

Decision No. 66746**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 NORTEGATE TRANSIT CO., INC., for
 authority to increase fares. }

Application No. 45492
 (Filed June 4, 1963)

Harry N. Grover, for applicant.
Paul M. Hupf, City Attorney, for the City of Daly
 City and E. H. Mattoon, for California Highway
 Patrol, Motor Carrier Safety Section; interested
 parties.
Glenn E. Newton and Fred G. Ballenger, for the
 Commission staff.

O P I N I O N

Northgate Transit Company (hereinafter called Northgate) is a passenger stage corporation which operates within the City of Daly City and between Daly City and the unincorporated area of Broadmoor as well as portions of the City and County of San Francisco. Northgate seeks authority to increase its fares.

A duly noticed public hearing was held in this matter before Examiner Jarvis on November 14, 1963, at Daly City. The matter was submitted subject to the filing of a late-filed exhibit which was received on November 26, 1963.

The record discloses that the great majority of Northgate's patrons are in one of three categories: first, persons travelling in the morning from various points in Northgate's service area to the company terminal at Mission and Templeton Streets, where they board San Francisco Municipal Railway buses or Mission Street jitneys for transportation into San Francisco with a reverse movement taking place in the evening; second, shoppers and workers travelling to and from the shopping centers at Westlake and

Stonestown; and third, students travelling to and from public and parochial schools, including San Francisco State College.

While Northgate is a corporation, it is actually operated as an association of owner-operators who are self-employed. At the time of hearing there were 10 drivers of whom 4 are shareholders of Northgate. Most of the drivers own and maintain their own vehicles. The drivers are expected to observe schedules, follow the routes, and conform to the rules adopted by Northgate which have been authorized by this Commission. Each driver is allowed to retain all the revenues which he collects, but he is assessed a weekly amount to pay for maintenance of the company office and other organizational overheads.

Northgate's present and proposed fares are as follows:

<u>Fare Group</u>	<u>Present Fares</u>	<u>Proposed Fares</u>
<u>Adults</u>		
Monday through Saturday	15¢	20¢
Sundays and Holidays	15¢	25¢
<u>School Children (through Senior High)</u>		
a. On direct trips - home to school and return during regular school terms	10¢	15¢
b. School children - other times	15¢	20¢

Northgate's present fares were authorized in 1955. There have been no increases in the interim. Northgate presented evidence which disclosed that, between 1955 and 1963, the cost of labor for repairs had increased from \$5.50 and \$6.50 per hour to \$7.50 and \$9.50 per hour; that the cost of gasoline increased from 25.4 cents per gallon to 29.9 cents per gallon; and that the cost of insurance per vehicle has increased from \$708 to \$1,200 per vehicle. The Commission staff made an investigation of Northgate and prepared a report summarizing its findings. The staff report indicates that for the projected rate year 1964, Northgate, with its present fares,

will have an operating deficit of \$22,230 with an estimated operating ratio of 118.4 percent. The staff presented summaries of estimated revenues and estimated results of operations for the 12 months ending December 31, 1964. The estimate of earnings under the proposed fares includes a factor for loss of passengers due to the proposed fare increase. The estimate of operations takes into consideration certain staff recommendations which are hereinafter discussed. The summaries are as follows:

Table 1

ESTIMATE OF REVENUE
UNDER PRESENT AND PROPOSED FARES
FOR 12 MONTHS ENDING 12/31/64

Item	Under Present Fares			Under Proposed Fares		
	Passengers	Fare	Revenue	Passengers	Fare	Revenue
<u>Adults</u>						
Monday through Friday	706,800	15¢	\$106,020	647,920	20¢	\$129,580
Sundays and Holidays	15,300	15¢	2,300	12,570	25¢	3,190
Total Adults	722,100		\$108,320	660,670		\$132,770
<u>School Children (Through Senior High)</u>						
On Direct Trips - Home to School and Return During School Terms	85,200	10¢	\$ 8,520	79,880	15¢	\$ 11,980
School Children Other Times	*	15¢	*	*	20¢	*
	85,200		\$ 8,520			\$ 11,980
Subtotal	807,300		\$116,840	79,880		\$114,750
<u>Other</u>						
Postal Contract	6,200	15¢	\$ 930	6,200	20¢	\$ 1,240
Advertising	-		3,000	-		3,000
Total	813,500		\$120,770	86,080		\$118,990

* No Record Available.

