

ORIGINALDecision No. 52829

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 BAKERSFIELD TRANSIT CO. requesting)
 authority to reroute, extend and/or)
 abandon portions of its Nos. 2, 4,)
 6, 7 & 10, 8, and 9 passenger stage)
 lines.)

Application No. 37465

CITY OF BAKERSFIELD, a municipal)
 corporation,)

Complainant,)

vs.)

Case No. 5644

BAKERSFIELD TRANSIT CO.,)

Defendant.)

Charles Carlstroem, for the City of Bakersfield,
 protestant in Application No. 37465 and
 complainant in Case No. 5644.

Curtis Darling, for Bakersfield Transit Co.,
 applicant in Application No. 37465 and
 defendant in Case No. 5644.

William V. Ellis, for California State Legislative
 Board, Brotherhood of Locomotive Firemen and
 Enginemen, protestant in Application No. 37465.

Luther H. Gulick and William Peters, for the
 Commission's staff.

O P I N I O NThe Application

Bakersfield Transit Co., a California corporation, is engaged in the operation of a passenger stage corporation, as defined by Section 226 of the Public Utilities Code, within the City of Bakersfield and its immediate vicinity. By application filed November 5, 1955, it seeks authority to do the following:

1. Abandon that portion of Route No. 2 south of 19th Street and Chester Avenue.
2. Abandon the northwest portion of Route No. 4 north of McCray Street and Highland Drive.

3. Abandon Route No. 9.
4. Reroute the northeast portion of Route No. 2 resulting in an extension into the College Heights area and abandonment in the Drury Addition area.
5. Reroute the south portion of Route No. 4 to extend to Planz Park.
6. Reroute the south portion of Route No. 6 so as to cover a portion of the proposed Route No. 2 abandonment south of 19th Street and Chester Avenue.
7. Reroute the No. 7 Route so as to cover the southern portion of the proposed Route No. 9 abandonment.
8. Reroute the No. 10 Route so as to cover a portion of the proposed Route No. 9 abandonment.

The Complaint

The complaint filed April 19, 1955, by the City of Bakersfield, a municipal corporation, alleges that defendant Bakersfield Transit Co. throughout the day operates a fleet of buses of 27 and 36 passenger capacity for the transportation of 1 to 5 passengers at a cost to the transit company not justified by the number of passengers carried and that the excessive capital investment and the rate of depreciation of said equipment cannot assure a fair return on the operation of the buses and are disproportionate to the bus service required for the community. Complainant further alleges that the bus equipment now in use by the defendant is not suitable to the community and that the cost of operation has made it financially impossible for the defendant to extend its service where it is most needed in the community. Complainant seeks an order from the Commission requiring the defendant to:

- 1) Re-establish its night service as it existed prior to February 20, 1955,
- 2) Replace its equipment with buses more suitable to the community and to decrease its capital investment,

- 3) Increase the number of trips on the routes now served,
- 4) Extend its bus service to areas of population in need of bus service.

In its answer, filed May 18, 1955, defendant denied the allegations of complainant except as to the type of buses presently operated and as to its schedules as published in its timetables.

For purposes of convenience in the disposition of the matters, the application and the complaint were consolidated for hearing and decision. Public hearing was held January 24 and 25, 1956, before Commissioner Ray E. Untereiner and Examiner J. E. Thompson at Bakersfield. } ✓

Notice of the hearing and of the proposed abandonments and reroutings was duly published in a newspaper of general circulation published in Bakersfield on January 18 and 20, 1956, and was duly posted on January 10, 1956, in all buses of the Bakersfield Transit Co. and remained continuously so posted to and including January 24, 1956.

Evidence was adduced through the testimony of the vice president and general manager of the defendant, a number of persons using the transportation services of defendant and two transportation engineers of the Commission's staff. Exhibits were presented by the defendant and the Commission's staff showing the number of passengers affected by the proposed modification of service and the territory affected by changes in routing.

According to the testimony of its vice president, the defendant filed the instant application to adjust its service instead of seeking to increase the fares. He testified that the company is operating at a loss and that either a modification of service resulting in substantial economies as sought here or a fare increase is necessary if the transit company is to survive. The defendant is seeking the former, he stated, because it adversely affects

fewer persons and because the company has concluded that a fare increase at this time, which may result in a fare not in multiples of five cents, might possibly lose more passengers than the modification of service as proposed herein.

