

ORIGINALDecision No. 63156

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Albert Lipps, an individual, for authority to increase rates for the transportation of passengers between the City of Whittier and the Douglas Aircraft Plant, located in the City of Long Beach; to make increased rates effective on less than statutory notice; and for ex parte order.

Application
No. 43234

In the Matter of the Application of DOUGLAS BUS LINES, INC., a corporation, for authority to increase rates for the transportation of passengers between the City of Santa Ana and the Douglas Aircraft Plant, located in the City of Long Beach; to make increased rates effective on less than statutory notice; and for ex parte order.

Application
No. 43235

Albert Lipps for applicants.
Glenn E. Newton for the Commission's staff.

O P I N I O N

Public hearings in the above-entitled applications were held in Los Angeles on October 16 and 17, 1961, before Examiner Mark V. Chiesa. Oral and documentary evidence having been adduced, the matters were submitted for decision.

Albert Lipps, an individual, operates a "passenger stage" service between Whittier and vicinity and the Douglas Aircraft Company Long Beach plant. Douglas Bus Lines, Inc., a corporation, owned and operated by Albert Lipps, operates a similar service between Santa Ana and vicinity and said plant. The services are for employees of said company and provide three round trips per day or one for each shift. The two lines are integrated, the Whittier Line being operated as a division of Douglas Bus Lines. The same facilities and equipment are used.

The present fare structure of the Whittier Line consists of a weekly rate of \$3.00 per person for 10 one-way rides. The

Douglas line fare is a weekly rate of \$3.50 per person for 10 one-way rides. It is proposed herein to increase both fares to \$4.00 per week for 10 one-way rides.

The present one-way route distances of the respective lines are 20 miles for the Whittier Line and 25 miles for the Santa Ana Line. The average ride length is approximately the same, as the Whittier Line passengers originate in the City of Whittier while the Santa Ana Line passengers are picked up en route at intermediate points. Applicant contends that it would be more equitable to charge the same fare on both lines.

Estimated results of operation under present and proposed fares, submitted by applicant and the Commission's staff for the consolidated operations, are as follows:

Item	Yr. End. 3/31/61	: Applicant Yr. End. : P.U.C. Yr. End :			
		12/31/62	6/30/62		
	Book Record	Present	Proposed	Present	Proposed
	Yr. End. 3/31/61	Fares	Fares	Fares	Fares
Revenue	\$47,692	\$27,100	\$30,760	\$26,980	\$30,640
Expenses	43,453	31,626	31,956	20,520	20,520
Net Bef. Inc. Taxes	4,239	(4,526)	(1,196)	6,460	10,120
Income Taxes	1,440	-	-	2,190	3,430
Net Income	2,799	(4,526)	(1,196)	4,270	6,690
Operating Ratio	94.1%	116.6%	103.9%	84.2%	78.2%

(Red Figure)

Variance in the results of operation is principally due to the inclusion by applicant of estimated or proposed administrative salaries in the sum of \$10,933, while the staff's figure for administrative expense of \$6,250 was adjusted to include remuneration for owner's part-time managerial services. Another material variance was in Account 64, "Repairs, Servicing and Tires", wherein applicant estimated an expense of \$4,784 based on a cost of 7.8 cents per mile

on 61,330 miles, whereas the staff's figure of \$2,580 was based on current labor and material costs levels representing actual operating experience. The balance of the other items of variation need not be discussed inasmuch as the record is convincing that the staff's estimates of revenue and expenses are more reasonable for the service involved than are those presented by applicant.

The volume of traffic on the Whittier Line is relatively small and the present fare of \$3 per week is \$.50 less than the Santa Ana Line fare. The estimated results indicate a small loss for the Whittier Line under present fares. If the fare for the Whittier Line were increased to \$3.50 per week and the fare for the Santa Ana Line were continued at its present level of \$3.50 per week it is estimated that there would be an increase in annual net income of \$360 resulting in a net income of \$4,640 per year and an operating ratio of 83.1% for the combined operation. We find these results to be reasonable in these circumstances.

The Commission having considered the evidence finds and concludes that an increase in the weekly fare to \$3.50 per person for 10 one-way rides on the Whittier Line of Albert Lipps is just and reasonable, and that applicants' proposed fares have not been justified.

Application No. 43234 of Albert Lipps will be partially granted and Application No. 43235 of Douglas Bus Lines, Inc., will be denied.

O R D E R

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

IT IS ORDERED:

(1) That applicant Albert Lipps, in Application No. 43234, is authorized to establish a weekly fare of \$3.50 for 10 one-way rides. The tariff publication authorized as a result of the order herein may be filed not earlier than the effective date hereof, and may be made effective on not less than five days' notice to the Commission and to the public.

(2) That except as herein authorized in paragraph (1), Application No. 43234 of Albert Lipps is denied.

(3) That Application No. 43235 of Douglas Bus Lines, Inc., be, and it hereby is, denied.

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

Dated at San Francisco, California, this 23rd day of January, 1962.

[Signature]
President

[Signature]

[Signature]

[Signature]

Commissioners

Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.