

ORIGINAL

Decision No. 84421

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMUTE SERVICE, INC., a California corporation, for the Transfer of the Certificate of Public Convenience and Necessity issued to Paul H. Schneider and Shirlye E. I. Schneider, formerly doing business as Commute Service; and for the Authority to increase Weekly Fare, Toll and Charge to Passengers.

Application No. 55446
(Filed January 20, 1975;
amended February 13, 1975)

O P I N I O N

Applicants Paul H. Schneider (Schneider), an individual doing business as Commute Service, and Commute Service, Inc., a California corporation, request that the passenger stage certificate issued to the former be transferred to the latter and in the process that Commute Service, Inc. be allowed to file increased rates over those presently authorized to be charged by Schneider. No protests to the application have been received.

The application shows that Commute Service, Inc. was incorporated on March 11, 1974 and that the total number of shares it is authorized to issue is 20,000, par value \$10 per share. Schneider and his wife own 1,600 shares which were issued in exchange for the assets of the Schneider's passenger stage business. Schneider and his wife are the sole shareholders of the corporation.

Authorization is requested to increase commuter rates by \$2 per person, per route, per week, as follows:

<u>Embarkation Point</u>	<u>Present Fare</u>	<u>Proposed Fare</u>
Hayward	\$5.50	\$7.50
Newark/Fremont	6.00	8.00
Milpitas/North San Jose	6.50	8.50
Livermore/Pleasanton	7.00	9.00

Destination of all routes is the United Air Lines Service Center, San Francisco International Airport, San Mateo County.

Since Schneider received his last rate increase on August 28, 1973 applicants represent:

- (a) Since January 1974 license fees for 12 buses which are currently operated have increased by \$60 per bus per year, a total of \$720 per year.
- (b) Drivers' wages for the 15 drivers have increased from \$7 per day to \$8 per day since September 1, 1974, or \$330 per month for a total annual increase of \$3,960.
- (c) Parking fees have increased from \$87.50 per month to \$125 per month as of January 1974, for a total increase of \$450 per year.
- (d) Fuel costs have increased from \$0.2125 per gallon to \$0.378, a percentage increase of approximately 77 percent. Illustrative fuel bills are attached as Exhibit C.
- (e) Schneider's fees for accounting services, formerly done by him and Shirly E. I. Schneider themselves alone, now amount to \$600 per year plus additional costs for tax services.
- (f) Four of the 12 buses currently operated by Schneider are in need of replacement. Commute Service, Inc. seeks to purchase four secondhand buses in good condition and at an approximate cost of \$20,000 per bus in order to maintain safe, reliable, and regular service. Lack of substantial profit in 1974 has left the operation without funds to acquire replacements of rolling stock.

The application states that the operation will be unable to continue profitably without the immediate relief of a rate increase of \$2 per person, per route, per week to defray the unusual and extreme increases in fuel costs and other operating costs set out above.

Applicants state that present rates will result in a net loss after taxes of \$4,370 on a gross revenue of \$147,770 for the rate year September 1, 1974 - August 31, 1975, while under the proposed rates the operation will show a net revenue after taxes of \$26,764 on gross revenue of \$191,986 for the same period, which equals an increase under the proposed rates of \$31,134 in net profit after taxes and an increase of \$44,246 in gross revenue.

The Commission's staff conducted a study using data listed by Schneider in his annual reports to the Commission, data from this application, and data as supplied by Schneider to the staff for the purposes of the study, all taken without audit. The staff submitted an Estimated Results of Operations for the Rate Year 1975 (Exhibit 1), an extract of which is attached as Appendix B. The staff annualized recorded revenue for the first three months of 1974 of \$36,093 to arrive at the total annual revenue for the rate year and used carrier expenses recorded for the year 1973 of \$109,660 and of \$38,680 for the first quarter of 1974 increased to reflect known recent significant increases in certain accounts, including equipment maintenance, fuel, driver's wages, and tires, as well as increased accounting of \$600 per year. The staff estimates that presently authorized fares will result in a net operating loss of \$3,750 after taxes on gross common carrier revenue of \$144,300 as contrasted to operation under the proposed fares which will result in a net income after taxes of \$14,400 on gross common carrier revenue of \$166,500 or an increase under the proposed fares of \$18,150 net profit after taxes, being also an increase in gross operating revenue of \$22,200. The staff recommends that the application be granted.

After consideration the Commission finds and concludes that the increases in rates and charges authorized by this decision are justified. The Commission further finds that the

proposed transfer would not be adverse to the public interest and it should be authorized. A public hearing is not necessary. The order which follows will provide for, in the event the transfer is completed, the revocation of the certificate presently held by Paul H. Schneider, an individual doing business as Commute Service, and the issuance of a certificate in appendix form to Commute Service, Inc.

The authorization granted shall not be construed as a finding of value of the rights authorized to be transferred.

Commute Service, Inc. is placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of business. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

O R D E R

IT IS ORDERED that:

1. Paul H. Schneider, an individual doing business as Commute Service, is authorized to establish the increased rates proposed in Application No. 55446. Tariff publications authorized to be made as a result of this order may 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.

2. The authority 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, Paul H. Schneider 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. On or before November 30, 1975, Paul H. Schneider may sell and transfer the operative rights and property referred to in the application to Commute Service, Inc.

