

ORIGINAL

Decision No. 62077

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of Santa Barbara Transit Company,)
 a corporation, to increase rates)
 and fares for the transportation)
 of passengers within Santa Barbara)
 and between Santa Barbara and)
 Montecito, Carpinteria and Goleta,)
 California.)

Application No. 42917

Commission investigation into the)
 service, operations, fares and)
 practices of Santa Barbara Transit)
 Company.)

Case No. 7039

Gaylord J. Spreitz and Edward J. Leven, for
 applicant.
Stanley T. Tomlison, for City of Santa
 Barbara; Donald Moodhard, for Summerland
 Citizens' Association; Edwin C. Welch,
 for Montecito Protective & Improvement
 Association; Colonel Kenneth D. Lamb, for
 Retired Government Personnel; Herbert S.
Thomson, for University of California,
 Santa Barbara; Mrs. Peetie Ross, for self
 and fellow passengers; M. Hoeffler, for
 self; Geo. E. Browne, for Santa Barbara
 City Schools, interested parties.
Sheldon Rosenthal, for the Commission staff.

O P I N I O N

Santa Barbara Transit Company, a corporation, filed
 Application No. 42917 on November 29, 1960, seeking authority to
 increase cash fares by five cents and to discontinue token fares over
 its local and suburban lines. Before this application could be
 processed, the management publicly announced its intention to dis-
 continue operation of its common carrier passenger service on or
 about January 1, 1961, and its insurance carrier notified the
 Commission that insurance protection from bodily injury and property
 damage was to be canceled on January 10, 1961. In order to assure

the continuance of passenger service, the Commission, on December 20, 1960, instituted an investigation into the reasonableness, adequacy and propriety of the service, operations, fares and practices of the carrier, and, among other things, ordered respondent to continue its passenger service at its present level unless and until authority was granted to modify the service.

Following public hearing held January 5, 1961, the Commission found that unless applicant received immediate relief in the form of increased fares, its ability to provide and maintain adequate service to the public would be seriously impaired. Authority to increase the cash fare by five cents, to increase token fares from 3 for 40 cents to 6 for \$1.00, and to increase school ticket fares was granted by Decision No. 61356 dated January 17, 1961.

Further hearing in the application and hearing in the investigation was held May 4, 1961, at Santa Barbara before Examiner Jack E. Thompson. Santa Barbara Transit Company had posted notices of the hearing in accordance with directions it received from the Commission. It was directed to the presiding officer's attention that the May 3, 1961, edition of the Santa Barbara News-Press contained an article describing, in a general way, certain service adjustments which were to be recommended by the Commission's staff and that this news release was the first notice the public had of any specific curtailments of service that may be involved. The Examiner ruled that the hearing proceed but that submission of the case would be deferred. Santa Barbara Transit Company was directed to post notices to be prepared by the Commission's staff setting forth a description of service adjustments recommended by the staff and stating that written communications regarding any facts or representations concerning the suggested service adjustments would be received by the Commission on or before May 19, 1961. It was ruled that copies of all such communications would be furnished

respondent and it would have opportunity to request reopening the proceedings for cross-examination of the parties writing to the Commission or to present evidence in rebuttal, otherwise the written communications would be considered by the Commission and the proceedings taken under submission. The procedure announced by the Examiner was satisfactory to respondent, to the City Attorney for the City of Santa Barbara and to the Commission's staff. The notices were posted, communications were received by the Commission and copies were forwarded to respondent. Respondent was notified that if it desired that the proceedings be reopened it should so inform the Commission by the close of business May 26, 1961. The Commission has not received a request from respondent; accordingly, the matter is submitted as of the close of business May 26, 1961.

An accountant with the Commission's Finance and Accounts Division presented a financial report on the Santa Barbara Transit Company. Statements of financial condition at December 31, 1959 and 1960, prepared by certified public accountants engaged by respondent, were appended to the report. Both accountants had made qualifications relative to the accuracy of the figures based on the extent and nature of their audit findings, and, as a result, the staff's witness did not deem the figures represented in the financial statements to be wholly reliable. He stated, however, that an independent analysis made by him indicates that as of December 31, 1960, the corporation appears to be insolvent in that current liabilities substantially exceed current assets and that there have been delinquencies in payments on long-term obligations. Respondent's records indicate a substantial operating loss in 1960. It was estimated that the expenses as recorded, not including depreciation, exceeded revenues by more than \$55,000. However, according to the witness, the accounting records do not conform to the Uniform System of Accounts as prescribed by the Commission and, in addition, there

were found to be a number of departures from basic accounting principles and sound business practices which preclude the development of an accurate and reliable statement of respondent's earning position. Examples of such departures and recommendations of the witness concerning corrective measures to be taken are set forth in Exhibit No. 9.

