

## 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 an order pursuant to )  
 Section 454 of the Public Utilities )  
 Code authorizing the establishment )  
 of increases and adjustments in rates ) Application No. 39156  
 and fares for transportation of pas- )  
 sengers between points in the Counties )  
 of Alameda and Contra Costa, and to )  
 and from the City and County of San )  
 Francisco, in the State of )  
 California. )

Donahue, Richards & Gallagher, by George E. Thomas,  
 for Key System Transit Lines.  
 Dion R. Holm, City Attorney, and Paul L. Beck, City  
 Attorney's office, for City and County of San  
 Francisco; John W. Collier, City Attorney, and  
Robert E. Misbet, Deputy City Attorney, for  
 City of Oakland; James P. O'Drain, Deputy City  
 Attorney, for City of Richmond; Fred C. Hutchinson,  
 City Attorney, and Robert T. Anderson, Assistant  
 City Attorney, for City of Berkeley; Robert J.  
Olson, Administrative Assistant to City Council,  
 for City of Albany; John A. Ferguson, for stock-  
 holders, interested parties.  
Arthur M. Carden, for City of San Leandro, protestant.  
John L. Pearson, for the Commission's staff.

O P I N I O N

Key System Transit Lines is engaged in the business of transporting passengers by rail and motor coach between and in various communities of the East Bay area in the Counties of Alameda and Contra Costa and between said counties and the City and County of San Francisco. This application which was filed on June 17, 1957 requests certain increased fares in order to meet increased expenses resulting from wage increases provided for in a new labor contract effective June 1, 1957. The applicant estimates that the additional annual expense for the wage increases will be \$325,000 and that the additional revenue from the proposed increased fares would amount to \$318,809 per year.

The application was submitted at a public hearing held, after due notice, at San Francisco on June 28, 1957, before

Commissioner Matthew J. Dooley and Examiner John M. Gregory.

The requested changes in fares are shown in the tabulation below.

<u>Local Fares</u>	<u>Present Fares (In Cents)</u>	<u>Proposed Fares (In Cents) (NC = No Change)</u>
Adult Cash	20	NC
Tokens	19(5/95)	Cancelled
School	7	10¢ or 12 rides/\$1.00
<u>Two Zones</u>		
Adult Cash	30	NC
Token plus 10¢	29(19¢ plus 10¢)	Cancelled
<u>Three Zones</u>		
Adult Cash	35	NC
<u>Transbay Fares</u>		
<u>Between San Francisco and 1st Zone (Central Zone)</u>		
Adult Cash	46	50
Child	20	NC
20-Ride Commutation	43(20R \$8.60)	NC
<u>2nd Zone</u>		
Adult Cash	55	60
Child	25	NC
20-Ride Commutation	50.5(20R \$10.10)	NC
<u>3rd Zone</u>		
Adult Cash	70	NC
Adult Round-Trip	-	62.5(R.T.\$1.25)-new rate
Child	25	NC
20-Ride Commutation	58(20R \$11.60)	NC
<u>Treasure Island</u>		
Zone 1 - Civilian	25	NC
Zone 1 - Military	20	NC
San Francisco - Civilian	20	NC
San Francisco - Military	15	NC

Summarized, the proposal will eliminate local token fares, increase school fares by 1-1/3 cents per ride on a ticket basis and by 3 cents per ride on a cash fare basis, and transbay adult cash fares between San Francisco and the First (Central) Zone by 4 cents and between San Francisco and the Second Zone by 5 cents. In addition, a new round-trip ticket is proposed between San Francisco and the Third Zone for \$1.25 (60¢ one-way plus 2.5¢ toll), which, by eliminating the Federal Transportation Tax applying on the present fare of \$1.40, will result in a reduction of 15 cents for this class of ticket. Transbay children's and 20-ride commutation fares are not affected, nor are present civilian and military fares to and from Treasure Island.

The record shows that applicant has entered into new labor agreements with its employees, calling for certain wage increases and other benefits, effective for the majority on June 1, 1957. In accordance with its customary practice, applicant will increase wages of its other employees in commensurate amounts. The increased revenue to be derived from the proposed fare adjustments, however, will not wholly return to applicant the added expense resulting from the new agreements, on the basis of applicant's estimates.

