

ORIGINAL

68262

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
GAYLORD M. ANDERSON, dba La Rambla)	Application No. 46737
Bus Line to increase rate of fares)	(Filed June 17, 1964;
for the transportation of passengers)	amended October 19, 1964)
in the City of San Pedro, California.)	

Gaylord M. Anderson, in propria persona.
Robert Landier, for San Pedro Motor Bus
 Company; and R. W. Russell, Chief
 Engineer and General Manager, Depart-
 ment of Public Utilities and Trans-
 portation of the City of Los Angeles,
 by K. D. Walpert, interested parties.
Kenji Tomita and Glenn E. Newton, for
 the Commission staff.

O P I N I O N

Gaylord M. Anderson, doing business as La Rambla Bus Line, operates a passenger stage corporation between points in the San Pedro District of Los Angeles and the La Rambla District of the County of Los Angeles. Highland Transit, Inc., operates a passenger stage corporation between points in the San Pedro District of the City of Los Angeles and in adjacent portions of Los Angeles County.¹ The San Pedro Motor Bus Company, a joint organization of three individuals, operating the Point Fermin line, the Gaffey Street line and the Barton Hill line, serves points entirely within the city limits of Los Angeles, and is subject to the jurisdiction of that

¹ Highland Transit, Inc., has filed Application No. 46776, in which it seeks to increase fares to the levels sought in the instant application.

city.² Passenger fares are uniform among the three companies and there are free transfer privileges between the several lines.

By this application, Anderson seeks authority to increase his passenger fares. The present adult one-way fare is 15 cents, the single-ride children's fare is 10 cents and the 30-ride school ticket is sold for \$2.50 (8-1/3 cents per ride). Anderson proposes to increase the one-way adult fare to 20 cents, the children's fare to 15 cents and the 30-ride school ticket to \$3.50 (11-2/3 cents per ride).

Applications Nos. 46737 and 46776 were consolidated for hearing. These matters were heard and submitted before Examiner Mallory at San Pedro on October 8, 1964.³ Notice to the public of the application and hearing was made by the service of copies of the application upon local authorities and by the posting of notices of hearing in applicant's buses and terminal. No one appeared in opposition to the relief sought.

Evidence was adduced by applicant and his accountant, also by a financial examiner and a transportation engineer of the Commission staff. In support of the application, Anderson testified that he operates three buses, which will be fully depreciated at the end of the current year. He stated that his operations have been conducted at a loss for the past two years and that he requires an immediate increase in fares in order to continue bus operations essential to the community. Applicant stated that he maintains and services the bus equipment, in addition to managing the company and acting as a relief bus driver.

² San Pedro Motor Bus Company has filed a request with the Department of Public Utilities and Transportation of the City of Los Angeles to increase fares to the levels sought by Anderson and Highland in Applications Nos. 46737 and 46776.

³ Application No. 46776 is being decided by a separate order of the Commission.

Applicant's accountant testified as to the financial data contained in the application. The following table is a summary of applicant's results of operation for the year 1963, and estimated results of operations under the proposed fares and current expense levels for the year 1964.

TABLE I
La Rambla Bus Line
Results of Operations
(Applicant)

<u>Item</u>	<u>1963 Actual</u>	<u>1964 Estimated Under Proposed Fares</u>
Operating Revenues	\$22,913	\$27,098
Operating Expenses	24,078	25,834
Operating Profit	(1,165)	1,264
Operating Ratio	105.8%	95.3%

(Red Figure)

The Commission staff presented in evidence a joint report of the Finance and Accounts Division and the Transportation Division concerning a study made of applicant's operations. The following table depicts the estimated operating results of applicant under present and proposed fares for the year ending October 31, 1965, as developed by the staff.

TABLE II

La Rambla Bus Line

Estimated Operating Results
(Commission Staff)

<u>Item</u>	<u>Present Fares</u>	<u>Proposed Fares</u>
<u>Revenue</u>		
Passenger	\$18,660	\$22,740
Other	230	230
Total	18,890	22,970
<u>Expense</u>		
Repairs, Service, Tires & Tubes	3,930	3,930
Drivers' Wages	9,440	9,440
Fuel and Oil	1,230	1,230
Other Transportation Expense ..	80	80
Insurance	2,110	2,110
Office Salaries and Expense ..	3,480	3,480
Operating Rent	540	540
Total	20,810	20,810
Depreciation	-	-
Operating Taxes	1,880	1,880
Total	22,690	22,690
Net before Income Taxes	(3,800)	280
Income Taxes		**
Operating Ratio	120.0%	98.8%

(Red Figure)

** Interest credit offsets indicated income taxes.

The estimates developed by applicant and the staff differ in minor respects because of the different periods covered by such estimates. The major differences in the estimates of revenue result from the fact that applicant's estimate is based upon current traffic levels while the staff's estimates are based upon the declining trend of patronage since 1962. Also, the staff and applicant differ with respect to the diminution of patronage because of the fare increase. The staff estimate is developed from the experience over the past several years of bus companies of similar size. Applicant used a judgment figure. It appears that the

revenue estimates of the staff reasonably reflect the revenues which may be anticipated by applicant under the present and proposed fares for a test year.

Operating expenses for the test year developed by the staff and applicant differ in the following major respects. According to the staff study, applicant's books do not reflect the actual cost of repairs as no wages for repairs performed personally by applicant are recorded; the staff estimated repair costs at 5 cents per mile. In addition, the staff estimate included an amount not recorded in applicant's books for supervision performed by Anderson. It appears that the staff estimate of expenses reasonably reflects expenses that will be incurred by applicant during the test year.

Based upon its study, the staff concluded applicant's present fares are inadequate and that the proposed fares should be authorized.

Under present fares an operating deficit is indicated by the staff for the test year. Under proposed fares applicant estimates annual earnings of \$1,264 and an operating ratio of 95.3 percent. The corresponding staff estimate of yearly income is \$280, with an operating ratio of 98.8 percent. Rate base and rate of return data were not developed by the staff for the reason that such data would be meaningless, inasmuch as applicant's operating property will be fully depreciated at the conclusion of the test year adopted by the staff.

The Commission finds that the fares sought in the application are reasonable and the increases are justified. The application should be granted. Inasmuch as applicant is now operating at a loss, the authorized fares may be published on five days' notice.

O R D E R

IT IS ORDERED that:

1. Gaylord M. Anderson, doing business as La Rambla Bus Line, is authorized to establish the following passenger fares:

Adult one-way fare	\$0.20
Children's one-way fare	.15
30-ride school ticket	3.50

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 his buses and terminals a printed explanation of his 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 24th day of NOVEMBER, 1964.

Fredrick B. Hallock
President

Charles W. Boy

George T. Hoover

William A. Bernard
Commissioners