

Decision No. 44684

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Roscoe D. Rice and Clarence W. Murry,)
copartners doing business as RICE &)
MURRY TRANSPORTATION SYSTEM, for)
authority to increase passenger fares.)

Application No. 31468

ORIGINAL

Appearances

Roscoe D. Rice, for applicants.

F. A. Silveira, City Attorney, and Jeanne S. Roduner,
Mayor pro tem, for the City of Merced, interested
party.

Otto B. Liersch, for Engineering Division, Transpor-
tation Department, Public Utilities Commission
of the State of California

O P I N I O N

Roscoe D. Rice and Clarence W. Murry, copartners doing business as Rice & Murry Transportation System, are engaged in the transportation of passengers by motor bus, as a common carrier, within the City of Merced, and between Merced on the one hand and Planada, Castle Field and Lake Yosemite on the other. By this application, as amended, they seek authority to increase fares on less than statutory notice.

Public hearing was had before Examiner Bryant at Merced on August 9, 1950. The matter is ready for decision.

Applicants' existing adult fares are 10 cents within the City of Merced, and 20, 25, and 35 cents over the routes which extend beyond the city limits. Authority is sought to advance the city fare to 13 cents, and to increase the other fares by 5 cents each except that a 20-cent fare between Merced and Castle Field would be increased to 30 cents. Certain round-trip tickets and script books would be discontinued. No change is proposed in the existing fares for school children.

Applicants operate three buses. The record shows that the partners drive the vehicles, with assistance of one hired driver, and do most of the maintenance work, keep records, and, in general, devote their full time to the operation.

A public accountant, who maintains the books and accounts of the company, introduced in evidence profit and loss statements and depreciation schedules for the calendar year 1949, and for each of the first six months of 1950. According to these statements the company earned a net profit of about \$3,000 for the year 1949, and a profit of less than \$250 for the first half of 1950. In neither case was any provision made for wages or other compensation to the partners.

Roscoe D. Rice, one of the partners, testified that in his opinion the sought fares would increase the revenues by about \$4,000 a year. The resulting revenue, he believed, would be sufficient to pay the costs of operation and to permit each of the partners to draw compensation of \$65 weekly. That wage, he said, would be less than the one now paid to the hired driver.

An associate engineer of the Commission's staff introduced and explained a detailed report on the results of operation for the 12-month period ending August 31, 1951. After making adjustments in the book figures necessary to credit the partners with reasonable wages for services performed, and to reflect otherwise what he believed to be normal operating conditions, he estimated that present fares would result in a substantial loss and that the proposed fares would return a net operating income for the year of less than \$600. His conclusions are indicated more specifically in the following table:

Estimated Results, Year Ending August 31, 1951

	<u>Under Present Fares</u>	<u>Under Proposed Fares</u>
<u>Operating Revenues:</u>		
Passenger Revenue	\$19,880	\$24,230
Other Operating Revenue	<u>600</u>	<u>600</u>
Total Operating Revenue	\$20,480	\$24,830
<u>Operating Expenses:</u>		
Operating Expenses	\$19,965	\$19,965
Depreciation Expense	2,338	2,338
Operating Taxes	<u>1,863</u>	<u>1,937</u>
Total Operating Expenses	\$24,166	\$24,240
Net Operating Income	\$(<u>3,686</u>)	\$ 590
Operating Ratio	118.0%	97.6%
Rate Base	\$ 5,750	\$ 5,750
Rate of Return	-	10.3%
() Loss		

The engineer stated that in his opinion the rate of return is of little significance in this case, for the reason that the operating properties are largely depreciated. He said that on a normal rate base the estimated net income of \$590 would represent a return of about six percent.

No one opposed the granting of this application. Representatives of the City of Merced assisted in development of the record. The evidence shows that the customary notices were mailed in advance of the hearing to persons and organizations believed to be interested, and that the hearing was well publicized through newspaper advertisement and the posting of notices in the vehicles.

From the record in this proceeding it is clear that an adjustment in fares is necessary to sustain the operations of Rice & Murry Transportation System. It is clear also that the proposed fares

will not result in excessive revenues. The form of the fare adjustment, as sought by the applicants, appears to be reasonable and suitable under the circumstances herein developed.

Upon careful consideration of all of the facts and circumstances of record the Commission is of the opinion and finds that the increased fares sought in this proceeding are justified. In view of the evident need for increased revenues, the authority necessary to make the changes effective on less than statutory notice will be granted.

O R D E R

Public hearing having been had in the above-entitled application, full consideration of the matters and things involved having been had, and the Commission being fully advised,

IT IS HEREBY ORDERED that Roscoe D. Rice and Clarence W. Murry, copartners doing business as Rice & Murry Transportation System, be and they are hereby authorized to establish, on not less than five (5) days' notice to the Commission and to the public, increased and revised fares as specifically set forth in Paragraph 3 of the amended application filed in this proceeding on July 10, 1950.

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 22nd day of August, 1950.

R. J. [Signature]
Justice J. Coleman
[Signature]
Hargest. Kula
Kenneth [Signature]
 Commissioners