

ORIGINAL

Decision No. 46837

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of Motor Street Car Service,)	
Incorporated, to increase certain)	Application No. 32435
of its tariffs.)	

SUPPLEMENTAL OPINION AND ORDER

Motor Street Car Service, Incorporated, is a passenger stage corporation engaged in the transportation of passengers over seven routes within and in the vicinity of Santa Rosa. In this application, as amended, it sought authority to increase its passenger fares and to discontinue service on Sundays and holidays over Route 1-B.¹ This route extends from Court House Square in downtown Santa Rosa to Sonoma County Hospital, a distance of about 3 miles. It is the only route over which the company operates service on Sundays and holidays. The sought fare adjustment was authorized by Decision No. 46211 of September 18, 1951, in this proceeding.

The proposed discontinuance of service, however, was not authorized pending further investigation of the matter. The Commission found on the record then before it that a number of employees of the county hospital and of a nearby sanitarium, as well as other people, used the Sunday and holiday service and that its complete discontinuance was not justified without a clear showing that all reasonable efforts had been made to reduce the operating loss. The company was instructed in Decision No. 46211, supra, to continue the Sunday and holiday service during a test period of 90 days, to analyze the

¹ A public hearing of the application was held at Santa Rosa on August 17, 1951.

operations for the purpose of effecting operating economies and to undertake a program for attracting more passengers to its service. It was instructed also to report the results achieved to the Commission upon the conclusion of the test period.

The company's report covering the Sunday and holiday operations in question has been received. It shows that the test period extended from October 14, 1951 to January 13, 1952, inclusive. A total of 17 Sundays and holidays was involved. In connection with the test operations, 3,000 pocket folders showing the schedules and a map of the routes operated were distributed to the public generally. Santa Rosa merchants distributed an additional 2,000 folders to their customers. The service was also brought to the public's attention through advertisements on Santa Rosa parking meters and through cards displayed on the windows of all of the company's busses.

A total of 544 one-way trips was provided in the entire test period. The trips were operated at the rate of 16 trips in each direction per Sunday and holiday. Only one bus was used in the service. The total number of passengers handled on the 544 trips amounted to 1,632, or an average of 3.0 passengers per trip. Of the total of 1,632 passengers, 727 were transported from or to the end of the route at Sonoma County Hospital, an average of 1.3 passengers per trip. No passengers were handled from or to the hospital on 250 of the 544 trips operated.

The company's report shows that the Sunday and holiday operations were conducted in the test period at a loss of \$205.13. The revenue amounted to \$189.14 and the expenses were \$394.27. The operating ratio was 208.5 percent. On an annual basis, the operating loss would amount to \$700.06.² The expense figure includes the wages of

² The company's report shows that the annual loss would amount to \$724.20 based upon a total of 60 Sundays and holidays. The record shows that the service in question would be provided on 58 days per year. The company's figures have been adjusted to this basis.

the bus driver and the cost of maintenance, fuel, oil, tires, public liability and property damage insurance, payroll taxes and vehicle license fees. It does not include allowances for depreciation and overhead charges.

A transportation engineer from the Commission's staff examined the company's records covering the Sunday and holiday operations in the test period. He calculated that the service was conducted at a loss of \$188.94, which is equal to a loss of \$644.96 per year. His figures show that the revenue for the test period amounted to \$129.14. As developed by the engineer, the direct or out-of-pocket expenses amounted to \$378.08.³ The operating ratio was 199.9 percent. The difference between the engineer's figures and those of the company is accounted for by the fact that the company included a proportion of the vehicle license fees in the expenses and that different methods were used in apportioning some of the other costs. Under either basis, however, the expenses substantially exceed the revenue.

In Decision No. 46211, supra, the Commission said "The people of Santa Rosa are advised that applicant cannot be expected to continue indefinitely Sunday and holiday operations that do not return the out-of-pocket costs of performing the service. If the people desire to retain the service, they must make it feasible by their patronage." It is clear from the operating results for the test period that the amount of traffic handled on Sundays and holidays is small and that the revenue therefrom falls far short of covering the out-of-pocket costs of the service. In fact, the annual revenue of

³ The direct or out-of-pocket expenses included in the engineer's figures consisted of the wages of the driver, payroll taxes, maintenance, fuel, oil, tires, public liability and property damage insurance and revenue taxes. Depreciation charges were not included in the expense calculations.

\$644.96 would be insufficient to meet the Sunday and holiday wages of the driver amounting to \$754 per year. Thus, the revenue also would fail to cover the cost of fuel, oil, tires, maintenance and other expenses involved in performing the service. The savings in expenses that would be realized upon the discontinuance of the Sunday and holiday service would not result in more than modest earnings for the remainder of the operations. Decision No. 46211, supra, showed that the operation of daily service under the increased fares therein authorized would produce an annual net operating income amounting to \$112 after provision for income taxes and that the corresponding net would be \$528 if the service were provided daily except Sundays and holidays. These net income figures, however, would be slightly lower under present conditions by reason of the increase made in federal income tax rates since the decision in question was issued.

Upon careful consideration of the data now before the Commission, the conclusion is inescapable that the patronage does not warrant continuance of the Sunday and holiday schedules in question. The sought authority to discontinue these schedules will be granted. A further public hearing is not necessary.

Therefore, good cause appearing,

IT IS HEREBY ORDERED that Motor Street Car Service, Incorporated, be and it is hereby authorized to discontinue passenger bus schedules over Route 1-B on Sundays and on the following holidays: New Year's Day, Washington's Birthday, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day and Christmas Day, as proposed in the application, as amended, filed in this proceeding; and that it shall file with the Commission an appropriate timetable in triplicate establishing the proposed schedule changes on not less than ten (10) days' notice to the Commission and to the public.

IT IS HEREBY FURTHER ORDERED that, in addition to the required filing of a timetable, Motor Street Car Service, Incorporated, be and it is hereby directed to post and maintain in its vehicles a notice of the discontinuance of the Sunday and holiday schedules herein authorized, which notice shall be made not less than ten (10) days prior to the effective date of the schedule changes and shall be maintained for a period of not less than twenty (20) days.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire unless exercised within sixty (60) 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 11th day of March, 1952.

R. F. Johnson
 President

Justice F. Cooney

Harold P. Hida

John E. Mitchell

Commissioners