

ORIGINALDecision No. 72771

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
Howard B. Pettersen, doing business
as PETERSEN BUS COMPANY, for authority
to increase round-trip passenger fares
from Napa to Mare Island.

Application No. 49150
(Filed February 16, 1967)
(Amended May 19, 1967)

O P I N I O N

Applicant operates as a passenger stage corporation under a certificate of public convenience and necessity authorizing operations between Napa and Mare Island Naval Shipyard. It also operates as a charter party carrier of passengers.

Applicant seeks authority to increase its round-trip and commute fares and to establish a one-way fare for its certificated operations. The proposed fares are set out in the amendment to the application. The present and proposed fares and the percent increase of proposed over present fares are as follows:

	<u>Present</u>	<u>Proposed</u>	<u>Percent Increase</u>
Cash Fare - One Way	None	\$0.50	-
Cash Fare (Round Trip)	\$0.60	0.75	25.0
Commute (Round Trip)	0.60(a)	0.70(b)	16.7

(a) The company currently charges a fare of 60 cents per round trip sold as a ten-ride commute ticket for \$3.00.

(b) To be sold as a 20-ride ticket, good for two calendar weeks.

Applicant has served the application and amendment thereto in accordance with Commission rules and has posted notices of the sought fare increases in its buses. No protests have been received.

As justification for the establishment of the proposed one-way fare and the sought increases in round-trip and commute fares, the application and amendment thereto allege as follows: Applicant has not increased its passenger fares for 15 years; insurance costs have increased 50 percent and operating expenses have almost doubled during the past 15 years; the commute buses are in need of major repairs which applicant will be unable to afford unless the sought increase is granted; applicant cannot increase drivers' wages under present revenues; Adams Charter Coaches, which provides a similar service between Mare Island Naval Shipyard and the Napa area, has heretofore been authorized to charge a commute fare of \$3.50 per week.

A financial report and study of applicant's operations prepared by staff members of the Commission's Finance and Accounts Division and Transportation Division is incorporated in the record herein as Exhibit 1. The report shows that applicant owns six buses, all of which were purchased in a used condition; that three buses have been assigned to the Napa-Mare Island commute service, and it is applicant's intent to add an additional bus to this service; that applicant provides a weekday commute service between said locations, a one-way distance of 14 miles; and that applicant's present fares are those published in his initial tariff which was filed when he obtained his certificate pursuant to Decision No. 61107 dated November 22, 1960, in Application No. 42561.

Exhibit 1 shows that applicant does not keep its records in accordance with the Uniform System of Accounts for Class III Motor Carriers; that he maintains his books on a cash basis; that applicant does not maintain a record of miles operated or passengers transported; that it is estimated applicant's certificated operations totaled 21,300 miles during 1966 and will increase to 28,400 miles

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during the ensuing year (June 1, 1967 to May 31, 1968) due to assigning one more bus to this service; that practically all passengers utilize applicant's certificated service on a round-trip basis and the number of casual riders is negligible; that it is estimated that the total number of round-trip passengers for the year 1966 was 20,760 and that the number would increase to 27,680 under present fares and to 27,120 under proposed fares for the ensuing year; that the passenger estimate under proposed fares for the ensuing year has been adjusted to reflect anticipated diminution in patronage resulting from the requested fare increase; and that as of December 31, 1966, the total assets (both certificated and charter operations) of applicant less depreciation reserves amounted to \$5,930 of which \$223, or 3.8 percent, represented cash on hand.

The estimate of operating results for applicant's certificated service under present fares for the historical year (1966) and under present and proposed fares for the rate year (June 1, 1967 through May 31, 1968) as set forth in Exhibit 1 are as follows:

	<u>Historical Year</u>	<u>Rate Year</u>	
	<u>Present Fares</u>	<u>Present Fares</u>	<u>Proposed Fares</u>
Revenues	\$12,457	\$16,610	\$19,050
Expenses	<u>9,732</u>	<u>15,480</u>	<u>15,490</u>
Operating Income	\$ 2,725	\$ 1,130	\$ 3,560
Income Taxes	<u>253</u>	<u>10</u>	<u>410</u>
Net Income	\$ 2,472	\$ 1,120	\$ 3,150

According to Exhibit 1, applicant's charter operation for the historical year shows a loss of \$1,277, and it is estimated that this result will not be improved during the rate year.

The conclusions and recommendations set out in Exhibit 1 are that applicant be required to follow the prescribed system of

accounts for Class III Motor Carriers of Persons; that charter operation expenses are in excess of revenues from this service; and that the proposed fares for applicant's certificated service are reasonable and should be granted.

We find as follows:

1. The estimates of operating results set forth in the staff's Exhibit 1 for the historical year ending December 31, 1966, and for the future rate year ending May 31, 1968, reasonably represent the results of applicant's operations for the purposes of this proceeding.
2. Applicant will not realize a reasonable net income from his common carrier passenger operations in the future under present fares.
3. Applicant is in urgent need of additional revenues from his certificated service in order to operate said service at a reasonable profit.
4. The revenues from the proposed increases in common carrier passenger fares will provide sufficient additional revenues and result in a reasonable operating profit for his common carrier service.
5. The increased common carrier passenger fares sought herein are reasonable and justified.
6. Applicant does not maintain records in accordance with the prescribed system of accounts for Class III Motor Carriers of Persons.
7. A public hearing is not necessary.

The Commission concludes as follows:

1. Applicant should be authorized to increase its common carrier passenger fares as proposed in the amendment to the application herein.
2. Applicant should inaugurate the accounting procedures recommended in the staff's Exhibit 1.

O R D E R

IT IS ORDERED that:

1. Howard B. Pettersen, doing business as Pettersen Bus Company, is authorized to establish the one-way fare and the increased round-trip and commute fares proposed in the amendment to the application herein.
2. 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.
3. The authority to establish and increase fares herein granted 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, applicant shall give notice to the public by posting in its buses and terminals a printed explanation of his 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.

5. Applicant shall maintain accounting records in accordance with the prescribed system of accounts for Class III Motor Carriers of Persons.

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

Dated at San Francisco, California, this 18th day of JULY, 1967.

[Signature]
President

[Signature]

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Commissioners