

**ORIGINAL**

Decision No. 70792

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of application of )  
Vernon M. McDonald and John D. )  
Hansen DBA SAN PEDRO TRANSIT )  
LINES to increase rate of fares )  
for the transportation of pas- )  
sengers in the City of San Pedro, )  
California. )

Application No. 48267  
(Filed February 24, 1966)

O P I N I O N

Applicants operate as a passenger stage corporation between San Pedro, a community in the City of Los Angeles, and Harbor City, an unincorporated community in the County of Los Angeles, a distance of five miles.

Applicants seek to increase their basic adult fare from \$.20 to \$.25 and their 30-ride school ticket from \$3 to \$4. The present fares are an adoption of prior Western Greyhound Lines (Greyhound) fares authorized pursuant to Decision No. 58905 in Application No. 41216, dated August 18, 1959. Applicants and Greyhound have a joint fare arrangement which will not be affected by this proceeding, except for a slight increase in applicants' share of the joint fares.

The application was served in accordance with the Commission's procedural rules, and notices of the requested fare increases were posted in applicants' buses and terminals. No protests have been received.

Applicants state that the increased fares are sought to meet increased operating expenses.

An associate transportation engineer of the Commission's Transportation Division - Engineering Economics Branch has prepared and submitted a report covering his analysis of applicants' operations under present and proposed fares. The staff report is hereby received in this proceeding as Exhibit No. 1. It shows:

RESULTS OF OPERATION FOR HISTORICAL AND RATE YEARS

Item	Book Record:	Rate Year Ending 2-28-67	
	Year Ended : 12-31-65	Present : Fares	Proposed : Fares
Bus Miles Operated	39,160	37,500	37,500
<u>Revenue</u>			
Passenger Revenue	\$ 11,710	\$ 11,900	\$ 13,700
Express	2,310	2,300	2,300
Total Revenue	\$ 14,020	\$ 14,200	\$ 16,000
<u>Expense</u>			
Maintenance	\$ 1,128	\$ 2,200	\$ 2,200
Transportation	1,970	8,400	8,400
Tariffs & Advertising	16	100	100
Insurance	1,095	1,300	1,300
Administration	-	2,100	2,100
Rent	600	600	600
Total Operating & Maintenance Expense	\$ 4,809	\$ 14,700	\$ 14,700
Operating Taxes	\$ 1,620	\$ 1,300	\$ 1,300
Depreciation	399	500	500
Total Operating Expense	\$ 6,828	\$ 16,500	\$ 16,500
Net Before Income Taxes	\$ (1,830)*	\$ (2,300)	\$ (500)
Income Taxes	-	-	-
Net Income	\$ (1,830)	\$ (2,300)	\$ (500)
Operating Ratio %	48.7	116.2	103.1
Rate Base	-	2,900	2,900
Rate of Return %	-	-	-

\* Drawing account (\$5,639) and cash withdrawals (\$3,383), not recorded in company books, have been deducted. Total of \$9,022 in applicant's Exhibit B.

(Red Figure)

The staff engineer's estimates contained in the report indicate that for a rate year ending February 28, 1967, operations under present fares would result in a deficit of \$2,300 and an operating ratio of 116.2 percent. He estimates that under the proposed fares operations for the same test period would result in a loss of \$500 and an operating ratio of 103.1 percent. Based on these estimates, the staff engineer concluded that the proposed fares would be reasonable.

It is apparent that applicants are in urgent need of additional revenue as shown by the substantial deficit under existing fares, and that the proposed fares will be reasonable.

The Commission finds that the fare increases proposed in Application No. 48267 will be reasonable and are justified. A public hearing is not necessary. The Commission concludes that the application should be granted.

O R D E R

IT IS ORDERED that:

1. Applicants are authorized to establish the increased fares proposed in Application No. 48267. Applicants are authorized to file new tariffs and timetables, in triplicate, in the Commission's office, setting forth their current rates and rules, including the fares authorized herein. Tariff publications authorized to be made as a result of this order 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. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 79.

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, applicants shall give notice to the public by posting in their buses and terminals a printed explanation of their 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 1st day of JUNE, 1966.

Fredrick B. Holbrook  
President  
George T. Crowe  
W. J. ...

Commissioners

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

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.