

ORIGINAL

Decision No. 43986

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 Beninger Transportation Service, Inc.)  
 for authority to increase and adjust )  
 its rates and fares for the trans- ) Application No. 30955  
 portation of passengers between points)  
 in Contra Costa County in the State of )  
 California. )

Appearance

Marquam C. George, for applicant.

O P I N I O N

Applicant is a passenger stage corporation engaged in the transportation of passengers between Richmond and El Portal, Rollingwood, El Sobrante and East Richmond Heights. It seeks authority to establish increased fares.

Public hearing was had before Examiner Jacopi at San Pablo on March 15, 1950.

The operations in question are conducted over two routes designated as the El Sobrante and East Richmond Heights runs. The former run extends from Richmond through El Portal and Rollingwood to El Sobrante and the latter from Richmond to East Richmond Heights. The present and proposed fares are set forth in the following table:

(Fares shown are in cents per passenger)

Between Richmond and	<u>One-way Fares</u>				<u>Commutation Fares</u>			
	<u>Adult</u>		<u>Children 6-12 Years</u>		<u>Adult Weekly</u>		<u>20-Ride School</u>	
	<u>(1)</u>	<u>(2)</u>	<u>(1)</u>	<u>(2)</u>	<u>(1)</u>	<u>(2)</u>	<u>(1)</u>	<u>(2)</u>
El Portal	15	15	10	15	150	Cancel	125	150
Rollingwood	15	20	10	15	150	Cancel	125	150
El Sobrante	15	20	10	15	150	Cancel	125	150
E. Richmond Heights	10	15	10	15	None	None	100	150

Column (1) shows the present fares.  
 Column (2) shows the proposed fares.

Applicant's president testified that operations were being conducted at a loss. Exhibits submitted by the witness showed that for the first eleven months of 1949 the operating expenses exceeded the revenues by \$9,769. The loss was attributed to steady increases in the cost of operation coupled with a decline in traffic. Because of lack of funds, under these conditions, repair work on the equipment has been done by the president without charge and public liability and property damage insurance costing \$2,100 per year has been discontinued. All possible operating economies were said to have been made in an effort to reduce expenses. It was pointed out that a number of evening and Sunday schedules involving a small amount of patronage had been discontinued. The president asserted that without additional revenue applicant cannot meet its obligations and maintain adequate service. He also asserted that applicant plans to renew public liability and property damage insurance coverage in the event that the sought increases are authorized.

Exhibits and testimony relative to applicant's future operations were introduced by the president and by a transportation engineer from the Commission's staff.<sup>1</sup> The president calculated that for the next eleven months the revenues under the proposed fares would exceed the operating expenses by \$3,874. A similar estimate based upon the present fares was not submitted. The Commission engineer developed his calculations for the 12 months ending February 28, 1951. According to his estimates, a loss of \$8,045 would be experienced if the present fares were maintained in effect during the aforesaid period. Under the proposed fares he calculated that the operations would also result in a loss amounting to \$1,335.

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<sup>1</sup> The witnesses' calculations did not include any revenues or expenses attributable to the future operation of the extension of applicant's service between Richmond and San Pablo and intermediate points as authorized by Decision No. 43823 of February 14, 1950, in Application No. 30052. At the time of the hearing in the instant proceeding the new service had been in operation only two days.

The anticipated operating results as developed by the witnesses are summarized in the following tabulation:

	<u>Applicant</u> <u>Proposed</u> <u>Fares</u>	<u>Commission Engineer</u>	
		<u>Present</u> <u>Fares</u>	<u>Proposed</u> <u>Fares</u>
Passenger Revenue	\$ 49,492	\$ 32,590	\$ 39,380
Other Revenue	<u>2,231</u>	<u>2,300</u>	<u>2,300</u>
Total Operating Revenue	51,723	34,890	41,680
Operating Expenses	<u>47,849</u>	<u>42,935</u>	<u>43,015</u>
Net Operating Income			
before Income Taxes	\$ 3,874	\$ (8,045)	\$ (1,335)
Operating Ratio before			
Income Taxes	92.5	123.1	103.2
Rate Base	---	\$ 11,150	\$ 11,150

