

**ORIGINAL**Decision No. 61715

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of SAN BERNARDINO VALLEY TRANSIT )  
COMPANY, a corporation, to in- )  
crease fares (Section 454 of the )  
Public Utilities Code) )

Application No. 43116

Alden Reid, for applicant.Lawrence A. Hutton, for the City of Colton,  
interested party.Glenn E. Newton, for the Transportation  
Division of the Commission's staff.O P I N I O N

San Bernardino Valley Transit Company operates a common carrier, passenger stage service for the transportation of persons and their baggage between points within and about the City of San Bernardino. By this application filed January 3, 1961 and amended March 7, 1961, it seeks authority to effect increases in its fares at the earliest possible date.

Public hearing on the application was held before Examiner C. S. Abernathy at San Bernardino on March 7, 1961. Evidence was presented by applicant's president and by an engineer of the Commission's staff. A representative of the City of Colton also participated in the development of the record. The matter was taken under submission for decision on March 15, 1961.

Applicant's present fares are constructed on the basis of four principal fare zones and various sub-zones. They range from 15 to 45 cents cash per one-way ride, depending on the zones or sub-zones traversed. Also provided is a ticket fare of

14 2/7 cents per ride (based on the purchase of 7 tickets for \$1.00) which may be applied in lieu of the basic 15-cent cash fare. In addition, ticket fares that are about 70 percent of the adult fares are provided for children going to or from school.

Applicant seeks to increase its fares by increasing its basic cash fare to 20 cents and its ticket fare to 19 cents (5 tickets for 95 cents). Also it seeks to make corresponding increases in its fares for school children. No change is sought in the present increment of 5 cents which is used in the construction of interzone or intersubzone fares.

The evidence which was presented by applicant's president and by the Commission engineer is to the effect that applicant's operations under present fares are resulting in losses of such magnitude that applicant's ability to continue in business is being seriously jeopardized. These losses were attributed to decreases in revenue and increases in operating costs which have occurred particularly in recent months. Applicant's president stated that he has endeavored to meet and overcome these losses by effecting all economies practicable, but that notwithstanding his efforts in this direction the losses are continuing to mount. He reported that the operations for the year through November, 1960, resulted in a loss of \$5,197 with a corresponding operating ratio of 101.6 percent. On the basis of the levels of passenger volume and operating expenses expected for the year through November, 1961, he estimated that a further loss of \$30,687 would be incurred if present fares are continued in effect. The Commission engineer reported that for the full calendar year 1960 applicant's records show an operating loss of \$17,167. He estimated that under present

fares applicant would lose \$38,810 from its services during the calendar year 1961.

Applicant's president and the Commission engineer both submitted figures to show the effect that establishment of the sought fares would have upon applicant's financial results of operations during the coming year. The respective estimates in this respect are as follows:

Estimated Results of Operation Under Proposed Fares

	<u>Applicant</u> (a)	<u>Commission Engineer</u> (b)
Revenues	\$346,985	\$342,000
Expenses	<u>335,496</u>	<u>327,740</u>
Net Operating Revenues	\$ 11,489	\$ 14,260
Income Taxes	<u>3,888</u> (c)	<u>4,310</u>
Net Income	\$ 7,601 (c)	\$ 9,950
Rate Base	\$109,845	\$ 73,820
Operating Ratio	97.8% (c)	97.1%
Rate of Return	9.2% (c)	13.5%

- (a) 12 months ending with November 30, 1961.
- (b) 12 months ending with February 28, 1962.
- (c) Calculated by Commission's staff.

It is evident that under present fares applicant is experiencing losses at such a rate that its services cannot be maintained for long if the losses are not overcome. Clearly, applicant's need for relief is immediate and urgent. Regarding the effect that establishment of the sought fare increases would have upon applicant's operations, the estimates of applicant's president and of the Commission engineer both indicate that the increased fares would do no

more than provide applicant with a slender margin of revenues over expenses. In the circumstances here presented, it appears that the resulting earnings would not exceed reasonable limits.

The Commission is of the opinion and finds as a fact that the sought increases in fares have been shown to be justified. The application will be granted. In view of applicant's need for prompt relief from its losses, the establishment of the increases on five days' notice to the Commission and to the public will be authorized, and the order herein will be made effective 10 days after the date hereof.

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. San Bernardino Valley Transit Company be, and it hereby is, authorized to amend its Local Passenger Tariff No. 2, Cal. P.U.C. No. 10, on not less than five days' notice to the Commission and to the public to establish the increased fares which are set forth in Appendix "A" attached hereto and by this reference made a part hereof.

2. In addition to making the tariff filings required in connection with the establishment of the increased fares herein authorized, San Bernardino Valley Transit Company 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 ten days after the date hereof.

Dated at San Francisco, California, this 21<sup>st</sup>  
day of March, 1961

*Geoffrey B. ...*  
President  
*...*  
*...*  
*George H. Hoover*  
*Fredrick B. Holoboff*  
Commissioners

APPENDIX "A" TO DECISION NO. 61715

## Authorized Increased Fares, San Bernardino Valley Transit Company

<u>Present Fare, Per Ride</u>	<u>Corresponding Authorized Increased Fare, Per Ride</u>
<u>Adults (a)</u>	<u>Adults (a)</u>
15 cents, or 1 ticket*	20 cents, or 1 ticket**
20 cents, or 1 ticket* plus 5 cents	25 cents, or 1 ticket** plus 5 cents
25 cents, or 1 ticket* plus 10 cents	30 cents, or 1 ticket** plus 10 cents
30 cents, or 1 ticket* plus 15 cents	35 cents, or 1 ticket** plus 15 cents
*Ticket Fare, 14 2/7 cents (Tickets, 7 for \$1.00)	**Ticket Fare, 19 cents (Tickets, 5 for 95 cents)

<u>Students</u>	<u>Students</u>
10 cents (36 ride books, \$3.60)	12 cents (30 ride books, \$3.60)
12½ cents (36 ride books, \$4.50)	15 cents (30 ride books, \$4.50)
16 2/3 cents (36 ride books, \$6.00)	20 cents (30 ride books, \$6.00)
20 cents (36 ride books, \$7.20)	24 cents (30 ride books, \$7.20)

(a) Adult fares apply also for the transportation of children, except that children under five years of age are carried free when accompanied by an adult passenger and when not occupying a seat to the exclusion of other passengers.

(End of Appendix)