

ORIGINAL

Decision No. 63264

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of ANTELOPE VALLEY BUS, INC., 400 Lumber Street, Lancaster, California, for authority to increase passenger fares and change and extend existing routes.

Application No. 43641

Filed July 28, 1961

Samuel J. Triola, Whitford B. Carter,
James A. Carter, for applicant.

Glenn E. Newton, for the Commission's staff.

O P I N I O N

Antelope Valley Bus, Inc., operates as a passenger stage corporation within the community of Lancaster and between Lancaster and the Edwards Air Force Base. It also engages in the transportation of persons under charter arrangements. By this application it seeks authority to establish increased fares on less than statutory notice and to make changes in its routes. Also, it seeks authority to extend its operations to include the transportation of school children in the Palmdale and Quartz Hill areas.

A public hearing on the application was held before Examiner C. S. Abernathy at Lancaster on November 6, 1961. Evidence was submitted by applicant's president and by its treasurer, and by a transportation engineer of the Commission's staff.

Fares

The fares which applicant seeks to increase are those which apply for transportation within the Lancaster area. The present and proposed fares for such transportation are as follows:

	<u>Present</u> <u>Fares (a)</u>	<u>Proposed</u> <u>Fares (a)</u>
<u>Adult</u>	15	20
<u>Child</u>		
Less than 5 years old	No charge	No charge
5 years old or older but less than 12 years	10	15
12 years or older	15	15
Student, in grade of high school level or lower, going to or from school :::::	$8\frac{1}{3}$ ^(b)	$12\frac{1}{2}$ ^(c)

(a) Fares in cents per one-way ride

(b) Based on purchase of 30-ride ticket for \$2.50

(c) Based on purchase of 20-ride ticket for \$2.50

Applicant alleges that it is incurring substantial losses from its services in Lancaster, and that unless it is afforded relief from such losses, the services cannot be maintained. It reports that for the year 1960 its total operations resulted in a loss of \$10,897, and that its corresponding operating ratio was 130.6 percent. The increased fares which applicant seeks are those which, in the opinion of applicant's president, will be acceptable to the patrons affected and will enable the continuance of the services involved.

Estimates were submitted by the Commission engineer to show the financial results of applicant's operations during the

year ending with October, 1962, if present fares are continued in effect and if the sought fares are established. The estimates were developed from an analysis which the engineer had made of applicant's operations and records to develop, amongst other things, the trend of applicant's traffic, the volume of traffic that may be reasonably expected during the year, and the expenses that will apply under present cost levels. The estimates show expected operating results from applicant's total services (a) assuming that present routes within Lancaster are continued and (b) assuming that the sought changes in routes will be made. However, they do not reflect the establishment of service for the transportation of school children within the Palmdale and Quartz Hill areas. The engineer testified that the details of these proposed operations have not been finally determined. The engineer's estimates are summarized in the table below:

Estimated Results of Operations
Under Present and Proposed Fares
Year Ending October 31, 1962

	<u>Present Fares</u>		<u>Proposed Fares</u>	
	<u>Present Service</u>	<u>Proposed Service</u>	<u>Present Service</u>	<u>Proposed Service</u>
Revenues	\$30,580	\$31,420	\$32,710	\$33,750
Expenses	<u>35,520</u>	<u>37,040</u>	<u>35,520</u>	<u>37,040</u>
Net Operating Loss	\$ 4,940	\$ 5,620	\$ 2,810	\$ 3,290
Income Taxes	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Net Loss	\$ 5,040	\$ 5,720	\$ 2,910	\$ 3,390
Rate Base	\$16,490	\$16,490	\$16,490	\$16,490
Operating Ratio	116.5%	118.2%	108.9%	110.0%

In addition to the foregoing estimates of operating results under present and proposed fares, the engineer also submitted estimates of operating results which he had developed on the assumption that the increases which would be made in applicant's fares for students going to and from school would be only partially authorized -- that the authorized increase in this respect would be from the present fare of 8-1/3 cents per ride to 10 cents per ride instead of to 12½ cents per ride as sought. For the purpose of these estimates the engineer assumed that in other respects the proposed increases in fares would be effected in full. In submitting these alternate estimates, the engineer explained that they had been developed to show what the results would be if the student fares were held to a level of 50 percent of the applicable fare for adults. The engineer's estimates of net operating results under this alternate basis of fares are as follows:

	<u>Present Service</u>	<u>Proposed Service</u>
Net Loss	\$3,590	\$4,070
Operating Ratio	111.2%	112.3%

As previously stated above, the engineer's estimates set forth the expected operating results from applicant's total services. The local services which are involved herein -- those within the Lancaster area -- account for only about 20 percent of applicant's gross revenues. Although the engineer did not undertake to develop segregated data to show separately the operating results from the local services, he was of the opinion that the

reported losses are attributable largely to said services and that said services are being supported in part by applicant's other operations. As a basis for this conclusion he pointed out that under present fares applicant's revenues per mile from its local services are only about one-third of the revenues per mile earned from the other services.¹

Figures purporting to show estimates of operating results under present and proposed fares were also submitted by applicant. In general, the figures show that applicant's services within Lancaster are resulting in losses under present fares, and that the services would return a small profit under the sought fares. However, applicant's figures are not set forth herein inasmuch as it appears that the figures include charges not properly assignable to the periods to which they apply, and do not accurately portray applicant's actual operating results for a representative interval.

Service

At the present time applicant's operations in Lancaster are conducted over two designated routes and within a defined area. The routed service is available to the public generally, and the service within the defined area is limited to the transportation of school children. By its proposals herein applicant seeks to extend and realign its present routes, to establish two additional routes, and to enlarge its service area for school children. These changes assertedly will enable applicant (a) to

¹ Under the proposed fares applicant's revenues per mile from its local services would be increased to about one half of the revenues per mile that it receives from its other services.

meet requests for service in areas not now being served; (b) to improve present service in other respects; and (c) to obtain more efficient utilization of equipment. Applicant also seeks to establish a service for the transportation of students in and about Palmdale and Quartz Hill. Allegedly, school authorities in said communities have requested the establishment of such a service. The transportation would be provided on a contract basis, subject to a maximum charge of \$2.25 per pupil, per week.

Advance notices of the hearing in this matter were posted in applicant's vehicles and were published in a newspaper of general circulation in the area which applicant serves. No one appeared in opposition to the granting of the application.

Discussion, Findings and Conclusions

The showing in this matter of the operating losses that applicant is experiencing and will continue to experience under present revenue levels clearly establishes an urgent need for relief from said losses if applicant's services are to be sustained. It is evident that unless the losses are soon checked, applicant's ability to continue its services will be seriously impaired. The showing herein is persuasive, moreover, that the losses stem mainly from the services which applicant performs locally in the Lancaster area. Even with the establishment of the sought increases in fares, applicant's operations will still result in deficits. It appears, however, that the deficits will be reduced to the point that applicant anticipates that the services can be maintained pending the development of additional patronage thereof.

Upon consideration of the facts and circumstances of record, the Commission finds and concludes that the sought increases

in fares are justified. Such fare increases, including those which are sought in the fares for students, will be authorized. To limit the increases in the latter respect in accordance with the alternate proposal of the engineer would simply result in an increase in the operating deficit that is expected, notwithstanding the fare increases otherwise, and a consequent increase upon applicant in the burden of maintaining the operations. No evidence in the way of costs or otherwise was submitted by the engineer to show that the limitation would be justified by special operating conditions applicable to the transportation of students. The student fare that would be established under the authorized increases would be 62½ percent of the adult fare. Such a fare is not unreasonable in the circumstances here shown.²

In view of the need which applicant has shown for additional revenues to offset present losses, applicant will be authorized to establish the increased fares on 5 days' notice to the Commission and to the public.

It appears that the changes which applicant proposes to make in its routes and service area in Lancaster will enable applicant to adjust its services to developing needs of the community, to improve the efficiency of its operations, and to assist in arriving at a basis upon which the services can become self sustaining. We find and conclude that the changes are required by public

² In the authorization of increased fares for adults, the fares will be made applicable to persons of 18 years of age or older. At present the level of adult fares applies also for the transportation of children of 12 years of age or older. Under applicant's proposals no change would be made in the level of fares for children 12 years old or older. However, applicant did not define the upper limit of the ages to which the children's fares would apply. The limitation of such fares to those of less than 18 years of age appears reasonable and consistent with other provisions of applicant's tariff.

convenience and necessity. They will be authorized with correction of minor errors in two of the route descriptions. However, the proposed services in the Palmdale and Quartz Hill areas will not be authorized. The showing which was made concerning the nature and extent of the proposed services and the need therefor is not sufficient to support a finding that public convenience and necessity require the establishment of said services. To this extent the application will be denied.