An Engineer of the Commission's Transportation Division presented a report on a survey of the service performed by respondent. Said report was received as Exhibit No. 10. Passenger counts were made on all lines operated by respondent. Those passenger counts show the scheduled time for each run, the actual time for each run, the total passengers for each run and the maximum number of passengers on the bus at any one time during each run. In addition, the exhibit shows the mileage of each route operated by respondent and the annual mileage which would be operated under present schedules. As a result of this survey, which was conducted by the Commission's staff on March 14, 16, 17, 18 and 19, 1961, the engineer recommended that certain service adjustments, consolidations and curtailments be made. Other than two recommendations, none of the suggestions would deprive or reduce service to the public. The others involved slight reroutings and changes in scheduling of buses which would provide efficiencies without curtailment of service, and, in some instances, provide better service. The two service curtailments recommended are: (1) discontinue service on No. 2 Line north of the intersection of Laguna and Los Olivos Streets; and (2) discontinue service on Line No. 8 east of the intersection of San Ysidro Road and East Valley Road. The report shows that an average of one passenger per trip originates on the No. 2 Line north of the Mission and an average of about two passengers per trip alighted on that portion of the line. The reason for more outbound passengers than

inbound is that this section of Line No. 2 is up a steep grade so that persons regularly walk down the hill and ride the bus on return. At present two round trips per day, except on Sunday, are made on the No. 8 Line. The engineer's report shows that the service is poorly patronized. He suggests that Line No. 8 be discontinued and that Line No. 7 be diverted slightly so as to accommodate passengers who presently use the service to and from points west of San Ysidro Road. By discontinuing that service, a savings of the operation of one bus and an annual reduction of 10,561 miles can be achieved.

Overall, the service adjustments, consolidations and curtailments suggested by the engineer would reduce annual mileage by 36,043 miles and would eliminate the operation of two buses. Additionally, on several runs where the headway and mileage are such that respondent has had difficulty in maintaining "on time" schedules, the proposed suggestions would permit less over-all speed required to make the schedule and thereby improve dependability of service.

Santa Barbara Transit Company had no further evidence to offer regarding its application to increase fares and did not offer any evidence regarding the issues in the investigation.

Numerous protests were received, including a resolution of the City Council of the City of Santa Barbara, concerning the suggested discontinuance of the No. 2 Line north of the Mission. There were a few protests of the recommended discontinuance of the No. 3 Line. The Commission received many letters concerning the service and fares of the Santa Barbara Transit Company. All of the protests and communications have been given consideration.

The Commission instituted the investigation on December 20, 1960, for the purpose of determining what steps can be taken, in the light of management's announcement to discontinue operations, to preserve common carrier passenger service in Santa Barbara, and,

pending that investigation, required the transit company to continue service without change. Increases in fares have been authorized and, at least on this record, it appears probable that further increases at this time would result in such resistance as to make them ineffective because of diminution of passenger use. Additional patronage can be obtained by providing a reliable on-time service. It is clear that a number of the routes are so long as to preclude regular on-time performance, particularly during hours of heavy traffic congestion on State Street. Economies in expense can be achieved without seriously diverting revenues. Adoption of the recommendations of the Commission's accountant will do much to enable management to determine where the sources of cash drain are and where economies can be made. Those determinations are a responsibility of management as are periodic passenger counts, such as prepared by the engineer, which are necessary for the intelligent exercise of managerial judgment in rerouting and rescheduling of service so as to obtain the greatest number of revenue passengers at the lowest possible cost. The passenger counts conducted by the staff show that there are a number of lines operated by the respondent that are poorly patronized including that part of the No. 2 Line north of the Mission and that part of the Montecito line east of San Ysidro. From the number of protests to the proposed curtailment of service on the No. 2 Line, and the assertions that such line constitutes the only transportation to many people in the Riviera section of Santa Barbara, it would appear that the schedules of the No. 2 Line should be crowded and not, as shown by the passenger count, average slightly more than one passenger per bus. It is indicated that while a number of protestants are completely dependent upon the transit lines, the greater number utilize the bus only as a stand-by service or an emergency service.

