

ORIGINALDecision No. 50798

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 BAY RAPID TRANSIT COMPANY, a)
 corporation, for an order authorizing)
 increases in fares.)

Application No. 39742

O P I N I O N

Bay Rapid Transit Company, a corporation, operates a local bus system in and between the Cities of Carmel, Monterey, Seaside and Pacific Grove. The corporation was controlled by trustees for the estate of Joseph Miller for some years. Ownership was acquired in 1956 by Mrs. Miller and her son, Joseph S. Miller. Prior to 1952, the applicant had maintained fares at the same level for many years. Fares were increased in 1952 and in 1953.

By this application authority is sought to increase adult fares as shown below. No change is proposed in commutation fares, children's fares or school fares.

<u>Class of Adult Fare</u>	<u>Present Fare (Cash)</u>	<u>Proposed Fare</u>
Monterey - Seaside - Pacific Grove (local)	15c	20c Cash or 16-2/3c Token (3 for 50c)
Carmel (local)	15c	20c Cash or 16-2/3c Token (3 for 50c)
Between Carmel and Monterey - Seaside - Pacific Grove	25c	30c Cash No token rate

When tokens were eliminated in 1953, applicant eliminated a tariff provision stating that transfers would not be given to

passengers paying a token fare. Applicant now proposes to restore this provision. Hence, in order to get a transfer under the proposed fare structure, local passengers will have to pay the 20¢ cash fare.

The Commission staff made a study of applicant's operations. This study is hereby made a part of this record and identified as Exhibit No. 1. The estimated operating results under present and proposed fares for the rate year ending March 31, 1959, as developed by the staff in its study are shown in the table which follows. Also shown in the table are the applicant's estimated operating results for the same period, as shown in the application, with certain adjustments as indicated in the table.

BAY RAPID TRANSIT COMPANY
ESTIMATED RESULTS OF OPERATION
FOR RATE YEAR ENDING MARCH 31, 1959

Item	: Applicant's Estimates :		: Staff Estimates :	
	: Present :	: Proposed :	: Present :	: Proposed :
	: Fares :	: Fares :	: Fares :	: Fares :
Bus Miles	391,000(a)	391,000(a)	385,600	385,600
<u>Operating Revenue</u>				
Passenger Revenue	\$151,854	\$172,069(b)	\$150,000	\$169,960
Chartered Bus Revenue	6,064	6,064	8,400	8,400
Tours Revenue	3,945	3,945	4,800	4,800
Express Revenue	90	90	90	90
Miscellaneous Station Revenue	900	900	930	930
Other Operating Revenue-Advt.	2,000	2,000	2,030	2,030
Total Operating Revenue	\$164,853	\$185,068(b)	\$166,250	\$186,210
<u>Operating Expenses</u>				
Equipment Maintenance & Garage Expense	\$ 32,779	\$ 32,779	\$ 32,930	\$ 32,930
Transportation Expense	82,857	82,857	82,870	82,870
Traffic, Solicitations & Advertising	6,300	6,300	6,300	6,300
Insurance & Safety Expense	16,602	16,602	14,580	14,580
Administration & General Expenses	19,173	19,173	14,560	14,560
Depreciation Expense	6,561	6,561	5,448	5,448
Operating Taxes & Licenses	11,671	11,671	10,695	10,695
Operating Rents (Net)	5,900	5,900	5,900	5,900
Total Expenses	\$181,843(a)	\$181,843(a)	\$173,283	\$173,283
Net Operating Revenue	(16,990)	3,225	(7,033)	12,927
State & Federal Income Taxes	-	1,058(c)	-	4,240
Net Income After Taxes	\$(16,990)	\$ 2,167	\$(7,033)	\$ 8,687
Rate Base	\$ 61,233	\$ 61,233	\$ 48,770	\$ 48,770
Rate of Return	-	3.5%(c)	-	17.8%
Operating Ratio	110.3%	98.8%(c)	104.2%	95.3%

⊖ Indicates loss

- (a) Excludes Consideration of Reduction of 3,100 miles in Rate Year Shown on Applicant's Exhibit C, Pg. 3 of Appl.
 (b) Applicant's Original Figure of \$179,122 Passenger Revenue in Error. Revised Figure Telephoned in by Their Accountant.
 (c) Calculated by PUC Staff, See Note (b).

Under present fares, and for the rate year ending March 31, 1959, passenger revenue is estimated by the staff at \$150,000. This represents a decline of 6.1 percent from the calendar year 1957. Charter and other revenue was estimated at the 1957 level, such revenue having had a favorable trend in recent years. Under proposed fares, passenger revenue for the rate year is estimated by the staff at \$169,960. Applicant's corresponding figure was originally \$179,122; however, this figure was informally revised by applicant later to \$172,069, because of a clerical error.

An agreement with the union, running to October 1, 1959, provided for a seven-cent an hour wage increase effective October 1, 1957, and a further increase of five cents per hour effective June 1, 1958. In addition, on March 1, 1958, a cost-of-living increase of two and one-half cents per hour went into effect. These wage increases were taken into consideration in estimating expenses for the rate year.

Minor differences exist in the expense estimates of applicant and of the staff. The staff report shows that its estimate for insurance expense was calculated using an average of the costs for the calendar years 1955-57, inclusive. The Administrative and General Expenses were reduced by the staff to reflect general office salaries and expenses at a level comparable with similar bus companies. Operating taxes of \$10,695 as estimated by the staff, reflect the rates currently in effect. Because of recent changes in tax laws, applicant will pay no 3 percent State transportation tax on its revenues, except for certain Charter revenue.

Applicant has two 1952 diesel buses and two 1957 gasoline buses which are depreciated by applicant on a ten-year basis, with no salvage value. In conformance with its practice in such matters, the staff has extended the life of the diesel buses to twelve years, and has assigned salvage values to all four buses. All other buses are fully depreciated. An amount of \$500 for Franchises, Organization,

and Permits has been included in the rate base to cover estimated payments made to public bodies relative to franchises, certificates, etc.

The public has been adequately informed of the proposed increase in fares. Public notice was given by announcements posted in the buses and terminals of the applicant. Letters or council meeting minutes on file show that none of the four cities involved desires to oppose this application, namely: Carmel, Monterey, Pacific Grove and Seaside. One letter of protest from a private citizen has been received.

Under present fares both the applicant and the staff forecast an operating loss for the rate year. Under proposed fares, the staff estimates a net operating income after taxes of \$8,687, resulting in an operating ratio of 95.3 percent; whereas applicant estimates a net operating income after taxes of \$2,167, resulting in an operating ratio of 98.8 percent.

In the circumstances, the Commission is of the opinion and finds that the proposed fare increases are justified and will not result in unreasonable charges. The application will be granted. A public hearing is not necessary.

O R D E R

Application having been made, the Commission being fully advised in the premises and having found that the sought increases are justified,

IT IS ORDERED:

1. That Bay Rapid Transit Company, a corporation, be and it is hereby authorized to establish, on not less than five days' notice to the Commission and to the public, the increased passenger fares proposed in Exhibit A of the application filed herein.

2. That, in addition to the required filing of tariffs, applicant shall give notice to the public by posting in its buses a statement of the increased fares herein authorized. The notices shall be posted at least five days prior to the effective date of the increased fares and shall remain posted for not less than ten days thereafter.

3. 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 twenty days after the date hereof.

Dated at San Francisco, California, this 4th day of June, 1958.

[Signature]
President

[Signature]

[Signature]

[Signature]

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Commissioners