With the granting of the operating authority by the order which follows, Antelope Valley Bus, Inc., is hereby placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

O R D E R

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

IT IS HEREBY ORDERED:

1. That Antelope Valley Bus, Inc., be, and it hereby is, authorized to amend its Passenger Tariff No. 2, Cal. P.U.C. No. 2, on not less than five days' notice to the Commission and to the public, to establish the increased fares listed below:

Authorized Increased Fares (in cents per one-way ride)

<u>Adult</u>	20 ^(a)
<u>Child</u> , 5 through 17 years of age	15
<u>Student</u> , in grade of high school level or lower	12½ ^(b)

(a) Adult fares apply for the transportation of persons 18 years of age or older.

(b) Based on purchase of 20-ride ticket for \$2.50. Student fares apply only on school days, from 7:00 A.M. to 5:00 P.M., for travel to and from school.

2. That a certificate of public convenience and necessity be, and it is, granted to Antelope Valley Bus, Inc., a corporation, authorizing it to operate as a passenger stage corporation, as defined in Section 226 of the Public Utilities Code, for the transportation of persons and their baggage, of express, and of mail, between the points and along the routes set forth in Appendix A, attached hereto and by this reference made a part hereof, subject to the conditions and restrictions set forth in said Appendix A.

3. That the certificate of public convenience and necessity granted in paragraph 2 of this order supersedes all existing certificates of public convenience and necessity or other passenger stage operating authority heretofore granted to or acquired by Antelope Valley Bus, Inc., which certificates and/or authority are hereby revoked, said revocation to become effective concurrently with the effective date of the filings required by paragraph 4(b) hereof.

4. That in providing service pursuant to the certificate herein granted, Antelope Valley Bus, Inc., shall comply with the following service regulations:

- (a) Within thirty days after the effective date hereof, applicant shall file a written acceptance of the certificate herein granted. By accepting the certificate of public convenience and necessity herein granted, applicant is placed on notice that it will be required, among other things, to file annual reports of its operations and to comply with and observe the safety rules and other regulations of the Commission's General Order No. 98 and insurance requirements of the Commission's General Order No. 101-A. Failure to file such reports, in such form and at such time as the Commission may direct, or to comply with and observe the provisions of General Orders Nos. 98 and 101-A, may result in a cancellation of the operating authority granted by this decision.
- (b) Within 120 days after the effective date hereof, and on not less than ten days' notice to the Commission and the public, applicant shall establish the service herein authorized and file in triplicate and concurrently make effective, tariffs and timetables satisfactory to the Commission.

5. That in connection with the establishment of the increased fares and changes in routes authorized in paragraphs 1 and 2 of this order, Antelope Valley Bus, Inc., shall notify the public of said fare and route changes by posting a statement of the fare changes and an explanation and diagram of the revised routes at its terminals and in each of its buses. Said notices shall be posted not less than five days before the date on which the changes are made effective, and shall remain posted until not less than ten days after said date. Said notices are in addition to the tariff filings required in connection with the establishment of the fare and route changes herein authorized.

6. That except to the extent that it is granted by the provisions of this order, the above-numbered application be, and it hereby is, denied.

7. The authority which is granted by paragraph 1 herein shall expire unless exercised within ninety days after the effective date of this order.

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

Dated at San Francisco, California, this 13th day of February, 1962.

George G. Grover

President

John E. Mitchell

E. Lynn Fox

Fredrick B. Hallock

Commissioners

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.

Antelope Valley Bus, Inc., by certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to transport persons between points and places in Lancaster and vicinity, in the County of Los Angeles, and persons, baggage, express and mail between Lancaster and Edwards Air Force Base and William J. Fox Airfield and intermediate points, over and along routes as hereinbelow described subject to the following conditions and restrictions:

1. The transportation of express and mail shall be limited to the Lancaster-Edwards Route and the Lancaster-Fox Airfield Route.
2. Except for service over authorized routes, service within the school service area defined below shall be limited to the transportation of school children.
3. School service area: That area in and about Lancaster which is bounded on the north by Avenue C, on the east by 30th Street East, on the south by Avenue U, and on the west by 60th Street West.
4. On-call service shall be operated as required for one or more persons between Lancaster and Fox Airfield and for two or more persons between Edwards and Fox Airfield.

