

ORIGINALDecision No. 67354

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 pas-)
 sengers in Santa Barbara.)

Application No. 46328
 (Filed March 30, 1964)

Gaylord J. Spreitz, for Santa Barbara
 Transit Co., applicant.
Stanley T. Tomlinson and Carl Ellis,
 for City of Santa Barbara, interested
 party.
Harold J. McCarthy, for the Commission
 staff.

INTERIM OPINION

This matter was heard May 13, 1964 before Examiner Thompson at Santa Barbara and was continued to July 2, 1964. A request for immediate interim relief was taken under submission. Notices of the proposal to increase fares and notices of hearing were posted, published and served in accordance with the Commission's procedural rules. There are no protests.

Santa Barbara Transit Company provides urban and interurban bus service in and about Santa Barbara. It requests authority to increase adult cash fares for transportation within an initial zone from 20 cents to 25 cents. It also proposes to increase token fares from 5 for \$1.00 to 3 for 70 cents. Student fares will not be increased.

In applications by transit lines to increase passenger fares it is the practice of the Commission to have its staff undertake an independent study of the operations of the applicant and the

effects of the fare proposal and to report the results of its study to the Commission. Applicant alleged that its financial condition is such that even the delay pending completion of the staff study might seriously impair the ability of applicant to continue its operations. The initial hearing was held to receive evidence concerning the necessity for interim relief. The staff stated that its report would not be completed until after June 19, 1964.

Applicant conducts contract bus operations in addition to its common carrier operations involved herein. Financial statements presented by applicant show results of all of its operations and also the results of its common carrier operations alone. They show that for the year ended December 31, 1963 applicant had an operating loss from common carrier operations of \$23,997. For all of its bus operations conducted in 1963 applicant had an operating loss of \$16,954. For the first quarter of 1964 it operated at a loss of \$8,856.

Applicant's bookkeeper testified that on April 30, 1964 it had a cash deficit (bank overdraft) of \$4,587. She stated that as of the date of the hearing applicant was holding pre-drawn checks amounting to \$5,200 which it has not mailed or issued because of insufficient funds in the company's bank account. She said that in addition to the \$5,200 accounts payable represented by the aforementioned checks, the company has \$12,800 in current accounts payable.

The secretary-treasurer of applicant testified that applicant did not have sufficient funds to pay the wages of its drivers due and payable May 5, 1964 until May 8 and that the company will again have to defer payment of some of its current accounts payable in order to have sufficient funds for the payroll due on May 20, 1964.

The balance sheet showing the condition of applicant on March 31, 1964 reflects a deficit of \$152,810.

Interim relief was requested in the adult cash fare but not in the token fare. The secretary-treasurer stated that a review of the operations has convinced him that most of the passengers using applicant's service are regular riders, rather than transients, all of whom could and would use tokens rather than pay the increased cash fare. He pointed out that the token rate of fare of 5 for \$1.00 is the same as the present cash fare of 20 cents and is only a convenience fare rather than a reduced fare. He contends that an increase in the cash fare without a concurrent increase in the token fare will not provide any significant amount of additional revenue to applicant.

Applicant estimates that the proposed increased fares will provide \$21,000 additional annual passenger revenue. It was estimated that even with this additional revenue the common carrier operation will be conducted at an annual loss of \$1,404; however, the additional revenue will result in an operating income of \$4,517 from all bus operations.

It is readily apparent that applicant may not be financially able to continue to perform service unless it obtains additional revenues without delay. It is evident that the proposed increased cash fare will not provide those revenues if the present token fare is not increased. Although the record does not include the study being undertaken by the staff, the evidence received thus far indicates that such study will not recommend the establishment of fares lower than those proposed unless there are changes in operating routes and service which will result in operating economies. Applicant is in a dire financial position and the consequences that might result from a delay in providing financial relief could seriously impair the ability of this carrier to continue to perform service.

We find:

1. The present fares of applicant are insufficient.
2. Applicant is in urgent need of additional passenger revenues.
3. Unless additional revenues are forthcoming without delay the financial ability of applicant to continue operations may be seriously impaired.
4. The emergency situation justifies the establishment of the proposed increased fares pending further proceedings in this application.
5. The interim fare increases authorized herein have been justified.

We conclude that pending further proceedings herein, and on an interim basis, applicant should be authorized to establish the proposed increased fares to become effective on one day's notice to the Commission and to the public; and that, in addition to the required posting and filing of tariffs, applicant should give notice to the public by posting in its buses and terminal a printed explanation of the fares showing (1) the changes in fares, (2) that the increases are interim pending further proceedings in this application, and (3) that further hearing in this application will be held by the Commission at 11:00 A.M., Thursday, July 2, 1964, at the Board of Supervisors Room, 2nd Floor, County Courthouse, Santa Barbara.

INTERIM ORDER

IT IS ORDERED that:

1. Pending further proceedings herein, and until otherwise ordered in this proceeding, Santa Barbara Transit Company, a corporation, is authorized to establish the increased fares proposed in Application No. 46328, including the proposed increase in token fares.

Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than one day after the effective date hereof on not less than one day's notice to the Commission and to the public.

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

3. In addition to the required posting and filing of tariffs, applicant shall post in its buses and terminals not less than one day before the effective date of the fare changes and shall keep posted to and including July 2, 1964, the notice set forth in Appendix A hereof.

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

Dated at San Francisco, California, this 10th day of June, 1964.

Hellmuth Bernard
President

Edwin N. Mitchell

Walter H. Ray

George J. Thayer

Frederick B. Halaloff
Commissioners

APPENDIX A

Notice

Pursuant to interim authority granted by the Public Utilities Commission of the State of California in its Decision No. 67354, dated JUN 10 1964, in Application No. 46328, Santa Barbara Transit Company passenger fares are increased, effective JUN 10 1964, as follows:

<u>Fare</u>	<u>From</u>	<u>To</u>
Adult Cash	20 cents	25 cents
Token	5 for \$1.00	3 for 70 cents

The fare changes are interim increases authorized by the Commission pending further proceedings by it in Application No. 46328. Further hearing by the Commission in this application will be held at 11:00 A.M., Thursday, July 2, 1964, in the Board of Supervisors Room, 2nd Floor, County Courthouse, Santa Barbara, California, at which time and place all interested parties may appear and be heard.