

ORIGINAL

Decision No. 45794

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
WILLIS M. KLEINENBROICH )  
(Modesto Motor Bus Service) to in- )  
crease fares between points in )  
the vicinity of Modesto, Stanislaus )  
County, California. )

Application No. 32237

Willis M. Kleinenbroich, in propria persona

O P I N I O N

Applicant requests authority to increase fares for the Modesto Motor Bus Service, operated over four routes in Modesto and its environs, from 10 cents for adults or six rides for 50 cents, and school fares of 10 rides for 55 cents or 20 rides for \$1.00, to a straight adult cash fare of 10 cents and a school childrens' fare of 10 rides for 75 cents.

The application was submitted at a public hearing held before Examiner Gregory at Modesto on May 7, 1951. No opposition to the requested fare increase was manifested.

Applicant and an engineer of the Commission's staff each presented estimates of operating results for the ensuing year based on present and proposed fares. The Commission engineer's figures also included adjusted results of operation for the year ending March 31, 1951, based upon applicant's books. As all calculations show a deficit it will be sufficient to indicate only the adjusted results for the past year and the estimates based on proposed fares. A summarization follows:

I t e m	Adjusted : Estimated-Proposed Fares		
	Book Record:Comm. Staff-: Applicant -		
	Year Ending:Year Ending : Year Ending		
	3/31/51 : 6/30/52 : 5/31/52		
Revenue	\$ 40,157	\$ 42,034*	\$ 41,613.45*
Operating and Maintenance Expense	35,460	40,310	39,111
Depreciation Expense	2,873	3,815	3,100
Operating Taxes	4,718	4,249	4,318
Operating Rents	213	210	---
Total Operating Expenses	\$ 43,264	\$ 48,584	\$ 46,529
Net Operating Income	\$ (3,107)	\$ (6,550)	\$ (4,915.55)
Operating Ratio	107.74%	115.58%	---
Rate Base	---	\$ 4750	---
Rate of Return	---	---	---

\*Includes \$200 revenue from advertising displays.

(Red figure)

The difference of about \$2000 in estimates for future operating expenses is chiefly due to applicant's error, conceded by him at the hearing, in estimating fuel costs and taxes, and to his omission of the sum of \$210 for garage rent. Otherwise, the two expense estimates exhibit no significant divergence.

The record shows that in the early part of 1949, following authorization to increase fares and to establish two additional routes (Decision No. 42605, March 15, 1949, Application No. 29993), applicant's traffic showed a sharp increase for a brief period, but it declined during the remainder of that year. The decline continued at a lesser rate during 1950. The first three months of 1951 indicate a downward trend of adult traffic to a point approximately three per cent below the corresponding period in the previous year.

School traffic increased 17 per cent in 1950 as compared with 1949. But it dropped off sharply during November, 1950, after inauguration of free school transportation in a portion of the area served. The first three months of 1951 show a drop of about 18 per cent below the corresponding period in 1950.

The Commission engineer estimated that applicant would transport 368,850 adult passengers and 65,990 school children during the rate year ending June 30, 1952, from which he would derive revenue of \$41,834. To that sum he added \$200 for advertising revenue, making an estimated total revenue of \$42,034 for the period, as indicated in the tabulation above. Applicant's estimated revenue for the year ending May 31, 1952, based on his extension of figures for an average month's operation and including \$200 advertising revenue, amounted to \$41,613.65, also shown in the above summary. The difference in the estimates of future revenue is not of such a degree as to require special comment.

It is obvious from this record that applicant is confronted with a serious financial problem which will not be entirely solved by the upward revision of fares requested here. Applicant indicated he proposed to check his evening and Sunday operations to see if a saving in mileage might be effected. This should be done without delay. On the other hand, a possible increase in school transportation revenue may accrue with the opening of a new high school, in September of this year, just outside present city limits to the northeast at a distance of about .3 of a mile from applicant's Route No. 2. ✓

We find from the evidence that the increase in fares proposed in this application has been justified. The application, accordingly, will be granted.

#### O R D E R

Public hearing having been held in the instant proceeding, the matter having been submitted for decision, the Commission now

being fully advised and basing its order upon the findings and conclusions contained in the foregoing opinion,

IT IS ORDERED that Willis M. Kleinonbroich, doing business as Modesto Motor Bus Service, be and he hereby is authorized to establish, on not less than five (5) days' notice to the Commission and the public, the increased local fares proposed in the application filed herein.

IT IS FURTHER ORDERED that the authority herein granted shall lapse unless the fares herein authorized are published, filed and become effective within sixty (60) days after the effective date hereof.

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

Dated at Los Angeles, California, this 5th day of June, 1951.

A. J. Dwyer  
Harold A. Hule  
Edna L. Mitchell

COMMISSIONERS