

Decision No. 77541

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of CALIFORNIA BUS LINES, INCORPORATED,
a California corporation,
to Increase Passenger Fares (Section
454 and 491 of the Public Utilities
Code).

Application No. 51924
(Filed May 22, 1970)

O P I N I O N

Applicant operates as a passenger stage corporation between Riverside and March Air Force Base, serving intermediate points. By this application it seeks increases in all of its fares.

The present fares have been in effect since January 5, 1964. They are set up on a zone system and range from 20 cents to 35 cents. The proposed fares range from 30 cents to 50 cents. Applicant also maintains commuter discount fares on two bases: 25 rides for \$7.50 and 50 rides for \$14.00. These fares are proposed to be increased to \$11.25 and \$21.50, respectively. The sought fare increases range from 40 percent to 54 percent.^{1/}

Studies of applicant's records and operations were made by representatives of the Commission's Finance and Accounts Division and Transportation Division. The results of those studies have been set forth in separate reports, which are hereby received in evidence as Exhibits 1 and 2, respectively.

The record shows the following facts: During the past two years the number of passengers carried by applicant has decreased by

^{1/} Applicant's present fares and those proposed in this proceeding are set forth in Exhibit G attached to the application.

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approximately 20,000 per year, primarily due to a reduction in operational units based at March Air Force Base. Applicant expects the number of passengers in 1970 to approximately equal the number carried in 1969.

Intermediate points served include the University of California at Riverside. Fifteen round trips are scheduled daily Monday through Saturday, with twelve round trips on Sunday. The company owns two buses, both fully depreciated. One of these is used for standby.

Applicant's operations for the past three years have been conducted at a loss, the operating deficits for 1967, 1968 and 1969 having amounted to \$48, \$2,898 and \$7,391, respectively. Working capital has been supplied by the principal officers of the company and by Roesch Lines, Inc., its associate by common ownership. The latter company operates a charter bus and school bus service of considerable magnitude.

Operating results under present and proposed fares, as estimated by the staff on an annual basis, are set forth in the following table:

	<u>Under Present Fares</u>	<u>Under Proposed Fares</u>
Passenger Revenues	\$31,800	\$41,700
Operating Expenses	<u>41,000</u> \$(9,200)	<u>41,000</u> \$700
Operating Ratio	128.9%	98.3%

() - Indicates loss.

The expense estimate is based on 1970 expense levels plus an increase in the allowance for officers' salaries from the book figure of \$3,600 to \$6,000. Revenues under present fares are those

estimated at 1970 traffic levels. The revenue figure under proposed fares assumes a diminution factor of 12.5 percent in traffic volume due to the increased fares. Under a continuation of present fares the staff estimates a substantial loss, while under the proposed fares it is estimated that applicant will do little more than break even.

Notices of the proposed fare increases have been posted in applicant's buses and parties thought to be interested have been notified. The application was listed on the Commission's Daily Calendar of May 28, 1970. No protests have been received. The Commission's staff has recommended that the application be granted.

The Commission finds that:

1. The revenues applicant has received during the past three years have increasingly failed to cover its operating expenses.
2. Applicant's present fares are insufficient to enable it to make a reasonable profit and to preserve the integrity of its service.
3. The proposed fares are reasonable.
4. The sought increases in fares have been justified.

We conclude that the application should be granted. A public hearing is not necessary. Because of the urgent need for relief the order which follows will become effective five days after the date hereof and applicant will be authorized to establish the increased fares on not less than five days' notice.

O R D E R

IT IS ORDERED that:

1. California Bus Lines, Incorporated is authorized to establish the increased fares proposed in Application No. 51924.

Tariff publications authorized to be made as a result of the order herein shall be filed not earlier than the effective date of this order and 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 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 five days after the date hereof.

Dated at San Francisco, California, this 28th day of JULY, 1970.

[Signature]
Chairman
[Signature]
William J. Sproull
[Signature]
Yvonne L. Sturgeon
Commissioners