The protests contained a number of suggestions and assertions concerning the operation of the No. 2 Line. A basic principle or fundamental of the operation of a transit system is the establishment of routes which follow the direction of passenger movements on which on-time performance can be achieved. It is apparent that one of the difficulties is respondent's failure to provide on-time service. The study prepared by the staff shows that on Friday, March 17, 1961, on the No. 2 Line outbound, the bus ran on-time until noon when it ran 8 minutes behind, and then the next trip was 12 minutes behind so that it had to miss a trip and did not get back on schedule until after 4 p.m. The round-trip distance of Line No.2 is 6.84 miles and the headway is 30 minutes, which means that the bus must average over 13½ miles per hour on the route. Such average speed in a downtown area is difficult to attain, particularly during the hours of heavy traffic. Under the scheduling proposed by the engineer, the round-trip distance of the combined Nos. 2 - 5 Line would be 11.4 miles and the headway would be 60 minutes, which means an average speed of 11.4 miles per hour. This would appear to be the maximum speed that can be achieved during the times of heavy traffic on State Street. It might be possible, however, to run an additional mile with limited stops within that 60-minute headway during the times of day when traffic conditions are very light. Respondent may wish to give that some consideration. The suggestion that the No. 2 Line be retained and an extra fare be established to and from points beyond the Mission would not be economically feasible. As indicated above, the maintenance of a regular schedule is fundamental in transit operations. The extra fare would not make the bus run on time. Placing another bus in operation would merely increase the cost and it is doubtful, from looking at the passenger count, whether a fare that would cover the cost of operation would be lower than the taxi fare.

It was argued that the company, being a public utility, must take the bitter with the sweet, the bitter in this instance being the service north of the Mission. The financial condition of the company has so deteriorated that the question of whether one area should be served is minimized by the important question of what can be done to preserve any transit service in Santa Barbara.

A number of protestants asserted that the State, County or City should take over the operations of the transit system. The Public Utilities Code gives power to the Commission to regulate passenger stage operations but does not contemplate that the Commission manage or operate the system. An appeal for operation of a transit system by the County or by the City is not one that the Commission may act upon.

Upon consideration of all of the facts and circumstances we find:

1. That the adjustments, consolidations and curtailments of service recommended by the engineer are reasonable and that respondent should be authorized to adopt those recommendations in whole or in part.

2. That public convenience and necessity require the changes in routing proposed by the engineer provided that respondent should be authorized, but not required, to also establish as a portion of Routes 2 - 5 service from the intersection of Los Olivos and Laguna Streets northerly and easterly along Los Olivos Street, Alameda Padre Serra, Moreno Road and Lasuen Road to the extent that such service does not impair or interfere with regular service on Routes 2 - 5.

3. That respondent should be ordered to establish and maintain its records and books of account in accordance with the requirements of the Uniform System of Accounts prescribed by this Commission for Class I passenger stage corporations.

4. That Decision No. 61356 should be made final in Application No. 42917.

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 ORDERED:

1. That Decision No. 61356 is final in Application No. 42917.

2. That Santa Barbara Transit Company shall establish and maintain its records and books of account in accordance with the provisions contained in the Uniform System of Accounts for Class I passenger stage corporations prescribed by this Commission.

3. That Santa Barbara Transit Company is authorized to discontinue routes, consolidate routes and to extend routes to the extent necessary to provide service over the routes set forth in its certificate of public convenience and necessity, as amended herein, effective concurrently with the effective date of tariff and time schedules required by paragraph 4 hereof.

4. That the authority granted in paragraph 3, together with the further amendments to Appendix A of Decision No. 53442, as amended, will expire unless respondent shall, within sixty days after the date hereof and on not less than five days' notice to the Commission and to the public, amend its tariff and time schedules to reflect the authority herein granted.

5. That Appendix A of Decision No. 53442, as amended, is further amended by incorporating therein the revised pages attached hereto, which pages are numbered as follows:

Second Revised Page 4
Second Revised Page 5
Second Revised Page 6
Second Revised Page 7
Second Revised Page 8
Second Revised Page 10
Second Revised Page 11

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 31st
day of May, 1961.

President
E. Lynn Fox
George B. Hoover
Fredrick B. Holhoff

Commissioners

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

AH

Appendix A SANTA BARBARA TRANSIT COMPANY

Second Revised Page 4
Cancels
First Revised Page 4

* ROUTE NO. 2 - OLD MISSION LINE COMBINED WITH ROUTE NO.5 -
MESA LINE

(See Page 7)

Issued by California Public Utilities Commission.

