

ORIGINALDecision No. 68573

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of BEATRICE K. METZGER and AMERICAN TRANSIT, INC. for authority to transfer in lieu Certificate of Public Convenience and Necessity No. 60095, authorizing the operation of passenger vehicles for sight-seeing service for transportation of passengers between service areas within Inglewood, El Segundo, Los Angeles County-Lennox, Santa Monica, Culver City, Los Angeles County-Hollywood, and points of interest in Los Angeles and Orange Counties, and for authority to increase and adjust rates and fares for such sight-seeing service.

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) Application No. 46619
) (Filed May 7, 1964)
) (Amendments filed Novem-
) ber 17 and December 21,
) 1964)
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O P I N I O N

By the application as amended Beatrice K. Metzger requests authority to sell and transfer and American Transit, Inc. requests authority to purchase and acquire certain property and operating authority. In addition thereto applicant buyer requests authority to execute a promissory note in the amount of \$2,500; to execute a chattel mortgage on the equipment; and to issue an aggregate of 945 shares of its common capital stock at a par value of \$16 a share. Applicant buyer also requests a fare increase of approximately 10 percent.

The operating authority was granted by Decision No. 60095 dated May 9, 1960 in Application No. 41760 and authorizes the operation of a sight-seeing service between service areas within Southern California. In addition to the operating authority the proposed transfer includes one 1958 GMC-15 passenger bus, one 1957 Cadillac 8-passenger limousine and one 1954 Cadillac 8-passenger limousine. The agreed consideration is \$20,000 payable as follows:

- (a) \$2500 upon the execution of the agreement.
- (b) \$2500 plus interest on or before December 31, 1964.
- (c) \$2500 plus interest upon the approval of the Commission.
- (d) The remaining \$12,500 in equal monthly installments of \$260 commencing on February 1, 1965 and ending on January 1, 1969, when the remaining sum shall be due and payable.

The principal obligation of \$17,500 remaining due after the first payment of \$2,500 is to be evidenced by a promissory note bearing interest at the rate of 6 percent per annum, and is to be secured by a chattel mortgage on the equipment.

As of April 1, 1964 applicant buyer indicated a net worth in the amount of \$9,450.41. The president and vice president, father and son respectively, have been actively engaged in the transportation business for many years.

It is alleged that Charles H. Metzger died on September 10, 1962, and the operations herein considered were transferred to his widow, Beatrice K. Metzger, pursuant to Decision No. 66530 dated December 27, 1963. According to the application Mrs. Metzger will be employed by applicant buyer.

As justification for the 10 percent increase in fares applicant buyer alleges that the existing fares have been in effect for 10 years and during that period the costs of operation, including the cost of equipment, repairs and maintenance thereof, fuel, and other supplies, have substantially increased.

A staff report was filed in the proceeding and is hereby made a part of the record as Exhibit 1. According to the report the fare structure in question consists of named fares for numerous sightseeing tours. Present fares were established by Decision No. 50261 dated July 6, 1954. The following is the staff's estimate of results of operations under present and proposed fares for the year ending October 31, 1965.

Item	Book Record year end 12/31/6	Present Fares	Proposed Fares
Bus Miles Operated	18,859	29,750	29,750
<u>Revenue</u>			
Passenger	\$8,806	\$19,550	\$21,550
Other	599	400	440
	<u>\$9,405</u>	<u>\$19,950</u>	<u>\$21,950</u>
<u>Expense</u>			
Maintenance	\$1,243	\$ 2,080	\$ 2,080
Transportation	3,148	6,480	6,480
Traffic & Advertising	277	710	710
Insurance	1,568	2,480	2,480
Administration	409	5,100	5,100
Operating Rents	480	300	300
Total Opr. & Maint. Exp.	<u>\$7,125</u>	<u>\$17,150</u>	<u>\$17,150</u>
Operating Taxes	\$ 719	\$ 1,650	\$ 1,670
Depreciation	951	2,060	2,060
Total Operating Expense	<u>\$8,795</u>	<u>\$20,860</u>	<u>\$20,880</u>
Net Before Income Taxes	\$ 610	\$ (910)	\$ 1,070
Income Taxes	<u>100</u>	<u>100</u>	<u>100</u>
Net Income	\$ 510	\$(1,010)	\$ 970
Operating Ratio %	94.6	105.1	95.6
Rate Base	- -	\$10,110	\$10,110
Rate of Return %	- -	- -	9.6

Applicant buyer requests authority to issue 945 shares of its common stock to its president, Carl L. Swenson, in consideration of monies heretofore advanced by Swenson in the amount of \$9,450.41.

After consideration the Commission finds that the proposed sale would not be adverse to the public interest, that the issue of securities and stock herein authorized is reasonably required for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. The Commission further finds that the increased fares are justified. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. On or before May 1, 1965 Beatrice K. Metzger may sell and transfer, and American Transit, Inc. may purchase and acquire, the operative rights and property referred to in the application.

2. Within thirty days after the consummation of the transfer herein authorized, applicant shall notify the Commission, in writing, of that fact and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect said transfer.

3. American Transit, Inc. shall amend or reissue the tariffs on file with the Commission, naming rates, rules and regulations governing the common carrier operations herein to show that it has adopted or established as its own, said rates, rules and regulations. The tariff filings shall be made effective not earlier than ten days after the effective date of this order or not less than ten days' notice to the Commission and the public, and the effective date of the tariff filings shall be concurrent with the consummation of the transfer herein authorized. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs set forth in the Commission's General Orders Nos. 79 and 98.

4. On or before the end of the third month after the consummation of the transfer as herein authorized, American Transit, Inc. shall cause to be filed with the Commission, in such form as it may prescribe, an annual report, or reports, covering the period commencing with the first day of the current year to and including the effective date of the transfer.

5. American Transit, Inc. is authorized to establish the increased fares proposed in Application No. 46619. 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.

6. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

7. 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.

8. Applicants are hereby authorized to execute the promissory note and chattel mortgage herein referred to.

9. Applicant buyer is hereby authorized to issue its capital stock in the aggregate amount of \$9,450, for the purpose referred to herein.

10. Applicant buyer shall file with the Commission a report or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

The authority herein granted to issue a note will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25. In all other

respects the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 9th day of FEBRUARY, 1965.

Fredrick B. Holhoff
President
George L. Grover
Alexander D. ...

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

Commissioners

