

ORIGINAL

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Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SAN DIEGO ECONOMY LINE, INC.,)
for authority to increase passen-)
ger fares.)

Application No. 44508
Filed June 6, 1962

OPINION AND ORDER

San Diego Economy Line, Inc., is a passenger stage corporation engaged in operations in San Diego County, generally between San Diego, El Cajon, and points north of El Cajon. It seeks authority to increase fares between San Diego and El Cajon from 20 cents for the first two zones and 5 cents for each additional zone to 25 cents for the first two zones and 5 cents for each additional zone. In addition, it seeks to increase the adult fares in its local El Cajon operation from the present 20 cents for the first zone and 5 cents for each additional zone to 25 cents for the first two zones and 5 cents for each additional zone. Children's fares are to be one half of the adult fares adjusted to the next higher multiple of 5 cents.

Applicant submitted an estimated results of operation study with the application. The Commission staff presented an engineering economic report which is made part of the record as Exhibit 1.

The following table compares the results of operation, as indicated by the applicant's 1961 annual report, the applicant's estimated results for a year at proposed fares and the staff's

estimated results for the year July 1, 1962, through June 30, 1963, at both existing and proposed fares:

Item	Applicant		Staff	
	1961 Annual Report	Proposed Fares	Existing Fares	Proposed Fares
Passengers Carried	123,151	123,151	115,800	111,900
Revenue	\$ 37,500	\$ 42,820	\$ 35,290	\$ 38,600
Operating Expenses	<u>35,070</u>	<u>41,680</u>	<u>40,720</u>	<u>40,720</u>
Net Income Before Income Taxes	\$ 2,430	\$ 1,140	<u>\$ 5,430</u>	<u>\$ 2,120</u>
Operating Ratio	93.5%	97.3%	115.4%	105.5%
Rate Base	\$ 1,630	\$ 1,630	\$ 10,570	\$ 10,570
Rate of Return	144.1%	69.9%	-	-

(Red Figure)

The applicant anticipates no change in the number of passengers carried at either present or proposed fares from the number carried in 1961. Historical data reviewed by the staff indicate a general downtrend of 4% annually in the number of passengers carried. A further reduction or diminution may be expected under proposed fares due to the usual reaction to fare increases. The staff estimates that this diminution will be one fourth of the percent increase in fares.

The principal difference between applicant's historical 1961 expenses and its estimate contained in the application is occasioned by an estimated \$3,650 additional expense for maintenance of equipment and the inclusion of \$1,800 for rental of a bus storage lot.

The staff's estimates of annual expense are generally equivalent to those anticipated by the applicant with two major exceptions which are as follows:

1. The staff's estimate for repairs, servicing, tires and tubes is based upon 5 cents per mile which produces a greater unit and total cost than the applicant's estimate. Applicant is now realizing the effects of deferred maintenance.

2. The applicant included \$1,800 as an annual expense item for rental of a bus storage lot. The lot is owned by applicant's four stockholders. The staff has considered this lot as company-owned, has included properly chargeable expenses such as maintenance, taxes, and depreciation in the operating expenses, and the acquisition cost of the lot and any improvements in applicant's rate base.

Copies of the application were served upon all interested parties, and notice was posted in applicant's buses. No protests have been made.

Upon consideration of all the facts and circumstances, we are of the opinion and find that the proposed increases in fares are justified; and that a public hearing is not necessary, therefore,

IT IS ORDERED that:

1. San Diego Economy Line, Inc., is authorized to establish the increased fares as proposed in Application No. 44503. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than five days after the effective date hereof on not less than five days' notice to the Commission and to the public.

2. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

3. 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 its fares. Such notice shall be posted not less than five days before the effective date of the fare changes and shall remain posted for a period of not less than thirty days.

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

Dated at San Francisco, California, this 2nd day of October, 1962.

George H. Grover
President
John E. [unclear]
Everett [unclear]
Frederick B. Hallock

Commissioners

Commissioner C. Lyn Fox, being necessarily absent, did not participate in the disposition of this proceeding.