

ORIGINALDecision No. 68405

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 ROSCOE D. RICE and CLARENCE W. MURRY
 (The Rice & Murry Transportation
 System), for authority to increase
 passenger bus fares in the City of
 Merced under Public Utilities Code
 No. 454.

Application No. 46798
 (Filed July 14, 1964;
 Amended September 10,
 1964)

O P I N I O N

Applicants operate as a passenger stage corporation within the City of Merced and between Merced, on the one hand, and Planada and Castle Air Force Base, on the other hand. Within Merced applicants operate two routes, which form a figure eight, intersecting at 17th and M Streets. They seek (1) to establish a system of two zones within Merced, each zone comprising one of the present loop routes; (2) to increase their fares in Merced from 20 to 25 cents for adults and from 15 to 20 cents for children, and to establish such increased fares as single-zone fares; and (3) to establish two-zone fares 10 cents higher than the corresponding single-zone fares. No increases are sought in their intercity fares.

The application states that the decline in patronage because of the increased use of private automobiles and increased costs of operation since fares were last increased in 1955^{1/} require that fares be increased as proposed herein. The application states that applicants do all of the driving and maintenance work themselves on their intracity operations. Applicants estimate that the

^{1/} Pursuant to Decision No. 52326, dated December 5, 1955, in Application No. 37329 (unreported).

proposed increase will result in \$142 additional revenue annually. The application shows that in 1963 Merced intracity operations resulted in a profit of \$35 before taxes; and applicants' overall operations for 1963, including their charter services, resulted in a net profit before taxes of \$8,552. These figures, however, are misleading, inasmuch as applicants do practically all of the driving and equipment maintenance, for which no provision is included in applicants' recorded operating expenses.

A report concerning the financial condition and results of operations of the Rice & Murry Transportation System was prepared by the Commission's Finance and Accounts Division. This report is hereby received in evidence as Exhibit 1. According to the report, special bus services for braceros working in the surrounding agricultural areas and for parochial school children are furnished by applicants under individual contractual arrangements, in addition to their common carrier transportation services. The report states that partners Rice and Murry do most of the bus driving and perform most of the maintenance and repair services; that drivers' wages included in operations and maintenance expenses in applicants' operating statements represent only the cash wages paid for substitute and extra drivers; that partners' drawings are treated as withdrawals of capital and are excluded from the operating statements; and that withdrawals of both partners for the periods indicated totaled as follows:

Calendar year 1962	\$5,917
Calendar year 1963	7,139
First 6 months 1964	2,072.

Exhibit 1 contains results of operations for all of the passenger services conducted by applicants. These data are summarized in the following table:

TABLE I

Rice & Murry Transportation System
Comparative Income Statement
(Commission staff)

	<u>Calendar Year</u>	
	<u>1962</u>	<u>1963</u>
<u>Operating Revenues</u>		
Local (Merced)	\$ 6,020	\$ 5,688
Other	10,167	15,317
Total	<u>16,187</u>	<u>21,005</u>
Operating Expenses ^a	<u>10,791</u>	<u>12,412</u>
Net Operating Revenues	5,396	8,593
Income Deductions	<u>(1,000)</u>	<u>116</u>
Net Income to Partnership	6,396	8,477

() Credit

- a. Excludes provision for wages for partners Rice and Murry. Rent adjusted to an accrual basis.

A report concerning applicants' operations and fares was prepared by an engineer in the Commission's Transportation Division-Engineering Economics Branch. This report is hereby incorporated in the record as Exhibit 2. This exhibit states that the public has been adequately informed of the application through the posting of notices in applicants' buses and by the furnishing of copies of the application to the City of Merced and the County of Merced. No protests have been received.

Included in Exhibit 2 are estimates of operations for a future year under present and proposed fares. A summary of these data is set forth in Table II below.

