

ORIGINALDecision No. 50546

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 MOTOR STREET CAR SERVICE, INCORPORATED,)
 to increase rates and fares for the)
 transportation of passengers in the)
 City of Santa Rosa and areas adjacent)
 thereto.)

Application No. 35654
 (as amended)

O P I N I O N

Motor Street Car Service, Incorporated, is a passenger stage corporation engaged in the transportation of passengers within and in the vicinity of Santa Rosa. It operates over seven routes. One route extends about three miles from Court House Square in downtown Santa Rosa to Sonoma County Hospital located approximately seven-tenths of a mile past the northerly corporate limits of the city.

By Decision No. 46211 dated September 18, 1951 in Application No. 32435 applicant was authorized to increase its fares to the present level, to wit, 10 cents for intrazone movements plus 5 cents added for interzone movements, and a commutation fare of \$1.75 for 20 intrazone rides.

By application filed July 29, 1954, modified by amendment filed August 26, 1954 applicant seeks to increase its basic intrazone 10-cent fare to fifteen cents and its commutation fare from twenty rides for \$1.75 to nine rides for \$1.00. For interzone rides the same additional five-cent fare will be charged. Since the spring of 1951 no service has been rendered on Sundays and holidays. No modifications of service are here proposed.

The County of Sonoma after receiving a copy of this application asking a fare increase has advised the Commission

that the supervisors feel this is a matter which the Public Utilities Commission can best decide on the basis of facts submitted by the applicant and that the Board of Supervisors does not expect to take any action against the requested increase in fares. Likewise the City Attorney of Santa Rosa has written stating that the City Council has considered the application and is not disposed to inter-
vene ~~vene~~ and consequently requests a prompt ex parte decision on the matter. The president of the Santa Rosa Chamber of Commerce states in a letter that its Board of Directors recommends that if the rate increase is found justified as applied for, it be granted without a public hearing. He concludes his letter with the statement that applicant has rendered excellent service to the community and that its continued operation is most vital.

Applicant has attached to its amended application an exhibit showing its estimate of the results of operations prosumably during the twelve months commencing September 1, 1954, under the present and under the proposed fares, as follows:

	<u>Present Fares</u>	<u>Proposed Fares</u>
Revenues	\$47,643.00	\$51,000.00
Operating Expenses	42,776.01	42,776.01
Operating Rent	2,100.00	2,100.00
Total Operating and Maintenance Expense	\$44,876.01	\$44,876.01
Depreciation	716.80	1,250.00*
Operating Taxes	3,875.79	3,875.79
Total Expense	\$49,468.60	\$50,001.80
Net Income before Income Tax	(1,825.60)	998.20

*Added depreciation based on anticipation of acquiring one used piece of revenue equipment.

A study of applicant, its operations and its books was prepared by a transportation engineer of the Commission Staff. Discussing applicant's traffic and revenue this engineer concludes, that traffic and revenue have remained at a fairly constant level

for this applicant. He estimates that during the year ending June 30, 1955 under present fares there will be 435,600 one-zone passengers with a 25 per cent use of the commutation tickets. Twenty-four thousand two-zone passengers are anticipated, with the same commutation ticket use. This should result in a passenger revenue of \$45,725 each year. An expected advertising revenue of \$2,000 is added.

Under the increased fares as proposed this engineer estimates a drop of 10 per cent in passengers and an increase to 40 per cent in the use of commutation tickets because of the smaller investment (\$1 as against \$1.75) and the greater savings percentagewise (26 per cent as against 12.5 per cent). Using these factors an over-all annual revenue of \$58,800 including advertising is anticipated. This staff expert estimates the annual total operating expenses at \$52,571.00 as compared with the actual annual book showing of such expenses at \$49,443.60. Applicant's estimate of \$50,001.80 for a somewhat similar period is different for the reason that it includes unsubstantiated depreciation costs and on the other hand fails to consider increased costs alleged to have taken place. In summary the Commission staff study estimates an annual loss of \$4,871 under present fares while under those proposed a net operating income of \$3,916 after income taxes is expected. This represents an operating ratio of ~~93.34~~ 93.34 per cent. *Edm*

In view of the fact that the seven buses used by applicant are almost completely depreciated on applicant's books a use value of \$1,700 is added to the undepreciated value of shop tools, furniture and office equipment and materials and supplies, so that the depreciated rate base is only \$2,900. The buses apparently are in good operating condition.