The complainant urged at the hearing that some action be taken by the Commission in order that public transportation service in Bakersfield be expanded rather than be ever curtailed. Its counsel recited that since 1952 Bakersfield has increased both as to population and as to territory and that since that time the defendant has curtailed services by the discontinuance of night service, abandonment of routes and discontinuance of schedules rather than expanding service to meet the needs of the expanding community. The complainant does not wish the public transit service to be conducted at a loss. It requests the Commission to consider whether the defendant is operating at optimum efficiency and if such is found not to be the case, to issue whatever orders may be required for corrective measures.

The testimony of the users of the transit company shows that for the most part the persons affected by the proposed abandonments will still have bus service within one fourth mile. The largest area adversely affected is the Homaker Tract, which is served by Route No. 9. Persons in that area testified that not only is public transportation essential to their needs but that in the near future, when the proposed Bakersfield Memorial Hospital is built in that area, many other persons will require public transportation to and from the hospital.

A spokesman for the residents of Planz Park testified that he had made a survey of 522 homes out of 622 and found that the area could provide the transit company with 1,920 passengers per week provided service is extended into that area. He testified that the

proposed extension of Route No. 2 to Wilson Road only would touch the northern fringe of Planz Park and requested that the defendant be required to extend the route an additional mile so as to serve the area.

The testimony of other public witnesses concerned the effect that the proposals would have upon them individually, the need for night service and the need for additional service on Sundays.

An engineer of the Commission's staff made a survey of the equipment and of the service provided by the defendant. He reported that the buses are well maintained and conform to the requirements of the Commission's safety rules and regulations. He stated that the type of equipment operated by the defendant is efficient and is adequate for the urban type of operation conducted. He stated that on the basis of his experience in conducting surveys of passenger stage operations in this State, he is of the opinion that the acquisition and the operation of smaller type buses by defendant during off-peak hours would not curtail operating expense appreciably, if at all.

The engineer estimated that if the defendant makes the reroutings and abandonments as proposed it will lose 90,258 annual passengers that it now serves. This was calculated on the assumption that all passengers boarding or alighting at present bus stops which, under the proposal, will no longer be served and will be more than 1,300 feet from the proposed routes, will cease to utilize the transit service. On the other hand, under the proposed extensions, the engineer estimates that the company will acquire 64,470 additional passengers annually. This is calculated on the basis that the proposed extensions will afford service to approximately 7,000 persons and that three per cent will make one passenger trip a day. The proposed revision in schedules by defendant involves

for the most part starting the routes one half hour later and discontinuing service one half hour earlier than at present. If the proposed schedules are placed in effect the engineer estimates that 18,137 passengers annually will cease to ride. The net effect of the proposals, according to the engineer, will be a decrease of 136,858 miles annually (approximately a 17 per cent reduction), with a loss of 46,825 passengers annually or approximately 5½ per cent of the total.

The engineer stated that from an operating standpoint the proposals are sound with one exception. He suggested that Route No. 4 be operated on Sundays along the same streets as operated on weekdays so as to be less confusing to the public. The defendant concurred in the suggestion.

Estimates of the financial results of operations for the present routes and schedules and the results anticipated if the proposed service changes are authorized were presented by the defendant and by an engineer of the Commission's staff. The estimates are compared below.

Estimates of Operating Results

	<u>Defendant's Estimates</u>		<u>Staff's Estimates</u>	
	<u>12 Mo. Ending 12/31/56</u>		<u>12 Mo. Ending 2/28/57</u>	
	<u>Present Service</u>	<u>Proposed Service</u>	<u>Present Service</u>	<u>Proposed Service</u>
<u>Revenues</u>				
Passenger	\$255,128	\$250,353	\$261,190	\$254,060
Other	6,400	5,400	7,340	7,340
Total	<u>\$261,528</u>	<u>\$255,753</u>	<u>\$268,530</u>	<u>\$261,400</u>
<u>Expenses</u>				
Operation	\$240,891	\$210,703	\$234,190	\$205,190
Depreciation	31,525	31,525	22,420	22,420
Operating Taxes	26,319	23,517	25,200	22,660
Total	<u>\$298,735</u>	<u>\$265,745</u>	<u>\$281,810</u>	<u>\$250,270</u>
Income before Taxes	<u>\$(37,232)</u>	<u>\$(9,992)</u>	<u>\$(13,280)</u>	\$ 11,130
Income Taxes	<u>25</u>	<u>25</u>	<u>-</u>	<u>3,650</u>
Net Income	<u>\$(37,232)</u>	<u>\$(10,017)</u>	<u>\$(13,280)</u>	\$ 7,480
Operating Ratio	114.2%	103.8%	104.8%	97.1%
Rate of Return ⁽¹⁾				4.2%

(Red Figure)

(1) On a depreciated rate base of \$176,588.