TABLE II

Rice & Murry Transportation System
Estimates of Results of Operations
Under Present and Proposed Fares
For the Year Ending October 31, 1965
(Commission Staff)

	Present Fares		Proposed Fares	
	Total Operations	City of Merced	Total Operations	City of Merced
Revenues	\$18,580	\$5,530	\$19,630	\$6,580
Expenses	19,540	8,640	19,540	8,640
Net Income before Income Taxes	(960)	(3,110)	90	(2,060)
Income Taxes	-	(440)	20	(360)
Net Income	(960)	(2,670)	70	(1,700)
Operating Ratio	105.2%	148.3%	99.6%	125.8%
Rate Base	\$ 1,220	\$ 240	\$ 1,220	\$ 240
Rate of Return	-	-	*	-

() Loss

* Not meaningful.

The revenue estimates shown in Table II make allowance for diminution under proposed fares at the rate of one-fourth of the percentage of increase. For service in the City of Merced and for service between Merced and Planada, it is estimated that traffic under present fares will remain at the level of the average for the year ended August 31, 1964. Contract revenues are based on the average of the last four years, because of the wide fluctuation in these revenues from year to year. Operating expense estimates

include allowances for services performed by the owners for which no charges are recorded in applicants' books, as follows:

Repairs	\$2,228
Drivers' Wages	3,117
Office Salaries	<u>1,200</u>
Total	6,545

The record clearly shows that for a future year, when provision is made for all legitimate operating expenses, operations under present fares would result in an operating loss of \$960 and an operating ratio of 105.2 percent; and operations under proposed fares would produce operating income of \$70, with an operating ratio, after taxes, of 99.6 percent. Even with the requested fare increase, operation of the Merced line will produce an annual loss of \$1,700 with an operating ratio of 125.8 percent. Operation of the Planada line will involve a further loss of \$1,260 per year. Only a continuation of successful contract operation can offset these losses and permit continuation of certificated services.

The Commission finds that the increased fares are justified. The application should be granted. A public hearing is not necessary. In view of the demonstrated need for an immediate increase in revenues, applicants will be authorized to publish the fares on five days' notice.

The proposed fare zones within the City of Merced, which are not described in the application, will be specified in the order which follows. In addition, because of certain route discrepancies, applicants' operating authority will be restated in the form of a new certificate.

ORDER

IT IS ORDERED that:

1. Roscoe D. Rice and Clarence W. Murry, doing business as Rice & Murry Transportation System, are authorized to establish the following increased fares for transportation over their lines within the City of Merced:

	<u>Cash Fare</u>
(a) <u>Adult, per ride</u>	
Within Zone 1 or Zone 2 (c)	\$0.25
Between Zone 1 and Zone 2 (d)	.35
(b) <u>Children, per ride</u>	
Within Zone 1 or Zone 2 (c)	.20
Between Zone 1 and Zone 2 (d)	.30
<u>Twenty-ride coupon</u>	
Books for school children	2.00

- (a) Adult fares to apply also for the transportation of children 12 years of age or older.
- (b) To apply for the transportation of children of less than 12 years of age but not less than 6 years of age.
- (c) Zone 1 is Route No. 1 and Zone 2 is Route No. 2 as described in Appendix A hereto.
- (d) Interzone fares not applicable to passengers boarding or leaving buses on 17th Street.

2. Tariff publications authorized to be made as a result of ordering paragraph 1 hereof may be made effective not earlier than five days after the effective date hereof, on not less than five days' notice to the Commission and to the public.

3. The authority granted by ordering paragraph 1 hereof shall expire unless exercised within ninety days after the effective date of this order.

4. In addition to the required posting and filing of tariffs, applicants shall give notice to the public by posting in its buses and terminals a printed explanation of fares authorized herein. 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.

5. A certificate of public convenience and necessity is granted to Roscoe D. Rice and Clarence W. Murry, doing business as Rice & Murry Transportation System, authorizing them to operate as a passenger stage corporation, as defined in Section 226 of the Public Utilities Code, between the points and over the routes more particularly set forth in Appendix A attached hereto and hereby made a part hereof.

