

ORIGINALDecision No. 52211

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
Willis M. Kleinenbroich, an Individual)	
d.b.a. THE MODESTO MOTOR BUS SERVICE,)	
to increase rates and fares for the)	Application No. 37217
transportation of passengers between)	(First Amendment)
points in the vicinity of the City of)	
Modesto, Stanislaus County, California.)	

OPINION AND ORDER

Applicant is engaged in transporting passengers over four routes in the City of Modesto and adjacent areas. On September 25, 1954, pursuant to the provisions of Decision No. 50548 in Application No. 35749, the applicant expanded operations so as to provide service into areas previously abandoned by Modesto Transit Company.

By this application, as amended October 20, 1955, authority is requested to increase adult fares on all routes from a cash fare of 15 cents to 20 cents and to provide for an adult ticket fare of 10 rides for \$1.50. Increase in the student ticket fare is not sought herein.

Applicant alleges that operations into the areas previously served by the defunct Modesto Transit Company have proven unprofitable not only due to lack of patronage but also because the state of disrepair of streets in those areas has substantially increased the cost of maintenance and repair of equipment. Applicant states that he has been forced to use depreciation reserves as operating capital in order to remain in business. A financial statement submitted with the application shows a deficit of \$1,621 as of June 30, 1955.

The Commission's staff made a detailed study of the operations. The operating results estimated by the staff, under present and proposed fares for the rate year ending September 30, 1956, are summarized as follows:

	<u>Present Fares</u>	<u>Proposed Fares</u>
Miles	190,300	190,300
Passengers	449,800	430,000
Revenues		
Adult Passenger	\$59,470	\$67,800
Student Fares	4,000	4,000
Advertising Revenue	<u>750</u>	<u>750</u>
Total Revenues	\$64,220	\$72,550
Expenses		
Operating and Maintenance	\$58,270	\$58,270
Depreciation Expense	1,970	1,970
Operating Taxes	5,580	5,810
Operating Rents	<u>970</u>	<u>970</u>
Total Expenses	\$66,790	\$67,020
Net Income Before Income Taxes	<u>(\$2,570)</u>	\$ 5,530
Income Taxes	-	\$ 1,190
Net Operating Income	<u>(\$2,570)</u>	\$ 4,340
Operating Ratio After Taxes	104.0%	94.0%

(Red Figures)

In developing the estimate of adult passenger revenue, the staff assumed the trend of decrease in traffic would continue and that with an increase in fares there would be a further diminution of traffic of 5 per cent. It was estimated that 40 per cent of the adult passengers would use the ten-ride ticket fare. School traffic and advertising revenue have been estimated on the basis of most recent operating experience.

Expense estimates were based upon recent operating experience. Drivers' wages are estimated upon present wage rates with necessary allowances for overtime, vacation, sick leave and bonuses. In the estimate of expenses there is an allowance of \$165 per week for the owner and his wife to cover management, clerical and accounting expense.

A copy of the application as amended was served upon officials of the City of Modesto. On October 22, 1955, there was filed with the Commission, Resolution No. 55-458 of the Modesto City Council informing the Commission that the City Council did not oppose the granting of the application without the conducting of a public hearing so that the relief sought by the applicant can be expedited. Notices of the proposed fare increase have been posted in the applicant's buses. No one has opposed the granting of the authority herein sought.

It is evident that continued operations under present fares would be conducted at a loss and that relief in the form of increased revenues is necessary for the maintenance of adequate service. The operating results estimated by the Commission's staff are hereby adopted as reasonable for prescribing rates for this carrier.

After consideration, the Commission is of the opinion and hereby finds that the increase sought is justified. A public hearing is not necessary. Because of the adverse operating results of the applicant, authorization to establish the increased fares on less than statutory notice will be granted.

An application having been filed with the Commission for authority to increase fares, the matter having been considered and the Commission being of the opinion that the increase sought is justified,

IT IS ORDERED:

1. That Willis M. Kleinenbroich, doing business under the name of Modesto Motor Bus Service, be and 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 amended application filed October 20, 1955, in this proceeding.

2. That the authority herein granted shall expire unless exercised within sixty days after the effective date of this order.

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

Dated at San Francisco, California, this 7th day of November, 1955.

John E. Mitchell
President
Justice J. Casper
Paulo Interim
Maxwell Spole
By [Signature]
Commissioners