Table 2

Results of Operation
Estimate for 12 Months Ending 12/31/64.

<u>Item</u>	<u>Present Fares</u>	<u>Proposed Fares</u>
Miles Operated	446,400	446,400
<u>Operating Revenue</u>		
Passenger:		
Adult	\$108,320	\$132,770
School	<u>8,520</u>	<u>11,980</u>
Total	\$116,840	\$144,750
<u>Other</u>		
Postal Contract	\$ 930	\$ 1,240
Advertising	<u>3,000</u>	<u>3,000</u>
Total	\$ 3,930	\$ 4,240
Total - All Revenue	\$120,770	\$148,990
<u>Expenses</u>		
Repairs, Servicing, Tires and Tubes	\$ 22,320	
Drivers' Wages	72,230	
Fuel and Oil	17,860	
Other Transportation Expense	310	
Tariff, Traffic, and Advertising	700	
Insurance, Injuries and Damages	10,800	
Office Salaries and Expenses	6,920	
Depreciation Expense	6,480	
Operating, Taxes and Licenses	4,260	
Rent Paid or Received - Net	<u>1,020</u>	
Total Expenses	\$142,900	\$142,900
Net Income Before Income Taxes	\$ <u>22,130</u>	\$ 6,090
Income Taxes	\$ 100	\$ 2,060
Net Income	\$ <u>22,230</u>	\$ 4,030
Operating Ratio - %	118.4%	97.3%

Red Figure

The staff introduced evidence which indicates that the Commission has received many complaints about Northgate's service. The bulk of these complaints was about the failure of buses to maintain their schedules. Investigation of these complaints has generally disclosed that the difficulties arose from mechanical breakdowns that were attributable to the use of old, worn out or

improperly maintained equipment. Occasional complaints have been received about discourtesy on the part of some drivers. The staff also introduced evidence which disclosed that recent inspections of Northgate's vehicles by members of the staff and the California Highway Patrol resulted in orders to correct deviations from established safety rules and standards. The staff contends that at least half of the vehicles presently operated by Northgate should be replaced, preferably with new standardized equipment having a seating capacity of 25 to 30 passengers per unit. The staff's estimate of expenses includes allowance to provide for the required equipment replacement. The staff also recommended that a preventative maintenance system be established and adhered to, and that it would be desirable to have all the buses garaged and serviced at one location so advantages could be realized in the quantity purchase of parts and in obtaining better mechanical repairs. A commander of the Highway Patrol's northern California safety section testified that on October 10, 1963, the Highway Patrol inspected Northgate's operating equipment. Numerous violations were found and Northgate was ordered to take two buses out of service because of defective brakes. The safety section commander agreed with the staff recommendations dealing with maintenance and replacement of vehicles.

The staff presented evidence which showed that the service rendered on the Broadmoor route was too frequent in relation to the number of passengers transported. It was recommended that the headways between runs be lengthened on that route.

The record also discloses that Northgate has no central management. There is no one with authority to supervise the operations, discipline drivers and handle matters with respect to regulatory agencies. The staff recommended that Northgate appoint a general manager to oversee its operations. An amount was allocated for the salary of a general manager in the staff's estimate of operations for 1964.

The city attorney of Daly City testified that Northgate fulfills a useful service to the residents of the City; that complaints had been received by city officials about Northgate and that the City did not oppose the requested fare increases if they were conditioned upon the staff recommendations.

