

ORIGINAL

Decision No. 65542

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 with Santa Barbara and)
between Santa Barbara and Montecito,)
Carpinteria, and Goleta, California.)

Application No. 45212
(Filed February 23, 1963)
(Amended April 12, 1963)

Gaylord J. Spreitz and Frank S. Sylvester, for
applicant.
Kenneth R. Nuss, for City of Santa Barbara,
interested party.
Timothy Treacy and A. L. Gielegem, for the
Commission staff.

O P I N I O N

This application was heard and submitted before Examiner Thompson on May 7, 1963, at Santa Barbara. Applicant seeks authority to increase token fares and to change certain fare zones. There were no protests. Evidence was presented by applicant and by the Commission staff.

Santa Barbara Transit Company is a passenger stage corporation with transit operations consisting of a local service within the City of Santa Barbara and a suburban service to the west of Santa Barbara as far as Goleta and to the east as far as Carpinteria. It seeks authority to change the westerly limit of the first fare zone of the suburban service from the intersection of State Street and La Cumbre Road to State Street and San Roque Road, and to change the easterly limit of the first fare zone from Hermosillo Road and Old Coast Highway to Hot Springs Road and Old Coast Highway. This would result in establishing the first fare zone limits closer to downtown Santa Barbara and thereby

result in increases for passengers using the suburban service. The proposal would result in the alignment of the suburban operation zone boundaries with the outer boundaries of the city operation.

Applicant also proposes to increase its token rate of fare. The present adult fares and the proposed fares are:

	<u>Present</u>	<u>Proposed</u>
Cash (City and Suburban 1 Zone)	20c	20c
Token (City and Suburban 1 Zone)	6/\$1.00	5/\$1.00
Suburban each additional zone	5c	5c

Applicant estimated that the change in zone limits will result in \$936 additional revenue and the increase in the token rate of fare will provide an additional \$14,463. The Commission staff estimated the additional passenger revenue from the proposed zone change would be \$1,160 and from the increased token fare \$10,170. Both applicant and the staff forecast an operating loss from operations for a future rate year under the present fares. Their forecasts of operating results for a future twelve-month period under the proposed fares follows:

SANTA BARBARA TRANSIT COMPANY
ESTIMATED RESULTS OF OPERATION
FOR 12 MONTHS UNDER PROPOSED FARES

	<u>Applicant</u>	<u>Staff</u>
Revenues:		
Passenger Fares	\$195,903	\$191,390
Advertising	3,079	3,020
Other	2,438	3,160
	<u>\$201,420</u>	<u>\$197,630</u>
Expenses	196,302	197,010
Income Before Income Tax	<u>\$ 5,118</u>	<u>\$ 620</u>
Income Tax	75 *	70 *
	<u>\$ 5,043</u>	<u>\$ 550</u>
Operating Ratio	97.5%	99.7%
Rate Base	\$ 91,078	\$ 77,300
Rate of Return	5.5%	0.7%

* An allocation of the minimum \$100 California Franchise Tax.

A member of the Commission's Division of Finance and Accounts made a study of the financial condition of applicant. He reported that applicant has been unable to meet payments on obligations incurred by a prior management during the period 1959 through April 1961. Such past due obligations exceed six times current assets available for their payment. He testified that it is his opinion that the revenue increase being sought by applicant will not produce earnings sufficient to afford an adequate rate of return or provide cash flow sufficient to restore the financial condition of the company in the foreseeable future. The transit operations have been subsidized by earnings from other than common carrier operations. The loss of a school contract has caused a large reduction in income resulting in an untoward effect on total operations.

A member of the Traffic Engineering Section of the Commission testified concerning service complaints received by the Commission. During 1961 several complaints relating to the reliability of on-time performance were received. At that time there were a number of mechanical failures of applicant's buses. During 1962, applicant replaced much of its equipment with used rebuilt buses and the Commission has not received any complaint about applicant's performance since February 1962. He said that he was informed that a number of people in the Santa Barbara area have requested extensions of service into the Isla Vista area to the west of the University of California and to the El Encanto Heights area which is north and west of Isla Vista. He had made a traffic

survey of applicant's present lines and made certain recommendations concerning the above-mentioned extensions of service. Applicant's secretary stated that the company would file an application with the Commission to request authority to perform service in accordance with the recommendations. The City of Santa Barbara indicated that it would oppose any extensions of applicant's suburban service if it meant that there would also be a curtailment of service in applicant's city operations.

The matter of the extensions of service is not one that need be decided herein. It has been shown that the increases in fares which would result from the changes in the rate of token fare and the fare zones are justified and that the financial stability of applicant is such that it should be authorized to make the increases effective at the earliest possible moment. The application will be granted.

O R D E R

IT IS ORDERED that:

1. Santa Barbara Transit Company is authorized to establish the increased fares as proposed in Application No. 45212. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than ten days after the effective date hereof on not less than ten 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 the date hereof.

Dated at San Francisco, California, this 11th day of JUNE, 1963.

George T. Hoover
President

Fredrick B. Holbrook

William W. Berends
Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.
Commissioners