

Decision No. 41836

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of Eskdale Newton, doing business)
as Newton Passenger Transportation)
Co. for authority to increase its)
fares.)

ORIGINAL

Application No. 29278

Appearances

Francis X. Vierra, for applicant.
William Dozier, for City of Stockton,
interested party.

O P I N I O N

Applicant is a passenger stage corporation engaged in the transportation of passengers within and in the vicinity of Stockton. By this application, it seeks authority to establish increased fares on less than statutory notice.

A public hearing was had at Stockton on June 10, 1948, before Commissioner Potter and Examiner Jacopi.

Applicant operates via two routes between Hunter Square in downtown Stockton and the intersections of Waterloo Road and the Diverting Canal and of East Fremont Street and Oro Avenue.¹ The present fares are based upon two fare zones. Adult fares are 7 cents and 10 cents per one-way ride, according to the zone or zones involved. Twelve-ride commutation tickets are sold for 70 cents in the 7-cent zone and for \$1.00 in the 10-cent zone. The school fare is 5 cents per one-way ride. Other children's fares are on the

¹ Between Hunter Square and the intersection of East Fremont Street and Wilson Way both services are operated over the same route, subject to a restriction prohibiting the transportation of passengers having both point of origin and destination on that portion of the route. Beyond this intersection, the operations branch out over two generally parallel routes about one and one-half miles apart. Applicant also operates between Stockton and Lathrop Engineering Depot near Lathrop. Fares for the latter service are not involved herein.

basis of one-half the adult fare, minimum fare 5 cents, for children five to ten years of age, inclusive, with no charge for those under five years of age when accompanied by adult passengers. Applicant proposes to increase the 7-cent one-way fare to 10 cents and the 70-cent commutation fare to \$1.00, and to revise the basis of the children's fares.² No change is sought in the present 10-cent one-way and \$1.00 commutation fares nor in the school fares.

Evidence was offered by applicant and his auditor and by a transportation engineer from the Commission's staff. Applicant alleged that revenues under the present fares were not sufficient to meet the cost of providing the service. He showed that operations for the year 1947 were conducted at a net loss of \$12,492, and that, although substantial economies were effected, operations for the first three months of 1948 showed a net loss of \$284. He attributed these losses to increased costs and to a decrease in the volume of traffic.

Applicant testified that the increased costs resulted from substantial advances in wages and in the cost of fuel, lubricants, insurance, vehicle license fees, and maintenance of equipment. Operating costs were further increased, he said, by the necessity of increasing the frequency of certain schedules during the day. The decrease in traffic, he asserted, was due to a shift in population. The witness said that during the war and until the end of 1946, a substantial number of families had lived in house trailers in the area served by applicant. Most of them, he asserted, had since moved to new homes in other sections of Stockton. The witness anticipated no substantial improvement in

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Under the proposal, children over four years of age, other than school children, would be charged adult fares, with no charge for those four years of age and under when accompanied by adult passengers.

the volume of traffic in the near future.

Applicant and the engineer submitted exhibits showing the estimated results of operations under the proposed fares for twelve months ending May 31, 1949. Although the studies were prepared independently, and by somewhat different methods, there is little difference between the final figures developed in the two exhibits. The following tabulation, summarized from the exhibits of record, shows the estimated operating results under the proposed fares:³

	<u>Applicant</u>	<u>Engineer</u>
Revenue	\$ 87,000	\$ 82,140
Expenses	<u>88,033</u>	<u>82,970</u>
Net income before income taxes	<u>(\$ 1,033)</u>	<u>(\$ 830)</u>
Operating ratio	101.2	101.0

() - Indicates loss.

The bases for the estimates and conclusions of the witnesses were explained in considerable detail in their testimony and that of the auditor. The principal variations between the revenue and expense figures shown above are due to differences in estimates of the anticipated volume of traffic and bus miles, and in treatment of depreciation. However, in view of the slight difference between the final results shown above, detailed discussion of the studies appears to be unnecessary. The record also shows that applicant and the engineer were in agreement that further operating economies could be made without impairing the service which would do little more than offset the estimated operating loss shown in applicant's exhibit.

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Applicant's figures have been adjusted by eliminating certain interest payments improperly charged to operating expenses.

Applicant testified that the traffic in the 7-cent zone is the only business on which higher fares can be secured at this time. He contended that an increase in the present fares in the 10-cent zone would have a serious adverse effect upon the operating results. The witness asserted that discussions he had with many patrons in the 10-cent zone relative to a prospective increase had convinced him that the present fares were as great as that traffic would stand, and that any increase in such fares would divert a substantial amount of traffic to private automobiles. On the other hand, he predicted, the loss of traffic expected to result from the proposed increases in the 7-cent zone would not be substantial. The witness also testified that the present fares in the 7-cent zone were identical with those charged by Central California Traction Company prior to discontinuance of its service in 1932 and had not been changed since that time. In regard to the proposal to charge adult fares instead of one-half thereof for children five to ten years of age, inclusive, he asserted that such children require seats to the exclusion of other passengers.

The record shows that the usual notices were sent to chambers of commerce, civic organizations and others believed to be interested. It also shows that a local newspaper inserted news items relative to the hearing in three of its issues. No one appeared in opposition to the proposed increases. A representative of the City of Stockton participated in cross-examination of witnesses but did not offer any testimony.

The evidence of record demonstrates that the existing fares are not sufficient to meet applicant's revenue requirements in the face of higher operating costs and other changed conditions. However, applicant has not fully justified the proposal to revise the basis of children's fares. No evidence was introduced in support of

the proposal to change the age limit of five years and under governing free transportation of children accompanied by adult passengers, to four years of age and under. The part of the proposal in question will not be authorized.

Upon consideration of all the facts and circumstances of record, we are of the opinion and find as a fact that the increased fares proposed in this proceeding are justified except to the extent hereinabove indicated.

O R D E R

A public hearing having been had in the above entitled application, and based upon the evidence received at the hearing and upon the findings and conclusions set forth in the preceding opinion,

IT IS HEREBY ORDERED that Eskdale Newton, doing business as Newton Passenger Transportation Co., be and he is hereby authorized to increase one-way adult fares from 7 cents to 10 cents, and 12-ride commutation fares from 70 cents to \$1.00, as proposed in the above entitled application, and to establish adult fares in lieu of the existing basis of fares for children five years of age and over when not transported under the school fares; and that the changes in fares herein authorized may be established on not less than five (5) days' notice to the Commission and to the public.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire except to the extent that the changes in fares published pursuant to this authority are filed and made effective within ninety (90) days from the effective date of this order.

IT IS HEREBY FURTHER ORDERED that, in all other respects, the above entitled application be and it is hereby denied.

This order shall become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this 13th day of July, 1948.

Justin J. Casner
James H. Russell
Harold P. Keli

Commissioners