The following tabulation, taken from Exhibit B attached to the application, indicates the results of operation of Key System for twelve months ending April 30, 1957. The figures for depreciation, amortization of track removal and repaving, and rate base are taken from the Commission staff exhibit (Exhibit 12, pp. 29, 35) in Applications Nos. 36656 and 36980, the proceeding in which applicant was authorized to substitute motor coaches for transbay rail service subject to certain conditions (Decision

No. 54242, 55 Cal. P.U.C. 313; also Decision No. 54669, dated March 12, 1957).

Operating Revenues	\$11,685,582
Operating Expenses	
Operation and Maintenance	9,137,465
Operating Taxes	886,414
Depreciation	779,650
Amortization of Track Removal and Repaving, etc.	396,700
Total	<u>\$11,200,229</u>
Net Operating Income Before Taxes on Income	485,353
Taxes on Income	<u>252,134</u>
Net Operating Income	\$ 233,219
Rate Base	4,966,300
Rate of Return	4.70%
Operating Ratio	98.00

Applicant's estimate of operating revenue, at present fares, for the test year ending May 31, 1957, as shown in its Exhibit 5 introduced in the former proceeding, was \$11,385,100 (55 Cal. P.U.C. 313, 316). It thus appears that the company's experience from a revenue standpoint has been more favorable during the past year than was anticipated.

Applicant has requested authority to put the proposed fare changes into effect on less than the usual 30 days' statutory notice (General Order No. 79, paragraph 20). As approximately two months will have elapsed before applicant can commence to recover the added expense due to the new wage agreements, even under short-notice authority, the request is underlined by sufficient urgency to justify the relief sought, to the extent of shortening the statutory time for notice to 5 days.

Upon consideration of all the facts and circumstances of record, the Commission is of the opinion and finds that the fare increases and changes requested in the application are justified.

O R D E R

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

IT IS HEREBY ORDERED that:

1. 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 cancel present fares and establish increased fares as follows:

A. Local Fares

- |                               |                        |
|-------------------------------|------------------------|
| 1. Tokens                     | Cancel                 |
| 2. School                     | 10¢ or 12 rides/\$1.00 |
| 3. Two Zones - token plus 10¢ | Cancel                 |

B. Transbay Fares

1. Between San Francisco and First (Central) Zone

Adult Cash 50¢

2. 2nd Zone

Adult Cash 60¢

3. 3rd Zone

Adult Round-Trip 62.5¢ (R.T. \$1.25)  
(reduction - new fare)

C. Redemption of Certain Tickets and Tokens

If presented on or before January 1, 1958, one-way transbay tickets, school tickets and tokens purchased before the effective date of the fare

changes authorized herein shall be redeemed as follows:

- (a) If presented at Key System's General Office, 1106 Broadway, Oakland, or at the Bay Bridge Transit Terminal in San Francisco, they shall be redeemed at the purchase price, or,
- (b) They may be used for transportation upon payment of additional cash fare as follows:

<u>Transbay</u>	<u>Original Purchase Price of Ticket</u>	
Single Zone	46¢	plus 4¢
Second Zone	55¢	plus 5¢
<u>Local</u>		
Tokens (5/95¢)	19¢	plus 1¢
School	7¢	plus 3¢

Applicant shall immediately publicize the above procedures for redemption of outstanding tickets and tokens.

- D. In all other respects than as specifically set forth above, fares authorized by Decision No. 50620, in Application No. 35309, and by Decision No. 51834 (Interim Order), in Application No. 36980, and all rules, regulations and privileges presently in effect shall remain unchanged.

2. 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 order shall be five days after the date hereof.

Dated at San Francisco, California, this 22nd day of July, 1957.

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President  
*Rayo*  
\_\_\_\_\_  
*W. H. Hardy*  
\_\_\_\_\_  
*E. Lyn Fox*  
\_\_\_\_\_  
Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.