The defendant's vice president compared the number of revenue passengers transported during the last six months of 1954 with the number in the last six months of 1955. He found there was a downward trend of 13.97 per cent. He allowed for such downward trend in making his forecast of passenger revenues. The staff engineer estimated a downward trend of approximately 10 per cent and made his forecast accordingly. The difference between the estimates of operations expense arises from a difference of approximately \$5,000 in the estimate of cost of bodily injury and property damage insurance. Defendant stated that he was informed by the insurance carrier of the approximate premium which would become payable and that he had made his estimate of insurance expense accordingly. The staff engineer based his estimate upon an analysis of company experience over a four-year period on a cost-per-mile and cost-per-passenger basis.

With respect to the differences in the estimates of depreciation expense much of the difference results from the company computing the depreciation of bus equipment on an eight-year service life whereas the staff calculated the depreciation on a ten-year service life. In other respects the defendant's estimates and those of the staff are close.

Conclusions

The record shows that there has been a continuous decline in this carrier's passenger traffic since 1952. This circumstance is not unique with the defendant but is one that is of particular concern to the Commission on a state-wide basis.¹ The steady decline

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See Annual Reports of the Public Utilities Commission for fiscal years 1952-1953 and 1953-1954; also 53 Cal. P.U.C. 28 (Stockton City Lines); 53 Cal. P.U.C. 241 (Sacramento City Lines); 53 Cal. P.U.C. 515 (Key System); 53 Cal. P.U.C. 625 (San Jose City Lines).

in patronage in spite of a growth of population as shown in this record is an all too familiar circumstance throughout the State. Like other transit companies, the defendant has faced the necessity of paying higher wages, higher taxes, higher fuel prices and higher prices for supplies and equipment in addition to being confronted with vigorous competition from the private automobile. As costs have risen so have fares and service curtailments. The latter, in turn, have directed more passengers to the use of the private automobile. As stated in the Commission's Annual Report to the Governor for the 1952-1953 fiscal year,

"The problem is one which has commanded increasing attention by the Commission. Unless the transit companies are authorized to raise fares they are not able to meet continually rising costs and their service would deteriorate. Yet when fares are increased patronage declines. This combination of circumstances together with increased use of private automobiles is slowly undermining mass transportation efficiency in the state's larger population areas."

The problem is one that the Commission cannot control but one where a satisfactory answer can only be achieved by concerted action by the community and by cooperation between the transit company and the community. The acquisition of smaller type equipment as suggested by the complainant will not curtail costs sufficient to warrant the capital expenditure. The company on a prior occasion undertook an advertising campaign as suggested by the complainant. The advertising failed to halt the declining trend of patronage, let alone provide new passengers. The Commission on two occasions authorized experiments in the form of advertising and promotion of patronage and in both cases the experiments failed to accomplish their purpose.

² Sacramento City Lines, 53 Cal. P.U.C. 241.
San Jose City Lines, 53 Cal. P.U.C. 625.

The financial condition of the defendant is not such as would warrant the expenditure of funds by the company to experiment with increased schedules or route extensions as suggested by the complainant.

The evidence shows that patronage has declined and costs have increased so that the defendant is currently operating at a loss. By its application, it proposes to ameliorate this condition by reducing costs through economies from reductions in service rather than by obtaining additional revenues through a fare increase. The evidence shows the proposals, when taken in their entirety, will take away bus service from relatively few persons, most of whom are in the Homaker Tract. The evidence shows that the No. 9 route has not been remunerative and the study presented by the staff's engineer shows that comparatively few residents in the Homaker Tract avail themselves of the transit service.

With respect to the request of the Planz Park residents that service be extended to that area, it appears that the proposed extension of the No. 4 Route to Wilson Avenue would satisfy the requirements of some of the residents in that area. A further extension of that route, however, would result either in an increased, odd-minute headway or a schedule that could not be maintained reasonably or safely. It would appear that the inconvenience to the present users resulting from either odd-minute or unreliable schedules would materially exceed the benefits to the remaining Planz Park residents. Service to the area and maintaining or increasing the headway would require placing another bus on the line which would erase any of the economies resulting from the reroutings as proposed herein.