For operating convenience only, motor vehicles may be turned at termini and intermediate points, in either direction, at intersections of streets or by operating around a block contiguous to such intersections or in accordance with local traffic rules.

Issued by California Public Utilities Commission.

Decision No. 63264, Application No. 43641.

Subject to the authority of this Commission to change or modify said passenger stage operations at any time, Antelope Valley Bus, Inc., shall conduct said operations over and along the following routes:

Route No. 1

Beginning at Lancaster Boulevard and Beech Avenue, thence via Lancaster Boulevard to 10th Street West, south on 10th Street West to Avenue K, return on 10th Street West to Avenue J-8, east on Avenue J-8 to Fern Avenue, north on Fern Avenue to Avenue J-4, east on Avenue J-4 to Elm Avenue, north on Elm Avenue to Avenue J, west on Avenue J to 10th Street West, north on 10th Street West to Lancaster Boulevard, east on Lancaster Boulevard to Beech Avenue.

Route No. 2

Beginning at Lancaster Boulevard and Beech Avenue, thence via Lancaster Boulevard to Division Street, south on Division Street to Lancaster Boulevard, east on Lancaster Boulevard to Andale Avenue, south on Andale Avenue to Nugent Street, west on Nugent Street to Stanridge Avenue, south on Stanridge Avenue to Avenue J, east on Avenue J to 3rd Street East, south on 3rd Street East to Glenraven Road, westerly on Glenraven Road to Stanridge Avenue, south on Stanridge Avenue to Avenue J-7, west on Avenue J-7 to Carolside Avenue, north on Carolside Avenue to Avenue J-2, west on Avenue J-2 to Division Street, north on Division Street to Lancaster Boulevard, west on Lancaster Boulevard to Beech Avenue.

Route No. 3

Beginning at Lancaster Boulevard and Beech Avenue, thence via Lancaster Boulevard to 10th Street West, south on 10th Street West to Avenue J, west on Avenue J to 15th Street West, turn around at Antelope Valley Hospital, then north on 15th Street West to Norberry Avenue, east on Norberry Avenue to 12th Street West, north on 12th Street West to Lancaster Boulevard, east on Lancaster Boulevard to Beech Avenue.

Issued by California Public Utilities Commission.

Decision No. 63264, Application No. 43641.

Route No. 4

Beginning at Lancaster Boulevard and Beech Avenue, thence via Lancaster Boulevard to 10th Street West, north on 10th Street West to Avenue I, west on Avenue I to 13th Street West, north on 13th Street West to Boyden Avenue, northerly on Boyden to 13th Street West, northerly on 13th Street West to Avenue H-12, easterly on Avenue H-12 to Cedar Avenue, north on Cedar Avenue to Avenue H-8, west on Avenue H-8 to 10th Street West, south on 10th Street West to Lancaster Boulevard, east on Lancaster Boulevard to Beech Avenue.

Route No. 5 Lancaster - Edwards Route

Beginning at the intersection of Lancaster Boulevard and Beech Street, thence along Beech Street, Avenue J-7, Cedar Avenue, Avenue J-6, Date Street, Avenue J-4, Heaton Avenue, Avenue J-12, 10th Street West, Avenue J, 12th Street West, Kettering Avenue, 15th Street West, Boyden Avenue, Kingtree Avenue, Avenue H-12, Beech Street, Sierra Highway and Rosamond Boulevard to Edwards Air Force Base, and returning the reverse thereof.

Route No. 6 Edwards-Fox Airfield Route (On-call)
(Formerly Route No. 8)

Beginning at Edwards Air Force Base, thence via Rosamond Boulevard and Sierra Highway to Lancaster Boulevard (Lancaster), thence via Lancaster Boulevard, Beech Avenue, Avenue I, 50th Street West and Avenue G to the William J. Fox Airfield.

Return via reverse of the going route.

End of Appendix A

Issued by the California Public Utilities Commission.

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