

ORIGINALDecision No. 52326

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of Roscoe D. Rice and Clarence W.)
Murry (The Rice and Murry Trans-)
portation System) for authority)
to increase passenger stage fares)
under Section 451-452 of the)
Public Utilities Code.)

Application No. 37329

O P I N I O N

Roscoe D. Rice and Clarence W. Murry, doing business as The Rice and Murry Transportation System, operate a passenger stage service within the City of Merced, and between Merced, on the one hand, and Planada and Castle Air Force Base, on the other hand. By this application they seek authority to increase the adult one-way fare within Merced from 13 to 20 cents, and their school fare, also within Merced, from 20 rides for \$1.50 to 20 rides for \$2.00.¹ No increases are sought in applicants' intercity fares.

In the application it is alleged that the sought increases are made necessary by increased costs of operation, coupled with a decline in patronage. Assertedly, the financial results of applicants' operations have been such that they are unable to make installment payments on their vehicles. Applicants' book records for the calendar year 1954 show net operating revenue before income taxes of \$5,439. However, this figure is misleading, since the partners,

¹ The present fares were authorized by Decision No. 44684 in Application No. 31468. They became effective on August 28, 1950.

who do all of the driving of the buses except during vacations and periods of illness, and who do all of the maintenance and repair work, did not include in their operating expenses for the year any compensation for their own services.

Applicants made no estimate of operating results for the future, either under present or proposed fares. The Commission's staff, in its study of the services in question, estimated that in the 12-month period ending November 30, 1956, revenues and expenses under present fares would amount to \$12,190 and \$16,540, respectively, with a net loss of \$4,350. Under the proposed fares, the staff calculated revenues and expenses totaling \$14,790 and \$16,540, respectively, reflecting an estimated loss of \$1,750. The estimated operating ratios are 135.7 per cent and 111.8 per cent under present and proposed fares, respectively. In its expense estimates for the rate year the staff included a total of \$8,380 as wages accruing to the partner-applicants for their services as drivers and vehicle repairmen.² No allowance was made for management services.

The operating results under present and proposed fares, as estimated by the staff, are summarized in the following table.

² Wages were based on schedules currently in effect.

Estimated Results of Operations for
12-Month Period Ending November 30, 1956

	<u>Present Fares</u>	<u>Proposed Fares</u>
<u>Operating Revenues</u>		
Passenger (City)	\$ 6,860	\$ 9,460
Passenger (other than City)	3,130	3,130
Charter	1,300	1,300
Advertising	900	900
Total Operating Revenues	<u>12,190</u>	<u>14,790</u>
<u>Operating Expenses</u>		
Repairs, Service, Tires, Tubes	2,720	2,720
Drivers' Wages	7,230	7,230
Gasoline and Oil	2,190	2,190
Insurance, Injuries and Damages	2,100	2,100
Office Salaries and Expense	750	750
Depreciation Expense*	10	10
Operating Taxes and Licenses	460	460
Operating Rents	1,080	1,080
Total Operating Expenses	<u>16,540</u>	<u>16,540</u>
Net Before Income Taxes	<u>(4,350)</u>	<u>(1,750)</u>
Income Taxes	-	-
Net After Income Taxes	<u>(4,350)</u>	<u>(1,750)</u>
Rate Base*	2,370	2,370
Operating Ratio	135.7%	111.8%

(Indicates Loss)

* Original investment 95% depreciated at midpoint of rate year.

Patrons were informed of the proposed increases by notices posted in applicants' buses. Copies of the application were served on the City of Merced and the Board of Supervisors of the County of Merced. No one opposed the granting of the proposed fare adjustment.

The record shows clearly that, when provision is made for all legitimate operating expenses, applicants will sustain losses under either present or proposed fares. Under the latter, the losses would, of course, be less severe. Upon careful consideration of all the evidence of record, the Commission is of the opinion and finds as a fact that the proposed increased fares have been justified. 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 Roscoe D. Rice and Clarence W. Murry, doing business as The Rice and Murry Transportation System, be and they are 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 filed in this proceeding.

IT IS HEREBY FURTHER ORDERED that, in addition to the required posting and filing of tariffs, applicants shall give notice to the public by posting in their buses and terminals a printed explanation of their fares. Such notice shall be posted not less than five days before the effective date of the fare changes and shall remain posted for a period of not less than thirty days.

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

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

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

John E. Mitchell
President

Justin J. Casner

Paula Wettenheim

Maxwell Spahr

R. H. ...
Commissioners