

ORIGINALDecision No. 57166

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Willis M. Kleinenbroich, an individ-)
 ual, d.b.a. THE MODESTO MOTOR BUS)
 SERVICE for authority to increase)
 rates and fares on student reduced)
 ticket fares and to eliminate the)
 use of adult reduced ticket fares)
 for the transportation of passengers)
 in and between points in and about)
 the City of Modesto, California)

Application No. 40104
 (As Amended)

OPINION AND ORDER

Willis M. Kleinenbroich, doing business as Modesto Motor Bus Service, is engaged in the business of transporting passengers as a passenger stage corporation within and about the City of Modesto. By application filed May 23, 1958, as amended May 29, 1958, he seeks authority to cancel 10-Ride Adult Reduced Ticket Fares and to increase the 10-Ride Student Reduced Ticket Fares from \$.75 per book to \$1.00 per book. Applicant does not propose to change his present 20-cent cash fare.

A copy of the application was served upon the City Clerk of the City of Modesto and upon the County Clerk, County of Stanislaus. Notices of the filing of the application and of the proposed increases in fares were posted by applicant on all busses.

Applicant alleges that for many months past he has been operating at a loss and that present and future increased costs will result in an estimated loss of approximately \$5,500 for the twelve months ending June 30, 1959. Applicant has entered into an agreement with his bus drivers for an increase in drivers' wages of \$5.00 per

week to become effective the week of June 30, 1958. The wage increase is estimated to result in an additional expense of \$2,000 per year.

In requesting authority to increase school ticket fares, applicant stated that Downey High School is presently operating on a split-session basis and will continue to do so in the foreseeable future. In order to serve these sessions additional schedules must be maintained on two routes. These are special trips made on school days only, and, according to the applicant, the amount realized from present student ticket fares falls far short of covering the cost of operating these special trips.

Applicant submitted financial statements in support of his application.

On May 28, 1958, the City Council of the City of Modesto adopted a resolution resolving that the Commission should investigate and make a study of mass transit in Modesto, including increased efficiency, charters as a source of revenue, and other means to reduce an annual decline in patronage. It further resolved that, if the Commission studies indicated that the increases requested in the application should be granted, the City Council would not object to such action without the conducting of a public hearing so that the relief sought by the applicant could be thus expedited.

An assistant transportation engineer of the Commission made a study of applicant's operations. His report has been submitted and will be received in evidence in this proceeding as Exhibit No. 1

A comparison of the estimates of the engineer with those of the applicant follows:

Modesto Motor Bus Service
Results of Operation for the 12-Month Period
Ended December 31, 1957
And Estimated Results of Operation for the Rate Year
Ending June 30, 1959 under Present and Proposed Fares

| Item | 1957 Record | Present Fares | | Proposed Fares | |
|--------------------|----------------|---------------|------------|----------------|----------|
| | | Applicant | Staff | Applicant | Staff |
| Bus Miles Operated | 195,213 | 198,987 | 199,000 | 198,987 | 199,000 |
| <u>Revenue</u> | | | | | |
| Passenger | \$69,649 | \$66,865 | \$68,010 | \$73,276 | \$74,880 |
| Advertising | 1,071 | 1,400 | 1,400 | 1,400 | 1,400 |
| Total Revenue | \$70,720 | \$68,265 | \$69,410 | \$74,676 | \$76,280 |
| <u>Expense</u> | | | | | |
| Maintenance | \$15,085 | \$12,487 | \$15,430 | | |
| Transportation | 40,633 | 43,228 | 43,040 | | |
| Traffic | 389 | 400 | 400 | | |
| Insurance | 3,196 | 4,201 | 4,040 | | |
| Administration | 3,193 | 3,235 | 3,240 | | |
| Depreciation | 2,628 | 2,627 | 1,920 | | |
| Operating Taxes | 6,182 | 6,380 | 6,030 | | |
| Operating Rents | 1,174 | 1,175 | 1,180 | | 6,130 * |
| Interest | 8 | | | | |
| Total Expense | \$72,488 | \$73,733 | \$75,280 | \$73,733 | \$75,380 |
| Net Before | | | | | |
| Income Tax | \$ (1,768) | \$ (5,468) | \$ (5,870) | \$ 943 | \$ 900 |
| Income Taxes | - | - | - | 198 | 190 |
| Net Income | - | - | - | \$ 745 | \$ 710 |
| Operating Ratio | 102.5% | 108.0% | 108.5% | 99.0% | 99.1% |

(Red Figure)

* Operating taxes is the only expense account affected by a change in fare.

While the applicant and the engineer differ in estimates of certain revenue and expense items, the end results are very close. Upon consideration of all of the facts the Commission is of the opinion that the increases sought are justified.

With respect to the request by the City Council that the Commission make a study of transit in Modesto, a service study of applicant's operations was prepared in August 1957 by the Traffic Engineering Section of the Commission. A report of this study was submitted to the Commission on September 18, 1957. Copies were mailed to the applicant herein and the City Council. The report contained recommendations designed to increase the efficiency of applicant's operations. The recommendations were adopted by the applicant and placed into effect. It was pointed out in that report that the primary factor in the national decline in the patronage of mass transit is the encouragement of the use of the private automobile through better traffic regulation, freeway development and provisions for off-street parking. The above situation exists in the City of Modesto. As pointed out in Exhibit No. 1, applicant's operation from a cost standpoint compares favorably with other carriers of similar size. The declining trend in patronage is a problem that can only be solved by cooperation and action by the community and the transit company to provide conditions wherein transit riding will be more convenient and attractive to potential patrons than the use of the private automobile.

Application for an increase in fares having been filed and given adequate public notice, and the Commission being fully informed in the premises,

IT IS ORDERED that:

1. Willis M. Kleinenbroich, doing business as Modesto Motor Bus Service, is authorized to establish, on not less than five days' notice to the Commission and to the public, the increased passenger fares proposed in the application filed in this proceeding.

2. That in addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in its busses a printed explanation of its increased fares. Such notice shall be posted not less than five days before the effective date of the fare changes and shall remain posted until not less than thirty days after said effective date.

3. 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 San Francisco, California, this 12th day of August, 1958.

E. Lynn Fox
President
John E. Mitchell
Paul H. ...
...
Commissioners