

Decision No. 86382**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of application of)
 Douglas Bus Lines, Inc.,) Application No. 56302
 a corporation, for emergency authority) (Filed March 3, 1976)
to increase fares to offset increase in)
Liability Insurance expense.)

O P I N I O N

Douglas Bus Lines, Inc. (Douglas) operates service as a passenger stage corporation (PSC-453) along some 43 routes in Southern California. The service is of the "home-to-work" character, providing commute transportation from residential neighborhoods to several large places of employment in the greater Los Angeles area. By this application, Douglas seeks authority to increase its weekly passenger fares by between 50¢ and \$1.00, to offset an increase in its liability insurance expense. The present general fare level was authorized by Decision 85142 in November 1975.

Present fares range from \$4.75 to \$11.00 per week depending on the route involved; fares would increase to between \$5.75 and \$11.50 per week if this application is granted.

The present and proposed fares are set forth herein on Appendix A.

In support of this application, Douglas cites increases in liability insurance rates, which are based on gross revenues, from 5.4% in 1974 to 14.09% effective February 1, 1976. The rate was 6.95% when the present general fare level was established.

The Commission staff has prepared an engineering-economic study of this application, adopted herewith as Exhibit 1.

The study shows that, in the event the application is granted, Douglas would have an overall operating ratio of 1.00. If the increased fares were not approved, Douglas' operating ratio would be 1.05. The operating ratios for Douglas' passenger stage operations are 1.00 and 1.06, respectively. The staff's estimated results of operation for Douglas Bus Lines, Inc., are set forth in Appendices B and C, attached. Although no financial emergency, in

fact existed at the time this application was filed, the recent decline in patronage has caused Douglas to operate at a deficit.

Copies of this application were served on interested parties and the application was listed in the Commission's Daily Calendar. Additionally, the Commission staff notified affected public transit operators and planning agencies of the receipt of this application, pursuant to California Public Utilities Code Sections 730.3 and 730.5. No protests or comments have been received.

After consideration, the Commission finds that:

1. The requested increase would result in additional annual revenue in the amount of \$30,400.
2. The proposed fare increase is justified.
3. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Douglas Bus Lines, Inc., is authorized to establish the increased fares as set forth in Appendix A, attached. 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 of this order on not less than five days' notice to the Commission and to the public.

2. This authority 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 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 carrier is presently operating at a deficit and needs this relief immediately to achieve break-even operations.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 14th
day of SEPTEMBER, 1976.

[Signature]
President
William S. [Signature]
[Signature]
Leonard [Signature]
Robert [Signature]
Commissioners

DOUGLAS BUS LINES, INC.
PRESENT AND PROPOSED PASSENGER FARES

APPENDIX A

Weekly Fares			Weekly Fares		
Route	Present	Proposed	Route	Present	Proposed
1	\$11.00	\$11.50	50	\$ 8.50	\$ 9.25
3	8.00	8.50	51	8.50	9.25
4	9.50	10.25	52	8.50	9.25
5	11.00	11.50	53	8.50	9.25
7	8.00	8.50	54	8.50	9.25
8	11.00	11.50	55	8.50	9.25
12	10.00	10.75	61	8.50	9.25
13	5.75	6.25	62	8.50	9.25
14	10.00	10.75	63	8.50	9.25
15	5.50	6.00	64	8.50	9.25
16	5.75	6.25	66	9.00	9.50
17	5.50	6.00	67	9.00	9.75
18	5.50	6.00	68	11.00	11.50
DHB	9.00	9.50	72	5.50	6.50
31	5.50	6.50	74	9.50	10.00
32	8.00	8.50	76	9.50	10.00
33	5.75	6.50	81	10.00	10.50
34	4.75	5.75	82	10.00	10.50
35	4.75	5.75	83	10.00	10.50
41	8.50	9.25	84	10.00	10.50
42	8.50	9.25			
43	8.50	9.25			
44	8.50	9.25			
45	8.50	9.25			
46	8.50	9.25			
47	8.50	9.25			
48	8.50	9.25			
49	8.50	9.25			