* Changed by Decision No. 52077, Case No. 7039.

* ROUTE NO. 3 - OAK PARK LINE

Beginning at the intersection of State and Montecito Streets, thence along Montecito Street, Castillo Street, West Cabrillo Boulevard, State Street, Sola Street, Bath Street, Junipero Street, Alamar Avenue, De La Vina Street, Quinto Street and Bath Street to its intersection with Junipero Street.

Issued by California Public Utilities Commission.

* Changed by Decision No. 62377, Case No. 7039.

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Appendix A SANTA BARBARA TRANSIT COMPANY

Second Revised Page 6
Cancels
First Revised Page 6

* ROUTE NO. 4 - SAN ROQUE LINE

Beginning at the intersection of State and Montecito Streets, thence along Montecito Street, Castillo Street, West Cabrillo Boulevard, State Street, San Roque Road, Calle Pinon, Argonne Circle, Calle Pinon, Paseo Del Descanso and Alamar Avenue to its intersection with State Street.

Issued by California Public Utilities Commission.

* Changed by Decision No. 62077, Case No. 7039.

* ROUTE NO. 2-5 - OLD MISSION - MESA LINE

Beginning at the intersection of Los Olivos Street and Laguna Street, thence along Laguna Street, New Mission, Garden Street, Victoria Street, State Street, Montecito Street, Cliff Drive, Oceano Avenue, Del Mar Avenue, Las Ondas, Calle Bravo, La Plata, San Nicholas, Santa Rosa Place, Los Alamos Avenue, Los Alamos Place, San Rafael, Cliff Drive, Oliver Road, Hudson Drive, Mohawk Road, Carlton Way, Mesa Lane and Cliff Drive to its intersection with Oliver Road.

ALSO from the intersection of Garden Street and New Mission, along Garden Street and Los Olivos Street to its intersection with Laguna Street.

ALSO from the intersection of San Rafael and Cliff Drive, along Cliff Drive to its intersection with Oceano Avenue.

ALSO from the intersection of Cliff Drive and Leadbetter Drive, along Leadbetter Drive, West Cabrillo Boulevard and State Street, to its intersection with Montecito Street.

ALSO from the intersection of Los Olivos Street and Laguna Street, along Los Olivos Street, Alameda Padre Serra, Lasuen Road, Moreno Road, and Alameda Padre Serra to its intersection with Lasuen Road.

Issued by California Public Utilities Commission.

* Changed by Decision No. 62077, Case No. 7039.

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Appendix A SANTA BARBARA TRANSIT COMPANY

Second Revised Page 8
Cancels
First Revised Page 8

* NIGHT, SUNDAY AND HOLIDAY LOOP

Beginning at the intersection of State and Montecito Streets, along Montecito Street, Castillo Street, West Cabrillo Boulevard, State Street, Sola Street, Bath Street, Junipero Street, Alamar Avenue, De La Vina Street, State Street, San Roque Road, Calle Pinon, Argonne Circle, Calle Pinon, Paseo Del Descanso, Alamar Avenue, and State Street to its intersection with Montecito Street.

Issued by California Public Utilities Commission.

* Changed by Decision No. 62077, Case No. 7039.

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Appendix A SANTA BARBARA TRANSIT COMPANY

Second Revised Page 10
Cancels
First Revised Page 10

* MONTECITO LINE COMBINED WITH CARPINTERIA LINE

(See Page 11)

Issued by California Public Utilities Commission.

* Changed by Decision No. 62077, Case No. 7039.

* ROUTE NO. 7-8 - MONTECITO - CARPINTERIA LINE

Beginning at the intersection of State and Sola Streets, thence along State Street, Haley Street, Milpas Street, Highway No. 101, East Coast Highway, South Jamison Lane, Highway No. 101, Carpinteria Avenue, Seventh Street, Linden Avenue and Carpinteria Avenue to its intersection with Seventh Street.

ALSO from East Coast Highway and Olive Mill Road, thence along Olive Mill Road, Hot Springs Road, East Valley Road and San Ysidro Road, to its intersection with Jamison Lane.

ALSO from La Vuelta and North Jamison Lane, thence along North Jamison Lane to its intersection with East Coast Highway.

ALSO along Lillie Avenue in Summerland.

Issued by California Public Utilities Commission.

* Changed by Decision No. 62077, Case No. 7039.