The record also discloses that, even with the deficiencies heretofore enumerated, Northgate established and pioneered a transportation service which is useful to the public in the Daly City area.

The Commission makes the following findings and conclusions.

Findings of Fact

1. The estimate of revenue under present and proposed fares for 12 months ending December 31, 1964, set forth in Table 1 of Exhibit 2, is fair and reasonable and should be adopted for purposes of this decision.

2. The estimated results of operation for 12 months ending December 31, 1964, in Table 2 of Exhibit 2, is fair and reasonable and should be adopted for purposes of this decision.

3. Northgate is in need of increased revenues.

4. The increase in fares authorized by this decision is justified, the fares set forth in Appendix A attached hereto are fair and reasonable for the service to be rendered, and the present fares, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

5. The following buses operated by Northgate constitute satisfactory, safe and proper equipment:

Bus No. 1 (License No. W20491)
Bus No. 14 (License No. B38083)
Bus No. 31 (License No. W91718)
Bus No. 24 (License No. B66111)
and Bus No. 19 (License No. W20472).

All other buses presently operated by Northgate are unsatisfactory, unsafe or improper equipment.

6. The system of vehicle maintenance presently utilized by Northgate is unsatisfactory and improper.

7. Northgate does not presently have any officer or employee who has the responsibility for active supervision of its operations, and this condition makes its operations unsatisfactory and improper. It is necessary for Northgate, to reasonably and adequately meet

public requirements, to appoint a general manager to actively supervise its daily operations.

Conclusions of Law

1. Northgate should be authorized to increase its fares to those shown in Appendix A.
2. Northgate should be ordered to take all reasonable steps to replace its unsatisfactory, unsafe or improper equipment.
3. Northgate should be ordered to institute a satisfactory and proper system of vehicle maintenance.
4. Northgate should be ordered to appoint a general manager to actively supervise its daily operations.

O R D E R

IT IS ORDERED that:

1. Northgate Transit Co. is authorized to establish the increased fares more particularly set forth in Appendix A and by this reference made a part hereof. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than ten days after the effective date hereof on not less than ten days' notice to the Commission and to the public.
2. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.
3. 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 changes and shall remain posted for a period of not less than thirty days.

4. Within one year after the effective date of this order, Northgate Transit Co. shall take all steps reasonably within its power to replace with new buses or used buses in good condition not older than 10 years, all of its operating equipment except the following buses: Bus No. 1 (License No. W20491), Bus No. 14 (License No. B38083), Bus No. 31 (License No. W91718), Bus No. 24 (License No. B66111) and Bus No. 19 (License No. W20472). Commencing thirty days after the effective date of this order, Northgate Transit Co. shall, for a period of one year, notify the Commission, in writing, every thirty days, of the steps it has taken to comply with this ordering paragraph.

5. Northgate Transit Co. shall, within sixty days after the effective date of this order, appoint or employ a general manager who shall have authority to actively supervise its daily operations. Northgate Transit Co. shall notify the Commission, in writing, when this action has been taken.

6. Northgate Transit Co. shall, within sixty days after the effective date of this order, institute a system of vehicle preventative maintenance which is satisfactory to this Commission and the California Highway Patrol. Northgate Transit Co. shall notify the Commission, in writing, when this action has been taken.

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

Dated at San Francisco, California, this 27th day of FEBRUARY, 1964.

William La Buzard
President
George E. Grover
Fredrick B. Holhoff

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

Northgate Transit Co., by the decision noted in the margin, is authorized to establish the following fares:

<u>Fare Group</u>	<u>Fare</u>
<u>Adults</u>	
Monday through Saturday	20¢
Sundays and Holidays	25¢
<u>School Children (through Senior High)</u>	
a. On direct trips - home to school and return during regular school terms	15¢
b. School children - other times	20¢

Issued by California Public Utilities Commission.

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