DOUGLAS BUS LINES, INC.
 STAFF ESTIMATED RESULTS OF OPERATIONS FOR RATE YEAR
 SEPTEMBER 1, 1976 THROUGH AUGUST 31, 1977
 AT PRESENT FARES

APPENDIX B

: : : :		: Item : and Account : : Staff Adjusted :		: : : : : : : :	
:Line:	Reference	:Number:	Description	: PSC	: Other : Total
			<u>Statistics</u>		
1			Bus Miles	750,100	88,900 839,000
2			Passenger Trips	591,600	- 591,600
			<u>Revenue</u>		
3		3200	Passenger Common Carrier	\$504,500	\$ - \$504,500
4		3100	Charter	-	-
5		3900	Other(Leasing of Equipment)	-	38,900 38,900
6	L3,L4,L5	3000	Total	\$504,500	\$38,900 \$543,400
			<u>Expenses</u>		
7		4100	Equipment Maintenance	\$131,100	\$15,500 \$146,600
8		4200	Transportation	152,100	600 152,700
9		4300	Station	-	-
10		4400	Traffic	1,700	- 1,700
11		4500	Insurance and Safety	97,900	8,200 106,100
12		4600	Administrative and General	55,900	3,500 59,400
13		5000	Depreciation	39,500	4,700 44,200
14		5200	Operating Taxes and Licenses	52,300	3,600 55,900
15		5300	Operating Rents	5,600	400 6,000
16	L7 thru 15		Total Expenses	\$536,100	\$36,500 \$572,600
17	L6 less L16		Operating Income	\$-31,600	\$2,400 \$-29,200
18		8000	Income Taxes (Est.)	-	-
19	L17 less L18		Net Income	\$-31,600	\$2,400 \$-29,200
20	(L16,18) ÷ L6		Operating Ratio	1.06	0.94 1.05
21	L19 ÷ L22		Rate of Return -%	-	-
22			Rate Base		192,000

DOUGLAS BUS LINES, INC.
STAFF ESTIMATED RESULTS OF OPERATIONS FOR RATE YEAR
SEPTEMBER 1, 1976 THROUGH AUGUST 31, 1977
AT PROPOSED FARES

APPENDIX C

		Item		Staff		
		and Account		Adjusted		
Line:	Reference	Number:	Description	PSC	Other	Total
	(1)	(2)	(3)	(4)	(5)	(6)
			<u>Statistics</u>			
1			Bus Miles	750,100	88,900	839,000
2			Passenger Trips	579,400	-	579,400
			<u>Revenue</u>			
3		3200	Pass., Common Carrier	\$ 534,900	\$ -	\$ 534,900
4		3100	Charter	-	-	-
5		3900	Other (Leasing Of Eqpt)	-	38,900	38,900
6	L,3,4,5	3000	Total	\$ 534,900	\$ 38,900	\$ 573,800
			<u>Expenses</u>			
7		4100	Equipment Maintenance	\$ 131,100	\$ 15,500	\$ 146,600
8		4200	Transportation	152,100	600	152,700
9		4300	Station	-	-	-
10		4400	Traffic	1,700	-	1,700
11		4500	Insurance & Safety	97,900	8,200	106,100
12		4600	Administrative & Gen.	55,900	3,500	59,400
13		5000	Depreciation	39,500	4,700	44,200
14		5200	Operating Taxes & Lic.	52,300	3,600	55,900
15		5300	Operating Rents	5,600	400	6,000
16	L7 thru 15		Total Expenses	\$ 536,100	\$ 36,500	\$ 572,600
17	L6 less L16		Operating Income	\$ -1,200	\$ 2,400	\$ 1,200
18		8000	Income Taxes (est)	-	-	-
19	L17 less L18		Net Income	\$ -1,200	\$ 2,400	\$ 1,200
20	(L16,18)+L6		Operating Ratio	1.00	0.94	1.00
21	L19+L22		Rate of Return - %	-	-	-
22			Rate Base	-	-	\$ 192,000