6. The certificate of public convenience and necessity granted in paragraph 5 of this order supersedes all existing certificates of public convenience and necessity authorizing operations as a passenger stage corporation heretofore granted to or acquired by Roscoe D. Rice and Clarence W. Murry and presently possessed by them, which certificates are hereby revoked, said revocation to become effective concurrently with the effective date of the tariff filings required by paragraph 7 hereof.

7. In providing service pursuant to the certificate herein granted, applicants shall comply with and observe the following service regulations:

- (a) Within thirty days after the effective date hereof, applicants shall file a written acceptance of the certificate herein granted. By accepting the certificate of public convenience and necessity herein granted, applicants are placed on notice that they will be required, among other things, to file annual reports of their operations and to comply with and observe the insurance

requirements of the Commission's General Order No. 101-A. Failure to file such reports, in such form and at such time as the Commission may direct, or to comply with and observe the provisions of General Order No. 101-A, may result in a cancellation of the operating authority granted by this decision.

- (b) Within one hundred twenty days after the effective date hereof, applicants shall establish the service herein authorized and file tariffs and timetables, in triplicate, in the Commission's office.
- (c) The tariff and timetable filings shall be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and to the public, and the effective date of the tariff and timetable filings shall be concurrent with the establishment of the service herein authorized.
- (d) The tariff and timetable filings made pursuant to this order shall comply with the regulations governing the construction and filing of tariffs and timetables set forth in the Commission's General Orders Nos. 79 and 98.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 30th day of December, 1964.

Frederic B. Hallock
President

John E. Mitchell

Everett C. Beag

George H. Hoover

William L. Bernard
Commissioners

Appendix A ROSCOE D. RICE AND CLARENCE W. MURRY Original Page 2
doing business as
RICE & MURRY TRANSPORTATION SYSTEM

SECTION 1. GENERAL AUTHORIZATIONS, LIMITATIONS AND SPECIFICATIONS.

The certificate hereinafter noted supersedes all operative authority heretofore granted to Roscoe D. Rice and Clarence W. Murry, doing business as Rice & Murry Transportation System.

Roscoe D. Rice and Clarence W. Murry, doing business as Rice & Murry Transportation System, by the decision noted in the margin, are authorized to transport passengers within the City of Merced, between the city of Merced and Planada and intermediate points and between the Castle Air Force Base, on the one hand, and Merced and Atwater, on the other hand, along the routes hereinafter described, subject to the following provisions:

- (a) Motor vehicles may be turned at termini or intermediate points, in either direction, at intersections of streets or by operating around a block contiguous to such intersections, in accordance with local traffic regulations.
- (b) When route descriptions are given in one direction, they apply to operation in either direction, unless otherwise indicated.

Issued by California Public Utilities Commission.

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Appendix A ROSCOE D. RICE AND CLARENCE W. MURRY Original Page 3
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SECTION 2. ROUTE DESCRIPTIONS.

Route No. 1 - Commencing at the intersection of 17th Street and M Street in the City of Merced; thence along 17th Street, Yosemite Park Way, 21st Street, Keely Avenue, 23rd Street, G Street, 26th Street, M Street, 22nd Street, R Street and 17th Street to its intersection with M Street.

Also, from the intersection of Glen Avenue and 23rd Street along Glen Avenue and Santa Fe Avenue to Our Lady of Mercy Parochial School.

Route No. 2 - Commencing at the intersection of 17th Street and M Street in the City of Merced; thence along 17th Street, J Street, 12th Street, G Street, 15th Street, B Street, Childs Avenue, J Street, 8th Street, M Street, Childs Avenue, West Avenue, V Street, 6th Street, Lesher Drive, 5th Street, T Street, 4th Street, R Street and 17th Street to its intersection with M Street.

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