

ORIGINAL

Decision No. 47875

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of D. MOYERS, doing)
business as MOYERS STAGES, for)
authority to adjust and increase)
passenger fares.)

Application No. 33407

L. Nelson Hayhurst, for applicant.
Otto B. Liersch, for the Commission's Staff.

O P I N I O N

Applicant, D. Moyers doing business as Moyers Stages, presently rendering a passenger stage service between Fresno, Sanger and Clovis and intermediate points, seeks authority to increase certain of his rates.

Public hearing was held at Fresno before Examiner Daly on October 3, 1952, and the matter submitted. Evidence was introduced by applicant and by transportation engineers of the Commission's staff. No appearances were made in protest to the authority sought. Notices of the public hearing in this proceeding were posted in applicant's vehicles and were published in a newspaper of general circulation.

The present fare structure is on a zone fare basis with a minimum of 15¢ with 5¢ additional for each subsequent zone. In addition to the zone fares, round-trip, one-half fares and commutation fares are offered. Applicant proposes to change certain fares and fare break points in addition to increasing commutation fares. The new fares are specifically set forth in Exhibit "D" attached to the application as amended.

Applicant asserts that as a result of an increase in operating costs, fluctuation of traffic and general change of

conditions, fares presently in effect are noncompensatory and fail to meet operating expenses.

Applicant and members of the Commission's staff introduced in evidence exhibits consisting of actual revenues and expenses for past periods as well as anticipated revenues and expenses covering specified test periods under both present and proposed rates.

Applicant's exhibits included anticipated revenues and expenses covering the Cedar-Shaw Avenue route, an extension recently granted to applicant, but which applicant has not as yet put into operation.

On cross-examination applicant's office manager testified that the revenue anticipated from this operation was based upon the expected patronage of students attending a newly constructed college along the route. She stated, however, that the opening of the new school has been postponed and that the opening date was still indefinite.

In line with this testimony the Commission's staff engineer testified that this operation was not considered in the Commission's study due to the fact that the application covering the extension was filed subsequent to the instant application and was decided after the Commission study had been completed. It was the opinion of the engineer that during the first year of operation revenue would not exceed out-of-pocket cost. However, in the event that it did the additional revenue would not materially affect the estimated rate of return.

With the exception of the estimates involving the Cedar-Shaw Avenue extension the figures as set forth by the applicant and the Commission's staff were substantially similar.

Exhibit No. 5 was introduced by the Commission's staff and consisted of estimated results of applicant's operations, excluding the Cedar-Shaw Avenue extension, under present and proposed fares for the year ending August 31, 1953.

According to the witness, an assistant transportation engineer for the Commission, the passenger revenue for the rate year was determined on the basis of an average fare. The month of May 1951 was taken as a typical month and was analyzed, using the drivers' daily cash fare reports and the monthly report of sales agents. The analysis determined an average fare of 24.3 cents on the Sanger-Del Rey operation and a 23.1 cents average fare on the Clovis operation. Applying the fares proposed by the applicant to this analysis, it was determined that the new average fare for the Sanger-Del Rey operation would become 27.9 cents, or an increase of 15 per cent, while the new average fare for the Clovis operation would become 27.4 cents, or an increase of 19 per cent. The average fares thus determined were used as a basis to arrive at the revenue estimate for the rate year under both present and proposed fares. It was assumed that charter, express and newspaper revenues would be the same for the rate year as they were for the year 1951. It was further assumed that under the proposed rates, applicants would suffer a 4% diminution on the Sanger-Del Rey operation and a 5% diminution on the Clovis operation. The following is a brief tabulation of Exhibit No. 5:

<u>Revenue</u>	Estimated Rate Year Ending August 31, 1953	
	<u>Present Fare Structure</u>	<u>Proposed Fare Structure</u>
Passenger	\$62,928	\$69,936
Charter	14,900	14,900
Express	1,030	1,030
Newspaper	115	115
Total Revenue	<u>78,973</u>	<u>85,981</u>
<u>Expenses</u>		
Total Operating Expense	61,140	61,490
Depreciation Expense	13,970	13,970
Operating Taxes	8,569	8,779
Total Operating Expense	<u>83,679</u>	<u>84,239</u>
Net Operating Income	<u>\$(4,706)</u>	1,742

(Red Figure)

Under the present fare structure Exhibit No. 5 indicates an operating ratio of 106.0 per cent, while under the proposed fare structure it indicates an operating ratio of 98.0 per cent. With a rate base of \$72,700 the estimated net profit of \$1,742 under the proposed fare structure constitutes a 2.40 per cent rate of return.

The record made in this proceeding establishes that the revenue, under the present fares is insufficient to defray the cost of operation. It is clear that the additional revenue from the proposed fares is needed to assure the maintenance of satisfactory and dependable service to the public.

Upon consideration of the facts the Commission is of the opinion and hereby finds that the increased fares sought have been justified. Because of the evident need for additional revenue, applicant's request for authority to establish the increased fares on less than statutory notice will be granted.

O R D E R

A public hearing having been held and based upon the evidence adduced therein,

IT IS ORDERED:

(1) That D. Moyers, doing business as Moyers Stages, is hereby authorized to establish, on not less than five (5) days' notice to the Commission and to the public, the increased fares proposed in the application filed herein.

(2) That applicant is hereby directed to post and maintain in his vehicles a notice of the increased fares herein authorized. Such notice shall be given not less than five (5) days prior to the effective date of such fares, and shall be maintained for a period of not less than thirty (30) days.

(3) That the authority herein granted shall expire unless exercised within sixty (60) days after the effective date of this order.

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

Dated at San Francisco California, this 28th day of October, 1952.

A. J. [Signature]
President
Justice J. [Signature]
Harold [Signature]
[Signature]
[Signature]
Commissioners