

ORIGINALDecision No. 49583

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 NEWTON TRANSPORTATION COMPANY, INC.,) Application No. 34864
 for an increase in passenger fares.)

O P I N I O N

Newton Transportation Company, Inc., operates as a passenger stage corporation for the transportation of passengers between points in Stockton and points in adjacent territory. By this application, as amended, it seeks authority to increase its passenger fares on less than statutory notice.

Applicant alleges that the present fares have been in effect without change since June 1948 and that the revenue now derived therefrom is insufficient to cover the cost of the service as a result of continuing increases in the operating expenses. It is proposed to develop needed additional revenue by advancing the present 10-cent cash fare to 12 cents per ride and the existing commutation fare of \$1 for 12 rides to \$1.30 for 12 rides. The school fare of 5 cents per ride would be raised to 6 cents.

Exhibits attached to the application show that applicant experienced a loss of \$7,711 in conducting the operations under the present fares in the period January 15 to November 30, 1953, inclusive. The revenue amounted to \$37,175, the operating expenses were \$44,886 and the operating ratio was 120.7 per cent.¹ It should be pointed out, however, that a 60-day employee strike which ended January 15, 1953, had an adverse effect upon the traffic volume in the fore part of the operating period indicated above. Estimates of the earnings anticipated if the increased fares proposed were charged

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The figures have been adjusted by eliminating interest charges from the operating expenses.

throughout the year 1954 also are attached to the application. These calculations show that the proposed fares are expected to produce annual net revenue of \$498 before provision for income taxes. Based on the higher fares, the annual revenue and operating expenses would amount to \$48,180 and \$47,682, respectively. The operating ratio before income taxes would be 98.96 per cent.

A detailed study of applicant's operations made by the Commission's staff discloses that a loss of \$5,317 would be incurred if the present fares were continued in the year 1954 and that net revenue of \$353 after provision for income taxes would be earned if the increased fares were in effect during that time. The estimated operating results for the year 1954 under the present and proposed fares as calculated by the staff are summarized in the tabulation which follows.

Estimated Results of Operation for the Year
1954 Under the Present and Proposed Fares
Developed by the Commission's Staff

	<u>Present Fares</u>	<u>Proposed Fares</u>
Revenue	\$43,539	\$49,800
Operating Expenses:		
Maintenance & Repairs	9,660	9,660
Drivers' Wages	14,100	14,100
Gasoline & Oil	6,450	6,450
Insurance, Injuries & Damage	4,340	4,340
Office Salaries & Expenses	100	100
Officers' Salaries	3,600	3,600
Accounting & Legal	500	500
Depreciation	2,397	2,397
Operating Taxes & Licenses	5,859	6,022
Rent	1,800	1,800
Other Expenses	50	50
Total	<u>\$48,856</u>	<u>\$49,019</u>
Net Before Income Taxes	(<u>\$ 5,317</u>)	\$ 781
Income Taxes	-	\$ 247
Net Income	(<u>\$ 5,317</u>)	\$ 534
Operating Ratio	112.2%	98.93%*

() Indicates loss.

* After provision for income taxes.

Applicant served copies of the application, as amended, upon officials of the City of Stockton and upon the Board of Supervisors and the Superintendent of Schools of San Joaquin County. No objection to the proposed fare adjustment has been received.

It is clear from the record that continuance of operations under the present fares will result in further operating losses. The staff's estimate is based upon current traffic levels and it appears fairly to reflect the annual financial results of operation under the proposed fares. The estimate shows that these fares, which are as high as applicant considers the traffic will stand at this time, will provide only a small margin between the revenues and expenses. The proposed increased fares have been justified and the application will be granted. A public hearing is not necessary.

O R D E R

Based upon the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Newton Transportation Company, Inc., be and it is hereby authorized to establish, on not less than five days' notice to the Commission and to the public, the increased passenger fares as proposed in the application, as amended, filed in this proceeding.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire unless exercised within sixty days after the effective date of this order.

IT IS HEREBY FURTHER ORDERED that applicant be and it is hereby directed to post and maintain in its vehicles a notice to the public of the increased fares herein authorized. Such notice shall

be posted not less than five days prior to the effective date of such fares and shall remain posted for a period not less than thirty days.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 18th day of January, 1954.

R. F. [Signature]
President

[Signature]

[Signature]

[Signature]

Commissioners