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Decision No. 55380

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
VALLEJO CITIZENS TRANSIT CO., a)
corporation, KEITH D. GRAYSON,)
GEORGE A. GRINESTAFF, CARL MAINE,)
HENRY L. COFER, WENNETH W. FITZGERALD,)
THEODORE M. PETERSEN, and HERMAN PETRIE,)
doing business as VALLEJO TRANSIT LINES,)
a co-partnership, for an ex parte)
order for authority to increase rate of)
adult fare.)

Application No. 39044

O P I N I O N

Vallejo Transit Lines, a co-partnership, provides service as a passenger stage corporation in and around the City of Vallejo. By this application, applicant is requesting authority to increase its minimum adult fare from 15 cents to twenty cents.

Applicant commenced its operations on May 1, 1956. The transportation equipment used by it is rented from the Vallejo Citizens Transit Company, a corporation, and one of the partners of applicant. According to the application, the Vallejo Citizens Transit Company has requested an increase in the monthly rental of such transportation equipment from \$250 to \$978. The application also states that a decline in revenue to the applicant is contemplated as a result of the decision of the Vallejo Unified School District to eliminate most of its charter use of applicant's equipment and services. The application also states that a need exists to establish a return on the capital investment of applicant's partners. The application states that it is because of the foregoing reasons that the increase sought is made necessary.

Incorporated into the application as Exhibit D is applicant's estimated results of operations under present and proposed fares for the 12-month period ending April 30, 1958. This exhibit is summarized as follows:

	<u>Rate Year Estimates</u>	
	<u>Present Fares</u>	<u>Proposed Fares</u>
Total Revenue	\$ 86,792.00	\$102,000.00
Total Operating Expense	<u>100,482.00</u>	<u>100,482.00</u>
Net before Income Taxes	<u>(13,690.00)</u>	1,518.00
Income Taxes	---	130.00
Net after Income Taxes	<u>(13,690.00)</u>	1,388.00
Operating Ratio	115.8%	98.5%

() indicates loss

The Commission's staff has also made a detailed study of applicant's operations. The results of that study are set forth in a document which is hereby incorporated in the record herein as Exhibit No. 1. The operating results, under the present and proposed fares, as estimated by the staff are summarized as follows:

Estimated Results of Operations
For the year ending June 30, 1958.

	<u>Present Fares</u>	<u>Proposed Fares</u>
Total Operating Revenue	\$ 94,330	\$109,865
Total Operating Expenses	98,890	100,635
Provision for Income Taxes	---	2,560
Net Operating Income	<u>(4,560)</u>	6,670
Operating Ratio	104.8%	93.9%

() indicates loss

It is noted that the study made by applicant and that made by the Commission staff differ in the amount of estimated total operating revenue for the rate year under the present fares and the proposed fares. This variance is caused by differing estimates of the amount of school and charter bus revenues that applicant will receive during the rate year. Applicant estimates that its school and charter bus revenue will amount to \$2,525.00 for the rate year under its present and proposed fares. The Commission staff, on the other hand, estimates that this special bus revenue will amount to \$10,300.00. The two estimates of expense show little difference; however, the staff estimate does not include any provision for equipment rental as it considered Vallejo Citizens Transit Co. and the partnership, Vallejo Transit Lines, as one entity, thus eliminating the effect of intercompany rentals.

Notwithstanding these differences, however, it is clear from the record that continuance of operations under present fares will result in losses. After consideration, the Commission is of the opinion and so finds that the proposed fares have been justified. The application will be granted.

The public has been adequately informed of the proposed increase in fares. Copies of the application were served on local authorities and public notice was given by announcements posted in applicant's vehicles and terminals. No one has opposed the granting of the application and a public hearing does not appear to be necessary.

In view of applicant's urgent need for increased revenues, the order which follows will be made effective ten days from the date of its issuance and applicant will be authorized to publish the proposed fare on less than statutory notice.

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 ORDERED that Vallejo Transit Lines, a co-partnership, be and it hereby is authorized to establish, on not less than five days' notice to the Commission and to the public, the adult passenger fare proposed in the application filed in this proceeding.

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

IT IS 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 Los Angeles, California, this 30th day of July, 1957.

John E. Mitchell
Ray's Unit Review
R. Hardy
C. Lyn Fox