

ORIGINAL

Decision No. 45536

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
BAKERSFIELD TRANSIT CO., a corporation,) Application No. 31858
for an order granting permission to)
increase its fares.)

Mr. W. M. Mickleberry and Mr. Leslie Watts for applicant. ✓
Mrs. George Dorwart, Mrs. A. M. Lee, Mrs. A. G. Boescher,
Mrs. W. H. Long, Mr. R. W. Greenman, Mr. Cecil Jones,
Mr. C. Vance Anderson, Mr. Wm. R. Owens, and Mr. C. L. Miles,
interested parties. Mr. T. A. Hopkins, for the Public Utilities
Commission.

O P I N I O N

Applicant operates a passenger stage service in Bakersfield and vicinity. By this application it seeks authority to increase its fares.

This application was heard at a public hearing held in Bakersfield on February 16, 1951, before Examiner Chiesa.

By Decision No. 43097, dated July 6, 1949, applicant was authorized to establish an adult fare of 10 cents applicable between any two points on its system, and a school fare of 10 cents or 20 rides for \$1.00, and to provide free transfers.

In this application, as amended, authority is sought to charge adults five cents for transfers and to charge a 10-cent school fare, with free transfer, eliminating the reduced fare tokens of 20 for \$1.00.

Applicant represents that, if the present fares remain in effect, operating costs will exceed income; that capital needed for new equipment will not be available; that there will be no return on capital investment; that applicant has recently effected

economies by combining routes, revising schedules; and, that, unless relief is granted, present service standards cannot be maintained.

Applicant's secretary and a Commission transportation engineer presented operating estimates under present and proposed fares (Exhibits 3, 5, and 6). A summary of their conclusions follows:

Estimated Results of Operation for
Rate Year ending February 29, 1952

	Present Fares		Proposed Fares	
	Applicant	: Staff	Applicant	: Staff
Revenue	\$439,439.65	\$435,150.00	\$452,724.10	\$448,725.00
Expenses	431,280.85	433,054.00	431,592.38	433,054.00
Net Income (after Income Tax)	5,792.75	2,096.00	15,003.52	11,671.00
Operating Ratio	98.14%	99.52%	95.33%	96.51%
Rate of Return ⁽¹⁾	1.92%*	0.82%	4.98%	4.56%

(1) A depreciated rate base of \$250,000 was developed by the Commission's engineer while applicant's figure was \$301,062.84.

* Commission figures

Estimated Results of Operation of Two Alternate
Fare Structures Submitted by the Commission's
Engineering Staff Are as Follows:

	Case I		Case II	
	Revenue	\$442,530.00		\$447,150.00
Expenses	433,227.00		433,227.00	
Net Income (after Income Tax)	6,315.00		10,072.00	
Operating Ratio	97.90%		96.89%	
Rate of Return	2.47%		3.93%	

	<u>Adult Fare</u>	<u>Adult Transfer</u>	<u>Student Fare</u>	<u>Student Transfer</u>
Case I	10¢	2¢	10¢	Free
Case II	10¢	5¢	5¢	5¢

As in the previous hearing, the difference in the estimates is attributable to divergent opinions on future passenger volume, diminution resulting from fare changes, working capital allowance, future cost of equipment maintenance, and minor differences in other items.

The variance in estimated total operating revenue, based on applicant's proposed fares is approximately \$4,000 annually. Applicant estimated \$7,500 more revenue from adult fares than was considered probable by the staff representative. School revenue was estimated at \$4,939.00 by the company and at \$8,475.00 by the engineer. Applicant expects 5,000 more adult passengers and diminution of 50% in student passengers. The engineer's diminution estimate in student fares, of 25%, appears the more acceptable figure.

The variance in operating expenses, depreciation and taxes is less than \$1,500 and results from minor difference in numerous accounts which need not be detailed here.

Applicant submitted a rate base of \$301,062.84 as compared to an estimate of \$256,000.00 submitted by the Commission engineer. The difference arises from the inclusion by applicant of \$25,000 for working capital and an amount of \$17,248.00 claimed as value of buses and fare boxes fully depreciated on the books of the company but still used and useful in the operations of applicant.

We have carefully considered both presentations and are of the opinion that the estimates of the Commission's transportation engineer more accurately reflect results that may be expected from the various suggested fare structures.

We are convinced, upon the evidence of record, that applicant is entitled to relief through an adjustment in fares.

Upon consideration of the various fare structures submitted, the Commission finds that a five-cent charge for transfers issued to adult passengers and an increase from five cents to 10 cents in student fares, with free transfers, are justified, and therefore, such increase will be authorized. It has been estimated that said fares will result in a net annual income, after taxes, of \$11,671. The rate of return would be 4.56%. The Commission is of the opinion and finds that the proposed fares are justified.

O R D E R

Public hearing having been had in the above-entitled application, the matter having been submitted, the Commission having fully considered the evidence and finding that the fares herein authorized are justified,

IT IS ORDERED:

(1) That Bakersfield Transit Co. be, and it hereby is, authorized to abolish its present fares and, on not less than five (5) days' notice to the Commission and the public, establish in place thereof, adult and student fares as follows:

(a) Adult Fare:

10 cents and a transfer charge of five cents;

(b) Student Fare:

10 cents with free transfer.

(2) That the authority herein granted shall expire unless exercised within sixty (60) days from the effective date hereof.

(3) IT IS HEREBY FURTHER ORDERED that the five (5) days' notice to the public, provided for in the preceding ordering paragraph, shall be posted in applicant's buses, and shall be a suitable notice describing how the fare increases will affect the service

to the public.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 3rd day of April, 1951.

R. J. [Signature]
Justus J. [Signature]
Harold A. [Signature]
Kenneth [Signature]
John E. [Signature]
COMMISSIONERS