

ORIGINAL

Decision No. 76971

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
 of Betty Ann Raggio, Executrix of
 the Estate of J. V. Fuzere, for
 authorization to transfer passenger
 stage operation to George Freed,
 doing business as Calaveras Transit
 Company; Authorization for the
 transferee to extend service and
 for an increase in passenger fares
 and express rates, Calaveras
 County.

Application No. 50872
 (Filed February 7, 1969;
 Amended November 19, 1969)

O P I N I O N

Application No. 50872 filed February 7, 1969, requested authorization to transfer the certificate of public convenience and necessity, an extension of route and authority to increase passenger fares and express rates. By Decision No. 75583, dated April 22, 1969, the Commission authorized the transfer of the certificate to Mr. Freed and the extension of route, but deferred consideration of the requested fare and rate increases until the filing of an amendment to the application required to comply with the Commission's Rules of Procedure. The amendment to Application No. 50872 was filed on November 19, 1969. The annual revenue effect of the requested increases amounts to 35% for express rates and 11% for passenger fares. The service has been operated under the present rates since 1954. The application was noticed by publication in applicant's buses and terminals and by furnishing copies to various public agencies in applicant's certificated area. No protests have been received.

The Calaveras Transit Company is a proprietorship owned by Mr. and Mrs. George Freed. The company furnishes passenger and express service between Stockton and Murphys and intermediate points. The scheduled service is one round trip from Murphys daily except Sundays and holidays. The company office is located in the Freed home at Vallecito.

The certificated route leaves Stockton via State Route 26 to Valley Springs, thence along Route 12 to San Andreas, thence along Route 49 to Angels Camp, thence along Route 4 to Murphys. Decision No. 75583 authorized applicant to extend the operating authority to Arnold, Bear Valley, Lake Alpine and intermediate points on an on-call basis.

The operating equipment consists of a 1960 Chevrolet stretch-out, 1965 Ford station wagon and 1969 Ford Chateau wagon. The station wagon is used both for personal and company use.

Mr. Freed drives the bus six days a week and performs minor maintenance and repairs. His run begins at 8 a.m. and ends at 6:30 p.m., usually with a 45-minute lunch break. A four-hour layover period in Stockton is utilized by Mr. Freed to deliver and pick up express packages.

Mrs. Freed performs the bookkeeping and answering services for the company in her home. She also occasionally drives an extra run from Stockton when a second bus is required.

The staff of this Commission has performed a field investigation and analysis of applicant's books and records and annual reports. A report of the results thereof has been submitted and is hereby incorporated in the record as Exhibit No. 1.

The staff review showed applicant's records to be deficient. There are no balance sheet accounts, and expense records

are not complete; also supporting documents, especially invoices, are not retained in an orderly fashion so that accounting entries can be readily verified. The staff recommends that applicant should be required to maintain complete accounting records in accordance with the Chart of Accounts for Certificated Class II and Class III Motor Carriers of Passengers, effective January 1, 1969, as prescribed by this Commission, and to retain and file in an orderly manner permitting ready access and verification, all documents supporting entries in the books of accounts.

The adjusted recorded results of operations for the historical calendar year 1968, and the estimated results of operations for the rate calendar year 1970, are presented in the following table:

<u>Item</u>	<u>Year 1968</u>	<u>Year 1970</u>	
	<u>Adjusted Book Record</u>	<u>Present Fares</u>	<u>Requested Fares</u>
<u>Statistics</u>			
Bus Miles	54,487	52,300	52,300
Passengers	2,781	2,800	2,800
<u>Revenue</u>			
Express	\$11,290	\$11,800	\$15,900
Passenger	3,716	3,700	4,100
Total	\$15,006	\$15,500	\$20,000
<u>Expenses</u>			
Total	\$15,077	\$19,250	\$19,550
Operating Income	\$ (71)	\$ (3,750)	\$ 450
Operating Ratio - %	100.1	124.2	97.8
Rate of Return - %	-	-	7.3
Rate Base	\$ 3,809	\$ 6,200	\$ 6,200
Compensation to Owner Included in Expenses	\$ 7,961	\$10,300	\$10,300

(Red Figure)

The historical year shows results of operations after staff accounting adjustments which included, in addition to reclassification of expenses, elimination of 1967 fuel expense (\$58), and addition to self-employment tax (\$499) applicable to owner's compensation.

The estimated results of operations for the rate year 1970 include adjustments for personal use of operating equipment, increases in wages, and addition of the extended service. The staff estimates under present fares and rates the operations will lose \$3,750 and have an operating ratio of 124.2%. Under requested fares and rates the operating income is estimated to be \$450 and a resulting operating ratio of 97.8% with a rate of return of 7.3%. The wages included in the expenses for the owner are for driving, maintenance and general office work.

The staff made no estimate of income taxes for 1970; any such taxes, if actually paid, would be minimal and further reduce indicated modest earnings at proposed fares and rates. Consequently, the figures for operating income, which reflect owner's compensation, are on a pre-tax basis.

The Commission finds that the estimates of operating revenues, expenses, including taxes (other than on income) and depreciation, and the rate bases as submitted by the staff for the years 1968 and 1970 reasonably represent the results of applicant's operations for the purposes of this proceeding.

The Commission finds the sought increase justified and concludes that applicant should be authorized to establish the fares and rates as set forth in the application as amended.

O R D E R

IT IS ORDERED that:

1. George L. Freed is authorized to establish the increased fares and rates proposed in Application No. 50872 as amended. Tariff publications authorized to be made as a result of the order herein shall be filed not earlier than the effective date of this order and 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 his 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.

4. Applicant shall maintain his accounting records in accordance with the "Chart of Accounts for Certificated Class II and Class III Motor Carriers of Passengers" adopted by this Commission in Decision No. 74101 in Case No. 4713 and shall retain and file all documents supporting entries in such records.

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

Dated at San Francisco, California, this 24th
day of MARCH, 1970.

William J. Spence, Jr.
President
J. P. [illegible]
[illegible]
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Commissioners