Upon consideration of all of the facts and circumstances of record the Commission is of the opinion that the allegations of

the complainant are not supported by the evidence, and is of the further opinion, and also finds, that the abandonments and the schedules and reroutings as proposed in the application, with the modification suggested by the engineer of the Commission staff, are in the public interest and should be authorized.

Because of the number of route changes involved, the Commission finds that public convenience and necessity require the granting to the applicant of a new certificate authorizing service as a passenger stage corporation to, from and between the points and over the routes as more specifically set forth in the following order. The new certificate, which will include the routings sought herein, will be issued in an appendix form which is designed so that it can and may be adapted to a loose-leaf system. Under such plan the currently effective operative authority of the carrier can be modified by the issuance of substitute pages reflecting corrections, changes, extensions or other modifications of the operative authority involved.

O R D E R

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

IT IS ORDERED:

1. That the complaint of the City of Bakersfield versus the Bakersfield Transit Co. be and it is hereby dismissed.
2. That a certificate of public convenience and necessity be and it is hereby granted to Bakersfield Transit Co., a corporation, authorizing the establishment and operation of service

as a passenger stage corporation, as that term is defined in Section 226 of the Public Utilities Code, for the transportation of passengers between the termini and all points intermediate thereto over the routes as described and specified in Appendix A which is attached hereto and, by this reference, made a part hereof, and subject to the privileges, restrictions, limitations and specifications herein and therein contained.

3. That the certificate of public convenience and necessity granted in paragraph 2 of this order supersedes all presently existing certificates of public convenience and necessity or other passenger stage operative rights held by applicant, which certificates and operative rights are hereby revoked, including more particularly the operative rights created by:

Decision No. 45120 in Application No. 31878,
Decision No. 45241 in Application No. 31878,
Decision No. 46130 in Application No. 32573,
Decision No. 46295 in Application No. 32568,
Decision No. 46597 in Application No. 32568,
Decision No. 47715 in Application No. 33718.

4. That the applicant be and it is hereby authorized to operate the schedules proposed in the application filed herein.
5. That in providing service pursuant to the certificate herein granted and in operating the schedules herein authorized, applicant shall comply with and observe the following service regulations:
 - a. Applicant shall file a written acceptance of the certificate herein granted within a period not to exceed thirty days after the effective date hereof.
 - b. Applicant shall comply with the provisions of General Orders Nos. 79 and 98 by filing in triplicate, and concurrently making effective, appropriate tariffs and timetables within sixty days after the effective date hereof and on not less than five days' notice

to the Commission and to the public, such notice to the public to include the posting for five consecutive days by the applicant at its terminals and in all its buses a plainly visible explanatory notice describing each of the abandonments, extensions, changes in routes and changes in schedules authorized herein, together with a map of the routes to be served.

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

Dated at San Francisco, California, this 27th day of March, 1956.

John E. [Signature]
President

Justin D. [Signature]
Paul [Signature]

[Signature]
[Signature]
Commissioners

APPENDIX A

TO

DECISION NO. 52S29

IN

APPLICATION NO. 37465

Showing points and routes of operation of service as a passenger stage corporation by

Bakersfield Transit Co.

together with specifications, exceptions, restrictions, limitations and privileges applicable thereto.

All amendments hereto will be made as revised pages or added original pages.

Issued by California Public Utilities Commission

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CORRECTION NUMBER CHECKING SHEET

This appendix is issued in a form appropriate for loose-leaf use. All amendments thereof will be issued as loose-leaf revised or added pages. All revised pages or added pages will show correction numbers consecutively in the lower left-hand corner. These correction numbers should be checked below on this checking sheet before pages are filed.

Upon receipt of revised or added pages a check mark must be placed opposite the correction number corresponding to number shown at lower left-hand corner of the new page. If correction numbers are properly allocated and checked, as received, check marks will appear in consecutive order with no omissions. However, if check marks indicate that a correction has not been received, an immediate request therefor should be made.

CORRECTION NUMBERS

1	26	51	76	101	126
2	27	52	77	102	127
3	28	53	78	103	128
4	29	54	79	104	129
5	30	55	80	105	130
6	31	56	81	106	131
7	32	57	82	107	132
8	33	58	83	108	133
9	34	59	84	109	134
10	35	60	85	110	135
11	36	61	86	111	136
12	37	62	87	112	137
13	38	63	88	113	138
14	39	64	89	114	139
15	40	65	90	115	140
16	41	66	91	116	141
17	42	67	92	117	142
18	43	68	93	118	143
19	44	69	94	119	144
20	45	70	95	120	145
21	46	71	96	121	146
22	47	72	97	122	147
23	48	73	98	123	148
24	49	74	99	124	149
25	50	75	100	125	150

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Points to Be Served:

Within the City of Bakersfield and its immediate vicinity.

