

Decision No. 51637**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of CECIL J. ALLEN, dba THE SAN)	Application No. 36895
QUENTIN BUS LINE, FOR authoriza-)	(As Amended)
tion to increase fares.)	

O P I N I O N

Applicant is engaged in the transportation of passengers between San Rafael, San Quentin Prison and Point San Quentin. He is also authorized to conduct a passenger service between the Greyhound Bus Depot, San Rafael and Bret Harte Village which is a subdivision in the southern portion of the City of San Rafael.

By this application, as amended May 25, 1955, authority is requested to increase one-way adult fares for transportation between San Rafael and Point San Quentin from 35 cents to 50 cents, to establish adult fares of 25 cents between intermediate points and to abandon service on the Bret Harte Village route. Authority is also requested to establish children's fares at one-half the proposed adult fares, increased where necessary to keep them in multiples of 5 cents. Applicant proposes not to provide round-trip fares.

As justification for the increased fares, applicant states that operations are presently being conducted at a loss and that additional revenue is required because of increased operating costs and because of the need for new equipment. Financial statements attached to the application disclose that the carrier made a net profit of \$153 for a ten-month period ended December 31, 1954, and that an average of the first three months of 1955 shows a loss of \$10 per month. Applicant proposes to replace a 1947 DeSoto 8-passenger sedan, which is currently in service, with a 1954 Pontiac 8-passenger station wagon.

The Commission's staff made a detailed study of applicant's operations. The operating results as estimated by the staff under present fares and under proposed fares for the twelve months ending June 30, 1956, together with applicant's estimate of operating results under proposed fares follow:

Estimates for Rate Year

<u>Item</u>	<u>Commission Staff</u>		<u>Applicant</u>
	<u>Present Fares</u>	<u>Proposed Fares</u>	<u>Proposed Fares</u>
Miles	25,000	25,000	26,604
Passengers	11,630	11,630	11,027
Revenue	\$ 3,910	\$ 5,610	\$ 5,232
Expenses			
Maintenance and Tires	\$ 250	\$ 250	\$ 204
Drivers' Wages	2,180	2,180	2,016
Gasoline and Oil	740	740	705
Insurance	410	410	440
Office and Administration	900	900	50
Depreciation	500	500	600
Taxes and Licenses	270	320	135
Total Expenses	\$ 5,250	\$ 5,300	\$ 4,150
Income Before Income Tax	(1,340)	310	1,082
Income Tax	-	40	200
Net Operating Income	(1,340)	270	882
Operating Ratio	134.3%	95.2%	83.1%

(Red Figure)

The estimates of the staff and the applicant are fairly close except with respect to office and administrative expense and taxes and licenses. The staff based its estimate of office and administrative expense on an allowance of \$75 per month to cover management expense, accounting expense, attorney's fees, office rental, business telephone, timetable printing and other miscellaneous expenses. These expenses are a proper charge against the operation and the estimate appears reasonable. The staff's estimate of taxes and licenses includes \$55 motor vehicle license fee, payroll taxes \$100, transportation tax (State Board of Equalization) on revenue under present fares \$115 and under proposed fares \$165. This appears to be a more reasonable estimate than that of the applicant.

Applicant served copies of the application upon officials of the County of Marin and upon the warden of the California State Prison at San Quentin. Notice of the proposed changes in fares was posted in applicant's bus for six consecutive days. No one has opposed the granting of the authority sought.

A careful analysis of the application and the study made by the Commission staff discloses that continuance of operations under present fares will result in substantial losses. The staff study shows that under proposed fares the applicant will have an operating ratio of 95.2 per cent and will earn a return of 13.8 per cent on a depreciated rate base of \$1,950. After consideration, the Commission is of the opinion and hereby finds that the increases in fares sought are justified. A public hearing is not necessary. In view of the losses being sustained, applicant will be authorized to establish the proposed fares on less than statutory notice.

By amendment to the application, authority is requested to abandon that segment of applicant's operative rights authorizing service between the San Rafael Depot and Bret Harte Village due to lack of patronage and loss of a school contract that had made the Bret Harte operation possible. The study made by the Commission's staff reveals that applicant has not operated this portion of his route for approximately a year. No complaints have been made to the Commission during this time respecting the failure of the applicant to provide service on this route. In light of the circumstances the Commission is of the opinion that the operative right authorizing service to Bret Harte Village should be revoked and annulled.

O R D E R

An amended application having been filed, the Commission having been fully informed of the matters contained therein and

being of the opinion that a public hearing is not necessary and good cause appearing,

IT IS ORDERED:

1. That Cecil J. Allen, doing business as The San Quentin Bus Line, be and he is hereby authorized to establish, on not less than five days' notice to the Commission and to the public, the passenger fares as proposed in the application, as amended, filed in this proceeding.
2. That the authority granted in paragraph 1 hereof shall expire unless exercised within sixty days after the effective date of this order.
3. That the operative right created by Decision No. 40957 in Application No. 28869, acquired by Cecil J. Allen from Charles J. Howard in a transfer authorized by the Commission in its Decision No. 46973 in Application No. 33192, authorizing the establishment and operation of service as a passenger stage corporation for the transportation of passengers between San Rafael and Bret Harte Village and intermediate points, be and it is hereby revoked and annulled.
4. That within sixty days after the effective date hereof and on not less than five days' notice to the Commission and to the public, Cecil J. Allen shall amend his tariff and timetables so as to reflect the provisions of paragraph 3 of the order herein.

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

Dated at San Francisco, California, this 5th day of July, 1955.

Justin J. Casner
 President
Paul H. [unclear]
William [unclear]
[unclear]

Commissioners