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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
INGLEWOOD CITY LINES, a corporation,)
for an order granting permission to)
increase its local basic passenger)
rate and fare structure for the)
transportation of persons.)

Application No. 43041

OPINION AND ORDER

Inglewood City Lines, a California corporation, conducts passenger stage transportation service in the City of Inglewood and surrounding territory, including portions of the City of Los Angeles. Its present adult cash fare is 17 cents or one token for transportation between points on its lines. Tokens are sold at the rate of 5 for \$1; student tokens are sold 10 for \$1, and the fare for children is 10 cents cash.

By application filed January 3, 1961, Inglewood City Lines seeks authority to increase its adult cash fare to 20 cents and to sell tokens at a rate of 5 for \$1, or 20 cents each. The retention of a token fare is merely for convenience. No change is contemplated in student fares or children's fares.

In support of its request for authority to increase fares applicant asserts that commencing in April 1960, there has been a continuing decrease in the number of passengers utilizing its services; the six months ended October 1960 compared to the six months ended October 1959 shows a decrease in passengers of 17.75 per cent; for the 12 months ended October 31, 1960, its operating income was less than interest paid, resulting in a net loss of \$2,192; effective January 1, 1961, the hourly compensation to operators and mechanics

was increased by 7 cents per hour; and, based upon the recent settlement of labor contract negotiations by Los Angeles Metropolitan Transit Authority, when its present labor contract expires June 30, 1961 applicant estimates it will be compelled to pay, effective July 1, 1961, an increase of not less than 10 cents per hour plus expenses for additional welfare benefits. Applicant presented estimates of results of operation for a future rate year under present fares and under proposed fares which give effect to the increases in wages effective January 1, 1961 and the estimated increases it believes it will incur in July 1961.

An associate transportation engineer of the Commission staff made a study of the operations of applicant. His report in connection therewith is received as evidence in this proceeding and will be marked Exhibit No. 1.

A comparison of the estimates of applicant with those of the engineer is set forth in Table I below. The differences in results stem principally from the fact that applicant did not include revenue from advertising in its estimates, and applicant included estimated increases in wages for July 1, 1961, whereas the engineer considered the known wage levels prescribed under present contracts.

TABLE I

INGLEWOOD CITY LINES

ESTIMATED RESULTS OF OPERATION UNDER PRESENT AND PROPOSED FARES
FOR THE YEAR ENDING DECEMBER 31, 1961
APPLICATION NO. 43041

Item	Applicant's Book Record		Applicant's Estimates		P.U.C. Staff Estimates	
	12 Mos. End. 11/30/60	Present Fares	Proposed Fares	Present Fares	Proposed Fares	Present Fares
Bus Miles Operated	585,138	565,593	565,593	565,590	565,590	
<u>Revenue</u>						
Passenger	\$270,117	\$256,769	\$295,127	\$266,030	\$294,380	
Charter	7,954	7,844	7,844	8,000	8,000	
Other	3,607	-	-	3,600	3,600	
Total Revenue	\$281,678	\$264,613	\$302,971	\$277,630	\$305,980	
<u>Expense</u>						
Maintenance	48,012	51,428	51,428	49,320	49,320	
Transportation	144,222	150,399	150,399	144,410	144,410	
Traffic	787	795	795	780	780	
Insurance	22,882	23,232	23,232	22,300	22,300	
Administration	28,517	29,088	29,088	28,570	28,570	
Subtotal	\$244,420	\$254,942	\$254,942	\$245,380	\$245,380	
Depreciation	11,472	13,223	13,223	12,710	12,710	
Operating Taxes	24,883	25,075	25,075	24,940	25,160	
Total Expense	\$280,775	\$293,240	\$293,240	\$283,030	\$283,250	
Not Before Income Taxes	\$ 903	\$(28,627)	9,731	(5,400)	22,730	
Income Taxes	100	-	1,708	100	6,320	
Net Income	\$ 803	\$(28,627)	\$ 8,023*	\$(5,500)	\$16,410	
Operating Ratio -%	99.7	110.8	97.4**	102.0	94.6	
Rate Base	\$191,628	\$191,628	\$191,628	\$192,020	\$192,020	
Rate of Return -%	0.4	-	4.2*	-	8.5	

(Red Figure)

* In the exhibit attached to the application, applicant included interest and amortization of intangibles in net income and rate of return. The figures herein were calculated after eliminating interest and intangibles.

** Calculated for comparison with staff estimates.

Notices of the proposed increase in fares were posted in the terminals and buses of applicant. The Commission has not been made aware of any opposition to the granting of the authority sought.

For the purpose of the proceeding herein, we adopt the estimates of the engineer as reasonably reflecting the operating results of applicant for a future year under present fares and under proposed fares.

Upon consideration of all of the facts and circumstances we find that the proposed increased fares will provide applicant with an operating ratio of 94.6 per cent and a rate of return of 8.5 per cent on a rate base of \$192,020, which operating ratio, rate of return and rate base we find to be reasonable for the operations conducted by applicant. We find the proposed increases in fares are justified and that a public hearing is not necessary, therefore,

IT IS ORDERED:

1. That applicant is authorized to establish, on not less than five days' notice to the Commission and to the public, the increased fares proposed in its application filed in this proceeding.

2. That, in addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in its buses and terminals a printed explanation of the increase in fares. Such notice shall be posted not less than five days before the effective date of the fare change and shall remain posted until not less than ten days after said effective date.

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

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

Dated at San Francisco, California, this 4th day of April, 1961.

Lawrence W. Pearce
President

John C. Mitchell

E. Lynn Fox

George L. Howell

Fredrick B. Holhoff
Commissioners