( ) - Indicates loss

The difference between the witnesses' forecasts of the results of operation under the proposed fares is attributable to variations in the revenue estimates and to the omission of certain operating expenses from applicant's showing. In developing his revenue estimate, the Commission engineer gave effect to a drop in traffic anticipated under the increased fares. He also gave effect to the decrease in revenue that has resulted from the recent discontinuance of certain lightly-patronized schedules which applicant does not contemplate restoring in the near future. These reductions in traffic were not given consideration in applicant's calculations. With respect to the operating expenses, applicant's estimates made no provision for the cost of public liability and property damage insurance amounting to \$2,100 per year and include less than \$100 for maintenance of equipment. The latter figure was based upon continuation of provision of such service by applicant's president without cost. On the other hand, the Commission engineer's figures provided for the insurance and included an amount for maintenance said to be consistent with applicant's experience prior to the year 1949. The engineer's

estimates appear to give more reasonable effect to traffic and revenue trends as disclosed by the record and to the operating expenses ordinarily encountered in applicant's operations. If corresponding adjustments were made in applicant's showing, it would closely approximate the engineer's estimated operating result.

The president further testified that applicant's proposed fare structure was designed to provide needed revenue without substantial loss of traffic. According to his testimony no increase is sought in the present 15-cent one-way fare between El Portal and Richmond and between El Portal, Rollingwood and El Sobrante because any attempt to maintain a higher fare would result in serious diversion of traffic.<sup>2</sup> In regard to the proposal to cancel the existing adult weekly commutation fare, it was asserted that there is little public demand therefor, that sales during the past year averaged about one ticket per week, and that discontinuance of the fare would relieve applicant of the cost of printing and accounting without seriously inconveniencing the patrons. It was indicated that the proposed adjustment of the 20-ride school commutation fares would provide needed revenue and would afford a uniform basis of 7.5 cents per trip between all points served by applicant in lieu of the differential now maintained for the different routes operated.

No one appeared in opposition to the granting of the application. Notices of the hearing were published in a newspaper in the Richmond area. Notices were also posted in applicant's vehicles.

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The Key System was said to maintain an 11-cent one-way fare between El Portal and Richmond. Movements on applicant's line between El Portal, Rollingwood and El Sobrante were said to involve short distances and, allegedly, any increase in the present fare would result in serious diversion of traffic to private automobiles.

There is no question on this record that unless applicant is able to develop additional revenue its ability to continue to serve the public will be seriously jeopardized. It is clear that continued operation under the present fares can only result in further substantial losses. The increased fares sought would provide needed additional revenue but would not fully offset the estimated losses. Under the circumstances of record, the proposed fare structure in other respects appears to be reasonable.

As hereinabove indicated, provision has been made in the operating expenses for the cost of the public liability and property damage insurance. Applicant will be expected to reinstate such insurance forthwith and to advise the Commission when this has been done together with the amount of the coverage obtained and its effective date.

Upon careful consideration of all of the facts and circumstances of record the Commission finds as a fact that the increased fares as proposed in this application are justified. The application will be granted. Applicant requested authority to establish the proposed fares on less than statutory notice. Because of the urgent need for additional revenue, it will be authorized to establish the fares on not less than five (5) days' notice.

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 conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Beninger Transportation Service, Inc., be and it is hereby authorized to amend its Local Passenger Tariff Cal.P.U.C. No. 2, on not less than five (5) days' notice to the Commission and to the public, as follows:

1. To establish a one-way adult fare of 20 cents between Richmond and Rollingwood and El Sobrante.
2. To establish a one-way adult fare of 15 cents between El Portal, Rollingwood and El Sobrante.
3. To establish a one-way fare of 15 cents for children from 6 to 12 years of age, both inclusive, between Richmond and El Portal, Rollingwood and El Sobrante.
4. To establish a one-way fare of 15 cents between Richmond and East Richmond Heights.
5. To establish a 20-ride school commutation fare of \$1.50 between all points which applicant is authorized to serve on the El Sobrante and East Richmond Heights routes.
6. To cancel the existing 12-ride weekly commutation fare of \$1.50 between Richmond and El Portal, Rollingwood and El Sobrante.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire ninety (90) days after the effective date of this order.

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

Dated at San Francisco, California, this 28th day of March, 1950.

R. J. [Signature]  
Justice F. [Signature]  
[Signature]  
[Signature]  

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**Commissioners**

Commissioner Kenneth Potter, being necessarily absent, did not participate in the deliberations of this proceeding.