

ORIGINALDecision No. 82875

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
NORTHGATE TRANSIT CO., INC. to)	Application No. 54768
increase fares to offset increases)	(Filed April 1, 1974)
in the cost of fuels, insurance, and)	(Amended April 5, 1974 and
certain other operating expenses.)	April 15, 1974)

O P I N I O N

Northgate Transit Co., Inc. (Northgate) operates passenger stage service over eight routes on the northern San Francisco Peninsula, serving portions of San Francisco, Daly City, Colma, South San Francisco, Pacifica, and San Bruno. Northgate's present basic fare is 25¢ for regular passengers, with a 15¢ fare for students en route to and from school. Thirty-five cents is charged for evening and weekend trips, and a ten-cent zone charge is collected on the carrier's Daly City-South San Francisco route. These fares were authorized by Decision No. 78524, dated April 2, 1971, in Application No. 52212, and have been in effect since that time.

By this application, Northgate seeks authority to increase its basic fare by five cents to 30 cents per passenger, and the student fare by five cents to 20 cents. Evening fares, weekend fares, and the zone charge would remain at their present levels. Applicant requests that this relief be granted on an ex parte basis.

Northgate has served copies of its application and amendments on the Cities of San Francisco, Daly City, Colma, South San Francisco, Pacifica, and San Bruno; the County of San Mateo; the Broadmoor Property Owners' Association, and Greyhound Lines-West. Additionally, the application and its amendments have been listed in the Commission Calendar after each filing. No protests have been received.

In support of its application, Northgate cites increases in its operating costs since 1971, including increases in the costs of fuels, insurance, office rent, yard rent, maintenance, and other items. Additionally, the carrier proposes to employ a Mechanic-Traffic Manager who would be responsible for the operational performance of the fleet, including the performance of regular periodic inspections of the vehicles, as well as inspecting buses which have undergone repairs, providing emergency assistance to vehicles en route as necessary, and supervising the fleet's operations. The employment of a competent and responsible Mechanic-Traffic Manager will enhance the quality of Northgate's transit service and consequently will be in the public interest. We have accordingly included an allocation for such an additional labor expense in our consideration of this application, and will expect the carrier to employ such a person within a reasonable time after the issuance of this order.

The Commission staff has observed Northgate's operations over a number of years, has periodically made suggestions for improvements in service and has regularly assisted its management in improving the transit system. The operation is basically an association of individual bus owners, most of whom drive their own buses as a means of self-employment.

The staff reports that Northgate's service has improved since 1971. Several older buses have been replaced with newer equipment, and some aspects of the fleet's operational functions have also received constructive attention. Additionally, the carrier has hired a full-time General Manager to schedule the fleet, handle correspondence, and answer the public's telephone inquiries for transit information. We view the recent improvements in service with favor, and encourage the carrier to continue its efforts in this regard. In particular, we note the extension of service to several neighborhoods previously without local transit, the recent increases in service frequency on several routes,

the increased distribution of timetables to the public, and the replacement of several older vehicles with newer equipment.

The total increases in operating costs since 1971 reported by Northgate for the system, when adjusted for the expansion of the fleet in this period, are approximately \$4,400 per month. It is estimated that the additional revenue which would be generated by this fare increase will total about \$4,400 per month, not allowing for any diminution of patronage resulting from the fare increase.

Applicant estimates and staff studies indicate that the average monthly gross revenue per bus is presently about \$1,390; net revenue after major operating expenses and including an allowance for equipment cost and depreciation, is \$525. This net amount does not allow for income taxes. The corresponding average monthly net revenue per bus which is expected under the proposed fares and operations is \$705 per month. This amount is left for each owner-driver in lieu of wages. It is observed that the drivers work approximately 68 hours per week, which includes weekend labor spent both driving and in vehicle maintenance. The present equivalent hourly wage of the drivers is, therefore, \$1.73; it is expected that this will increase to about \$2.39 at the proposed fares. Additionally, no provision exists for sick leave, vacation pay, or any other significant fringe benefits commonly enjoyed by drivers who are employees of transit systems. Indeed, if Northgate were structured as are most other transit systems, with carrier-owned equipment and employee drivers, the system would operate at a substantial deficit at either the present or the proposed fares.

The Commission finds that the increases in operating expenses incurred by the carrier since 1971, together with the planned employment of a Mechanic-Traffic Manager, justify the relief sought herein. We also find that the proposed fares are reasonable. Therefore, we conclude that the increases sought by the applicant should be authorized.

O R D E R

IT IS ORDERED that:

(1) Applicant, Northgate Transit Co., Inc., is authorized to increase its basic weekday fare from 25 cents to 30 cents and to increase its fare for students en route to and from school from 15 cents to 20 cents.

(2) Amendments to applicant's tariff required as a result of this order may be filed after the effective date hereof and may be made effective on not less than five days' notice to the Commission and to the public.

(3) In addition to the required filing of tariffs, applicant shall give notice to the public by posting in its buses an explanation of these increased fares. Such notice shall be posted not less than five days before the effective date of the fare increase and shall remain posted for a period of not less than ten days.

(4) Applicant shall, within ninety days after the effective date of this order, employ a competent person in the capacity of a Mechanic-Traffic Manager. This person shall perform and be responsible for the following activities:

- a. Regular periodic mechanical inspections of each bus in the fleet, and certification that each bus is in a ready condition to perform passenger revenue operations. These inspections shall be conducted at least once a month.
- b. Mechanical inspection of each bus having undergone repairs, and certification that it is in a ready condition to resume passenger revenue operations.
- c. Emergency mechanical assistance to buses en route, as needed.

- d. Supervision of the operations of the bus fleet in the field, particularly during the morning and evening peak periods.

With respect to activities (a) and (b), above, no bus shall be placed in passenger revenue operations until it has been certified by the Mechanic-Traffic Manager, or, in his absence, by a competent alternate designated by the General Manager.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 15th day of 1 MAY, 1974.

William L. Sturgeon, Jr. President
[Signature]
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Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.