Routes Authorized - Regular Service

Route 1 - Mayflower.

From 19th Street and Chester Avenue east on 19th Street, south on "M" Street, east on 18th Street, south on Baker Street, east on Potomac Avenue, south on King Street, east on Wilkins Street, north on Lakeview Street, west on California Avenue, north on Baker Street, west on 18th Street, north on Chester Avenue to 19th Street, point of beginning.

Route 2 - La Cresta - College Heights.

From 19th Street and Chester Avenue north along Chester Avenue, east on 21st Street, north on Baker Street, west on Niles Street, north on Alta Vista Drive, northeast on La Cresta Drive, east on Acacia Avenue, south on Bucknell Street, west on Columbus Avenue, south on Merton Avenue, west on Irene Street, south on Baker Street, west on 21st Street, south on "K" Street, west on 19th Street to Chester Avenue, point of beginning.

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Route 4 - Oildale - South Chester

From 19th Street and Chester Avenue north on Chester Avenue, west on McCord Avenue, north on Oildale Drive and McCray Street, east on Highland Drive, south on Chester Avenue, west on Wilson Road, north on "H" Street, east on Belle Terrace, north on Chester Avenue to 19th Street, point of beginning.

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Route 5 - Flower Street

From 19th Street and Chester Avenue east on 19th Street, north on Baker Street, east on Flower Street, to Mt. Vernon Avenue thence return via the same streets to 19th and "M" Streets, thence south on "M" Street, west on 18th Street, north on Chester Avenue to 19th Street, point of beginning.

Route 6 - Oildale - Oleander - Beech

From 19th Street and Chester Avenue north on Chester Avenue, west on Woodrow Avenue, north on Scofield Drive, east on El Tejon Avenue, south on Oildale Drive, east on Woodrow Avenue, south on Chester Avenue, west on California Avenue, south on Oleander Avenue, west on Terrace Way, north on Stephens Drive, east on Brundage Lane, north on Beech Street, east on Chester Lane, north on Oleander Avenue, east on California Avenue, north on Chester Avenue to 19th Street, point of beginning.

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Route 7 - South Union

From 19th Street and Chester Avenue south on Chester Avenue, east on 8th Street, south on Union Avenue, west on Casa Loma Drive to "P" Street thence return east on Casa Loma Drive, north on Madison Street, west on Adams Street, north on Lomita Drive, west on Belle Terrace, north on Union Avenue, west on 8th Street, north on Chester Avenue, west on 18th Street, north on "I" Street, east on 19th Street to Chester Avenue, point of beginning.

Route 8 - Westchester - Niles

From 19th Street and Chester Avenue east on 19th Street, north on Baker Street, east on Niles Street to Sterling Road thence return west on Niles Street, south on Baker Street, west on 19th Street, south on "F" Street, west on Truxtun Avenue, north on Elm Street, east on 19th Street, north on Cedar Street, east on Hubbard Street, south on "F" Street, east on 19th Street to Chester Avenue, point of beginning.

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Route 10 - Virginia Colony

From 19th Street and Chester Avenue, south on Chester Avenue, east on California Avenue, south on Quantico Avenue, west on Potomac Avenue, north on Washington Avenue, west on California Avenue, north on Chester Avenue, west on 18th Street, north on "I" Street, east on 19th Street to Chester Avenue, point of beginning.

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Decision No. 52823, Application No. 37465

Authorized Routes - Special Service

School Bus Routes -

School trips to and from the Bakersfield High School may be made over any public streets and thoroughfares subject to the restrictions of local traffic ordinances.

Fairgrounds Route -

During such time or times that the Kern County Fair is in progress, operation may be conducted either as an extension of an existing route or as an additional route as follows:

From 19th Street and Chester Avenue, south on Chester Avenue, east on Casa Loma Drive, north on South "P" Street to the main entrance of Kern County Fairgrounds and thence return via the same streets to point of beginning.

Turnarounds -

Motor vehicles may be turned to reverse direction at termini or intermediate points, either in the intersection of the streets or by operating around a block contiguous to such intersection in any direction, subject to compliance with local traffic ordinances.

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