

ORIGINAL

Decision No. 78871

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 pass- )  
engers in the City of San Pedro, )  
California )

Application No. 52480  
(Filed March 3, 1971)

V. M. McDonald, for San Pedro Transit  
Lines, applicant.  
R. W. Russell, by K. D. Walpert, for  
Department of Public Utilities  
and Transportation, City of Los  
Angeles, interested party.  
William H. Well and Edward C. Crawford,  
for the Commission's staff.

O P I N I O N

V. M. McDonald and John D. Hansen, copartners doing business as San Pedro Transit Lines, are engaged in the business of transporting passengers and baggage as a passenger stage corporation within the San Pedro area of the City of Los Angeles. They also participate in like transportation, including express, to and from said area under joint fare and rate arrangements with Greyhound Lines, Inc. By this application they seek authority to increase some of their fares on less than statutory notice.

The sought fare increases would apply to applicants' local adult fares. At present these fares are 25 cents per ride, one way, and 50 cents, round trip. They would be increased to 30 cents and 60 cents, respectively. Applicants do not propose any increase in their fares of 13 1/3 cents per ride (30-ride ticket, \$4.00)

for students 18 years of age or younger. Neither do they propose any increase in the joint fares and rates which they maintain with Greyhound Lines, Inc. However, under their agreement with Greyhound Lines, Inc., covering division of the joint fares they anticipate that with an increase in their local fares they will realize an increase in their share of some of the joint fares.

Public hearing on this application was held before Examiner C. S. Abernathy at San Pedro on May 10, 1971. Evidence was presented in applicants' behalf by V. M. McDonald. An accountant and a transportation engineer of the Commission's staff reported on an analysis which they had made of applicants' operations and records. A representative of the Department of Public Utilities and Transportation of the City of Los Angeles participated in the development of the record.

According to financial statements attached to the application, applicants' financial position as of the close of 1970 was as follows:

Assets	\$2,300
Liabilities	1,375
Net Worth	925

Financial operating results for the year 1970 were reported as follows:

Revenues	\$17,463
Expenses	18,496
Loss	1,033

Applicants estimated that if their present level of fares is maintained throughout 1971 their revenues and expenses will total \$16,900 and \$20,324, respectively, and they will experience a loss of \$3,424. They attributed the increase in loss mainly to an increase of \$1,658 in insurance costs during 1971. Applicants estimated that the sought fares, if authorized, would produce an increase of \$2,406 in annual revenues, thereby reducing the expected loss to \$1,018.

In his testimony at the hearing applicants' witness said that, in his opinion, further fare increases to overcome the expected loss of \$1,018 could not be effected without an undue diversion of traffic from applicants' line. He expressed the view that notwithstanding said loss applicants would be able to continue their operations.<sup>1/</sup>

The evidence which was presented by the Commission witnesses was also to the effect that applicants are incurring financial losses from their operations. The accountant developed that applicants' costs during 1969 and 1970 were 53.8 and 55 cents

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<sup>1/</sup> Applicants drive their buses themselves and also do the mechanical work necessary for the maintenance of the buses. They reported they devoted 4266 hours of their time to the bus operations during 1970, for which they listed an amount of \$11,298 as their compensation therefrom. It appears that applicants also have some income from other sources.

per mile of operation, respectively, whereas the corresponding revenues were 41 and 43.8 cents per mile. In his analysis of applicants' expense data the accountant made some adjustments to reflect certain accrued expenses. He reported that, as thus adjusted, applicants' figures show a loss of \$2,134 for 1970 -- more than twice the amount of loss of \$1,033 reported by applicant. <sup>2/</sup>

Estimates of applicants' operating results for the fiscal year through June, 1972, under present and proposed fares were developed and presented by the Commission engineer as follows:

	<u>Under Present Fares</u>	<u>Under Proposed Fares</u>
Revenues	\$17,400	\$19,200
Expenses	<u>21,300</u>	<u>21,300</u>
Loss	\$ 3,900	\$ 2,100
Operating Ratio	123%	111%

Notices to apprise applicants' patrons of the sought fare increases and the public hearing thereon were posted and maintained in applicants' buses for a period of more than ten days immediately prior to the date of hearing. No one appeared at the hearing in opposition to the application.

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<sup>2/</sup> The accountant also made adjustments in the amounts which applicants show as the values of their properties and net worth. The adjusted amount which the accountant reported as representing applicants' net worth as of December 31, 1970, is \$1,563.

If applicants' services for the public are to be preserved, applicants obviously must be afforded relief from their present losses. We find that increases in applicants' fares as herein sought have been shown to be justified. The application should be granted.

In view of the financial exigencies with which applicants are confronted, the increased fares should be authorized to become effective on five days' notice to the Commission and to the public. The order herein should be made effective one day after the date hereof.

O R D E R

IT IS ORDERED that:

1. V. M. McDonald and John D. Hansen, doing business as San Pedro Transit Lines, are authorized to establish the following one-way and round trip fares per person subject to adult fares, said fares to apply for transportation between points on their line:

One way	30 cents
Round trip	60 cents

Amendments to applicants' tariff 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.

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 an explanation of their fares. Such notice shall be posted not less than five days before the effective date of the fare changes, and unless superseded shall remain posted for a period of not less than thirty days.

The effective date of this order shall be one day after the date hereof.

Dated at San Francisco, California,  
this 29th day of JUNE, 1971.

[Signature]  
Chairman  
William Lyman J.  
[Signature]  
James L. Stungis  
Commissioners

Commissioner D. W. Helms, being necessarily absent, did not participate in the disposition of this proceeding.