that:

1. California Bus Lines, Inc., be, and it hereby is, authorized to amend its Tariff Cal. P.U.C. No. 1, on not less than five days' notice to the Commission and to the public to establish increased fares as follows:

ADULT ONE-WAY FARES (in cents)

<u>Between Points In Zone</u>	<u>And Points in Zone</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
<u>1</u>	15			
<u>2</u>	20	15		
<u>3</u>	25	20	15	
<u>4</u>	30	25	20	15

Multiple-Ride Tickets, for Transportation
between Riverside and March Air Force Base

25-ride, 30-day ticket	\$6.00
50-ride, 30-day ticket	11.00

<u>ZONES</u>	<u>ZONE BOUNDARIES</u>	
1	:7th & Market Streets, Riverside	:8th & Chicago Streets, Riverside
2	:8th & Chicago Streets, Riverside	:U.S.Highway No.395 & :Junction U.S.Highway :No.60, Riverside County
3	:U.S.Highway No.395 & :Junction U.S.Highway :No.60, Riverside County	:U.S.Highway No.395 & :Alessandro Boulevard
4	:U.S.Highway No. 395 & :Alessandro Boulevard	:March Air Force Base

- The exercise of the fare increase authority herein granted be, and it is, subject to the conditions that in addition to making the tariff filings required in connection with the establishment of the increased fares herein authorized, California Bus Lines, Inc., shall notify the public of said fare changes by posting a statement of said changes in its terminals and in each of its buses. Said notice shall be posted not less than five days before the date that the changes are made effective, and shall remain posted until not less than ten days after said date.

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

This order shall become effective 20 days after the date hereof.

Dated at San Francisco, California, this 7th day of MARCH, 1961.

C. L. Fox President

George H. Hoover

Frederick B. Halbach

 Commissioners

Everett C. McKeage
Commissioner Peter E. Mitchell - being necessarily absent, did not participate in the disposition of this proceeding.