5. Within thirty days after the transfer the purchaser shall file with the Commission written acceptance of the certificate and a true copy of the bill of sale or other instrument of transfer.

6. Purchaser shall amend or reissue the tariffs and timetables on file with the Commission, naming rates and rules governing the common carrier operations transferred to show that it has adopted or established, as its own, the rates and rules. 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 the public, and the effective date of the tariff and timetable filings shall be concurrent with the transfer. The tariff and timetable filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs and timetables set forth in the Commission's General Orders Nos. 79-Series and 98-Series. Failure to comply with the provisions of General Orders Nos. 79-Series and 98-Series may result in a cancellation of the operating authority granted by this decision.

7. In the event the transfer authorized in paragraph 4 is completed, effective concurrently with the effective date of the tariff filings required by paragraph 6, a certificate of public convenience and necessity is granted to Commute Service, Inc., a corporation, authorizing it to operate as a passenger stage corporation, as defined in Section 226 of the Public Utilities Code, between the points and over the routes set forth in Appendix A of this decision.

8. The certificate of public convenience and necessity granted by Decision No. 82673 is revoked effective concurrently with the effective date of the tariff filings required by paragraph 6.

9. Purchaser shall comply with the safety rules administered by the California Highway Patrol, the rules and regulations of the Commission's General Order No. 98-Series, and the insurance requirements of the Commission's General Order No. 101-Series.

10. Purchaser shall maintain its accountings records on a calendar year basis in conformance with the applicable Uniform System of Accounts or Chart of Accounts as prescribed or adopted by this Commission and shall file with the Commission, on or before March 31 of each year, an annual report of its operations in such form, content, and number of copies as the Commission, from time to time, shall prescribe.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 13th day of MAY, 1975.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

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Appendix A

COMMUTE SERVICE, INC.

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CERTIFICATE
OF
PUBLIC CONVENIENCE AND NECESSITY

Showing passenger stage operative rights, restrictions, limitations,
exceptions and privileges applicable thereto.

All changes and amendments as authorized by
the Public Utilities Commission of the State of California
will be made as revised pages or added original pages.

(This cancels the certificate issued by
Decision No. 82673 in Application
No. 54580.)

Issued under authority of Decision No. 84421, dated MAY 13 1975,
of the Public Utilities Commission of the State of California, in
Application No. 55446.

SECTION 1 - GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS AND SPECIFICATIONS.

The certificate hereinafter noted supersedes all operative authority heretofore granted to Paul H. Schneider, dba Commute Service.

Commute Service, Inc., by the certificate of public convenience and necessity granted by the decision noted in the margin, is authorized to transport passengers on passenger-carrying vehicles between the Cities of Redwood City (as further described herein), Livermore, Pleasanton, Fremont, Newark, Hayward, Milpitas and the northern part of the City of San Jose within three miles of the city limits of Milpitas, on the one hand, and the United Air Lines Maintenance Base located at the San Francisco International Airport, on the other hand, over the most suitable public roads and highways, subject to the following provisions:

- (a) Schedules shall be designed to meet the working hours of the employees, except that Route 1 shall be operated only for passengers needing arrival at the United Air Lines Maintenance Base between the hours of 6:30 a.m. and 7:00 a.m.
- (b) No passengers shall be transported except those having point of origin or destination at said United Air Lines Maintenance Base.

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Appendix A

COMMUTE SERVICE, INC.

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SECTION 2 - ROUTE DESCRIPTIONS.

Route No. 1 - Redwood City

Beginning at the intersection of Marsh Road and Bay Road in Redwood City, proceed via Bay Road, Beech Street, Broadway, Jefferson Avenue, Alameda de las Pulgas, San Carlos Avenue, Ralston Avenue and U.S. Highway 101 (Bayshore Freeway) and the most direct and convenient route to United Air Lines Maintenance Base; returning by the reverse of this route.

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APPENDIX B

Rate Year 1975
Estimated Results of Operations

<u>Description</u>	<u>At Present Fares</u>	<u>At Proposed Fares</u>
<u>Statistics</u>		
Bus Miles	322,000	322,000
No. of Passengers	112,200	101,000
<u>Revenue</u>		
Psgr. Common Carrier	\$144,300	\$166,500
Charter	-	-
Other	6,000	6,000
Total	<u>\$150,300</u>	<u>\$172,500</u>
<u>Expenses</u>		
Equip. Maintenance	\$ 25,000	\$ 25,000
Transportation	59,700	59,700
Station	-	-
Traffic	-	-
Insurance & Safety	15,700	15,700
Admin. & General	18,400	18,400
Depreciation	19,250	19,250
Oper. Taxes & Licenses	11,100	11,100
Operating Rents	4,900	4,900
Total Expenses	<u>\$154,050</u>	<u>\$154,050</u>
Operating Income	\$ (3,750)	\$ 18,450
Income Tax (Estimate)	-	4,050
Net Income	<u>\$ (3,750)</u>	<u>\$ 14,400</u>
Operating Ratio	102.5%	91.6%
Rate of Return	-	30.5%
Rate Base	\$ 47,150	\$ 47,150

(Red Figure)