

**ORIGINAL**Decision No. 67893

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 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.

O P I N I O N

By Decision No. 67354, dated June 10, 1964, the Commission, by interim order, authorized applicant to establish the increased fares proposed herein pending further order. Further hearing was held July 2, 1964, before Examiner Thompson at Santa Barbara and the application was submitted. Notices of the further hearing were posted by applicant as prescribed by Decision No. 67354.

Applicant rested its case on the evidence it submitted at the hearing of May 13, 1964. At the further hearing only the Commission staff presented evidence. The staff recommended that the fares authorized by interim order in Decision No. 67354 be made permanent.

An associate transportation engineer testified he had made a survey of the service performed by applicant. His report of that survey, set forth in Exhibit 2, contains data regarding the routes operated by applicant, the schedules for those routes and the mileages traversed. It also shows the patronage on various schedules of

certain routes. From the data collected in his survey, he concluded that applicant could take the following steps in order to increase its net revenues without impairing adequate service to the public:

1. Eliminate Route No. 7 Carpinteria service on Sundays. The Sunday runs produce an average of 12.1 cents per mile, which is below the cost of service. This service curtailment would result in an annual reduction of 3,300 miles.

2. Eliminate the last schedule on Route Nos. 2, 3 and 4 loop service nights and Sundays. The mileage reduction would be 3,400 miles per year.

3. Eliminate the last two schedules on Route No. 1. The mileage reduction would be 7,600 miles per year.

4. Show Santa Barbara Municipal Airport service on the public timetables.

Applicant concurred with the engineer's recommendation except for the elimination of two schedules on Route No. 1. It pointed out that one of the schedules is necessary to meet the last schedule of the No. 6 line so that crosstown transportation will be available to passengers on the No. 6 line. Applicant intends to effect the changes suggested by the engineer except that the elimination of schedules on Route No. 1 will be limited to one rather than two schedules. Applicant may make those changes by filing of timetables. It is not necessary to grant such authority to applicant by order herein.

An accountant with the Commission's Finance and Accounts Division testified that he had made an examination of certain accounting records, reports, and other financial data maintained by this utility. His report of this examination is set forth in Exhibit 2. This report corroborates applicant's representations concerning its operating losses and cash deficit.

A senior transportation engineer estimated the results of applicant's operation for a future rate year under the proposed fares; said estimated results are also set forth in Exhibit 2. He forecast that for its overall operations applicant would have a net income of \$540. That income represents a rate of return of 0.5 percent and an operating ratio of 99.8 percent. His estimates of revenues and expenses for the entire operation are close to the estimates presented by applicant. They differ, however, concerning the estimates of the revenues and expenses attributable to the transit operation and to other passenger transportation operations. Applicant shows a loss from transit operations under the proposed fares and a profit from its other operations. The engineer estimates a profit from transit operations at the proposed fares and a loss from other operations. The differences result primarily from the allocation of expenses common to all services. The applicant's estimates of operating expenses for transit operations are based upon many more miles than will be operated by it. On the other hand, the engineer's estimates show a substantially greater proportion of expenses allocated to "other operations" than was shown on the comparative income statement for 1963 operations prepared by an accountant from the Commission's Finance and Accounts Division even though the bus miles forecast is the same as that operated in 1963. The accountant testified that the allocations of expenses reflected on the comparative income statement for 1963 operations were made in accordance with the allocation methods used by the Commission staff in the prior proceeding concerning the fares of applicant.<sup>1/</sup> We do not adopt either of the

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<sup>1/</sup> Staff report of April 30, 1963, Exhibit 1 in Application No. 45212.

estimates regarding the results of transit operations. We point out, however, that in either case the forecasts would call for a finding that the fare increases are justified. The evidence shows applicant urgently requires additional revenues. It also shows that the additional revenues which will be received from the increases in fares will not wholly satisfy applicant's revenue requirements. Under the circumstances, resolution of the differences in the estimates presented by the applicant and by the staff and a detailed estimate of revenues and expenses for a future rate year are unnecessary.

We find that:

1. The revenues applicant will receive from the proposed increased fares are required to assure the continued operation of its common carrier passenger service.
2. With the proposed increased fares applicant's passenger transportation operations as a whole (transit, charter and school contract operations) will be conducted at an operating ratio not more favorable than 99 percent.
3. The increases resulting from the establishment of the proposed fares are justified.

We conclude that applicant should be authorized to continue to maintain the increased fares authorized as interim fares by Decision No. 67354 and that the interim order in said decision authorizing the establishment of the fares should be made final.

O R D E R

IT IS ORDERED that the interim order in Decision No. 67354 authorizing the establishment of the increased fares proposed in Application No. 46328 is hereby made final.

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

Dated at San Francisco, California, this 22nd day of SEPTEMBER, 1964.

Frederick B. Holbrook  
President

City of San Francisco

George W. Pease

George H. Grover

William M. Boardman  
Commissioners