The staff's detailed showing of operating results for the

year 1953 and estimates for the year ending June 30, 1955 under the present and proposed fares is as follows:

MOTOR STREET CAR SERVICE, INC.
OPERATING RESULTS FOR THE YEAR 1953
AND ESTIMATE
FOR THE YEAR ENDING JUNE 30, 1955

Acct. No.	Account	Actual Per Books Year 1953	Estimate Rate Year	
			Present: Fares	Proposed Fares
<u>ADMINISTRATIVE AND GENERAL EXPENSE</u>				
461	Sal. and Exp. Gen. Officers and Empl.	\$ 1,876.00	\$ 1,900	\$ 1,900
462	Other General Expense	506.33	600	600
	Subtotal	\$ 2,382.33	\$ 2,500	\$ 2,500
	Grand Total Oper. and Maint. Exp.	\$42,842.34	\$ 45,750	\$ 45,750
	Coach Miles	187,400	180,300	180,300
	Cost per Coach Mile	22.86¢	25.37¢	25.37¢
500	Depreciation Expense	\$ 716.80	\$ 357	\$ 357
<u>OPERATING TAXES AND LICENSES</u>				
521	Gasoline and Oil Taxes	\$ 1,851.17	\$ 2,153	\$ 2,153
522	Vehicle License and Reg. Fees	532.00	684	684
524	Payroll Taxes	531.90	643	643
525	Other Taxes	869.39	884	1,285
	Subtotal	\$ 3,784.46	\$ 4,364	\$ 4,765
530	Operating Rents	\$ 2,100.00	\$ 2,100	\$ 2,100
	Total All Operating Expenses	\$49,443.60	\$ 52,571	\$ 52,972
	Net Operating Income before Income Tax	\$ <u>(1,800.60)</u>	\$ <u>(4,846)</u>	\$ 5,828
	Income Tax	\$ 25.00	\$ 25	1,912
	Net Operating Income	\$ <u>(1,825.60)</u>	\$ <u>(4,871)</u>	\$ 3,916
	Rate Base	\$ -	\$ 2,900	\$ 2,900
	Operating Ratio	\$ 103.83%	110.21%	93.34%

(Red Figure)

Upon careful consideration of all the facts and circumstances heretofore discussed we are of the opinion and hereby find that the increased fares sought have been justified and will not result in unreasonable charges. Because of the evident need for additional revenue, applicant will be authorized to establish the increased fares on less than statutory notice. A public hearing is not necessary.

O R D E R

Application therefor having been made, the Commission being fully advised in the premises and having found that the proposed fare changes are justified and reasonable,

IT IS ORDERED:

(1) That Motor Street Car Service, Incorporated, be and it hereby is, authorized to establish on not less than five days' notice to the Commission and to the public, the increased passenger fares as applied for in Application No. 35654, as amended, to wit: intrazone fare of 15 cents and a commutation fare of \$1.00 for nine rides within a zone.

(2) That applicant shall post and maintain in its buses a notice describing the increased fares herein authorized. Such notice shall be made not less than five days prior to the effective date of such fares and shall be maintained for a period of not less than thirty days.

(3) That the authority herein granted shall expire unless exercised within sixty days after the effective date hereof.

The effective date of this order shall be ten days after the date hereof.

Dated at San Francisco, California, this 14th day of September, 1954.

John E. Mitchell
President

Justus F. Caswell

Weneth Pottel

Wesley Joggins

Commissioners