

Decision No. 51834

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
KEY SYSTEM TRANSIT LINES, a corpora-)
tion, for Interim Relief and for an)
Order Pursuant to Section 454 of the)
Public Utilities Code Authorizing the)
Establishment of Increases and)
Adjustments in Rates and Fares for)
Transportation of Passengers between)
Points in the Counties of Alameda)
and Contra Costa, and the City and)
County of San Francisco, in the)
State of California.)

Amendment to
Application No. 36980
Seeking Additional and
Specific Interim Relief

Donahue, Richards, Rowell & Gallagher, by
George E. Thomas, for Key System Transit
Lines; Fred C. Hutchinson, City Attorney,
and Robert T. Anderson, Assistant City
Attorney, for City of Berkeley; Robert J.
Foley, City Attorney, for City of Albany;
John W. Collier, City Attorney, for City
of Oakland; Mrs. Kathie Zahn, for citizens
of Albany; Jacqueline Watkins, for Senior
League of Berkeley, interested parties.

Luther H. Gulick and John L. Pearson, for the
Commission staff.

INTERIM OPINION

Nature of Proceeding

Key System Transit Lines is engaged in the transportation of passengers. Its operations include local motor coach services within and between various communities in the East Bay area and transbay motor coach and rail services between such communities and San Francisco via the San Francisco-Oakland Bay Bridge.

Applicant, on May 23, 1955, filed an application to increase its transbay fares. That application has not yet been set for hearing. On July 7, 1955, the company filed an amendment to its original

application in which it requested additional and specific interim relief, in the form of increases in its transbay commute fares and local token fares, occasioned by the execution of a new labor contract with its operating employees, resulting in increased wages and benefits amounting to approximately \$133,000 from June 21, 1955, (the effective date of the contract) through December 31, 1955.

The requested fare increases, compared with existing fares, are shown in the following tabulation:

	<u>Present</u>	<u>Proposed</u>
Local Token Fares	5/90¢ = 18¢	5/95¢ = 19¢
Transbay 20-ride commute		
1st Zone	\$ 8.00	\$ 8.60
2nd Zone	9.50	10.10
3rd Zone	11.00	11.60

Public Hearing

A public hearing was held in Oakland on July 25, 1955, before Commissioner Matthew J. Dooley and Examiner John M. Gregory, at the conclusion of which the amendment to the application was submitted for decision.

Estimated Results of Operation

Applicant and the Commission's staff placed in evidence studies showing, among other results, the estimated effect of the proposed interim fares for the period August through December, 1955 and also for the year 1955. The latter estimates were achieved by annualizing results of operations for the period January through May, 1955, as recorded by applicant and as adjusted by the staff.

The significant results of these studies, as annualized for the year 1955, showing the estimated effect of the wage increases alone and as combined with the proposed interim increases in fares, are indicated below:

Item	1955			
	Applicant		Staff	
	Wage Increase	Wage and Fare Increase	Wage Increase	Wage and Fare Increase
Passenger and other Operating Revenue	\$11,983,477	\$11,983,477	\$12,021,504	\$12,021,504
Estimated Interim Increase in Revenue	-	113,619	-	114,693
Total Operating Revenue	\$11,983,477	\$12,097,096	\$12,021,504	\$12,136,197
Operating Expense	11,602,252	11,602,252	11,617,876	11,617,876
Wage Increase	133,059	133,059	133,500	133,500
Total Expenses	\$11,735,311	\$11,735,311	\$11,751,376	\$11,751,376
Operating Income Before Income Taxes	\$ 248,166	\$ 361,785	\$ 270,128	\$ 384,821
Income Taxes	119,850	181,113	88,556	150,398
Net Operating Income	\$ 128,316	\$ 180,672	\$ 181,572	\$ 234,423
Rate Base	\$ 6,359,600	\$ 6,359,600	\$ 6,359,600	\$ 6,359,600
Rate of Return	2.02%	2.84%	2.86%	3.69%

The results indicated by the respective studies are in substantial accord except for the item of income taxes, as to which the Commission staff's allowance is about \$31,000 lower than that of applicant. The staff, for the purposes of its study, included as an item of expense certain interest charges of Railway Equipment and Realty Company in computing the estimated income tax whereas the company did not.

The studies do not diverge in other respects to such a degree as to require special comment, in view of the limited purposes of this interim proceeding.

Public Participation

Representatives of East Bay communities participated in the hearing but otherwise expressed no opposition to the proposed increased fares. On the other hand, spokesmen for certain groups of senior citizens and for other patrons expressed the view that lower fares would result in increased use of applicant's services, whereas higher fares would tend to cause further loss of patronage, especially among persons with fixed incomes.

Conclusions

It will be noted that the increases in fares sought herein, amounting to about \$114,000, do not effect a recovery in full of the wage increase of approximately \$133,500 resulting from the new contract. However, upon careful consideration of all the facts and circumstances of record, the Commission is of the opinion and finds that the fare increases requested herein are justified, on an interim basis, to the extent provided in the order which follows and that in all other respects applicant's proposals have not been justified.

INTERIM ORDER

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

IT IS HEREBY ORDERED that Key System Transit Lines be and it is hereby authorized, on not less than five days' notice to the Commission and to the public, to establish increased fares as

follows, on an interim basis, pending final determination of Application No. 36980:

A. Transbay Commute Fares

- 1. 1st Zone - 20-ride commute \$ 8.60
- 2. 2nd Zone - 20-ride commute 10.10
- 3. 3rd Zone - 20-ride commute 11.60

B. Local Token Fares

- 1. Single Zone token fare - 5 tokens for 95¢
- 2. Interzone fares
 - a. Between two contiguous zones - one token and 10¢

C. In all other respects than as specifically set forth above, fares authorized by Decision No. 50620, in Application No. 35309, and all rules, regulations and privileges presently in effect shall remain unchanged.

IT IS HEREBY FURTHER ORDERED that, in addition to the required filing and posting of tariffs, applicant shall give notice to the public by posting in its trains, buses and terminals a printed explanation of its fares. Such notices shall be posted not less than three days before the effective date of the fare changes and shall remain posted until not less than twenty days after said effective date.

The effective date of this interim order shall be the date hereof.

Dated at San Francisco, California, this 16th day of August, 1955.

[Signature]
President

[Signature]

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Commissioners