

Decision No. 37126

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation upon )  
 the Commission's own motion into the )  
 reasonableness of the rates and adequacy ) Case No. 4719  
 of the service of Orange Belt Stages, Inc.)

BRADLEY &amp; BRADLEY, by C. L. Bradley for Respondent

BY THE COMMISSION:

**ORIGINAL**O P I N I O N

On April 21, 1944 the Commission instituted an investigation into the rates of Orange Belt Stages, Inc., and a public hearing therein was had before Examiner Hunter, at Visalia, on May 3, 1944.<sup>(1)</sup> On October 25, 1943 Orange Belt Stages, Inc. applied for authority to transfer all operative rights and properties to the five stockholders of the corporation, who had formed a partnership to carry on the business. (Appl. No. 25848) We are today issuing an order in Application No. 25848 authorizing the proposed transfer. Such order provides that it shall become effective immediately, and our order in the rate investigation will be directed to the members of the partnership, rather than to the corporation.

Orange Belt Stages operates a passenger stage service in the Bakersfield and Visalia Areas, with two lines extending between U. S. Highways Nos. 99 and 101. The company, incorporated in 1935, experienced a very lean period in the early part of its operations. From 1938 to 1940 the business was kept in existence mainly because of certain guaranteed operations, together with economies effected by the owners, who performed their own maintenance work and mechanical

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(1) A staff study of the financial results of the carrier's operations was undertaken in November of 1943, and the staff report of February 14, 1944 was introduced in evidence (Ex. No. 1) by Charles W. Mors, Transportation Research Engineer. The report was prepared by Glenn E. Newton, Associate Transportation Engineer.

labor. No outside mechanics were hired until 1941. The location of military establishments on certain lines has resulted in a material progressive increase in the volume of traffic transported during the past three years. The Paso Robles-Bakersfield line carries capacity loads of army personnel from Camp Roberts, as servicemen on short leaves appear to find it expedient to spend such leaves in Bakersfield and other valley points. The Visalia-King City line is heavily patronized between Visalia Airport and Lemoore Air Base. Between that air base and King City the travel is normally relatively light.

Exhibit No. 1 covers operating results for the past six years. As of December 31, 1943 nineteen passenger coaches of nine different makes were being operated. Seating capacities range from 11 to 41 passengers, and the age of the equipment varies from 1 to 13 years. (2) The total estimated depreciated book cost of these stages is shown in Exhibit No. 1 to be \$38,075. Mr. Haworth, President of Orange Belt Stages, testified that it was his plan to replace all old equipment now in service with new as soon as it can be purchased and funds are available. He has already arranged for the purchase of two new motor coaches. In the interest of providing an attractive service and an efficient and economical operation, it is his plan to standardize the equipment to the most practical type of bus for that operation.

In general, the present one-way fares are based upon rates varying from 1½ to 2 cents per mile in the more densely populated area,

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(2) The number of coaches, segregated into age groups, is as follows:

<u>Year Model</u>	<u>Number of Coaches</u>
1931-1935	7
1936-1940	7
1941, 1942	5
Total	19

and 2 and 2½ cents per mile, respectively, on the two lines extending between U. S. Highways Nos. 99 and 101. Mr. Haworth stated that the management realized that present earnings produce an excessive operating income. This situation, he asserted, arises primarily from the heavy traffic occasioned by the war activities, and cannot be expected to continue after the closing of military camps along the company's routes and the cessation of hostilities. The company's operating revenues have increased from \$30,313 in 1938 to \$233,363 in 1943. (3)

At the hearing the company proposed to reduce its fares to a basis of 1-3/4 cents per mile on the two routes, one extending from Bakersfield to Paso Robles and the other from Lemoore Air Base to King City and to a basis of 1½ cents per mile on the remainder of its system. It is estimated that the rate reductions will save the company's patrons about \$46,000 per annum.

The company proposes to establish a contingency reserve fund for the purchase of new equipment when available. From its operating revenues it would deduct operating and maintenance expenses, not to exceed \$16,500 compensation per year for the services rendered by the partners, depreciation expense, taxes, and a return of approximately \$4,500, on the depreciated rate base. The difference between the operating revenues and said deductions should be charged to

(3) Taken from page 10 of Exhibit No. 1, as amplified at the hearing with respect to the operating results for the year 1943:

Year	Total Operating Revenue Amount	Index	Bus Miles Number	Index	Average Revenue per Bus-Mile
1938	\$ 30,313	100	372,643	100	\$0.08
1939	38,338	126	493,846	133	.08
1940	43,443	143	439,001	118	.10
1941	65,753	217	533,816	143	.12
1942	140,339	463	888,338	238	.16
1943	233,363	770	904,017	243	.26

Account 317, Appropriations to General Reserves, and concurrently credited to Account 160, Other Credit Accounts. An amount equal to said credits should be transferred from cash to Account 107, Special Funds, and used only to pay the cost of equipment and other additions and betterments. The moneys in said Account 107, Special Funds, until needed for the purchase of new equipment is to be invested in United States of America treasury securities.

A review of this record leads to the conclusion that under prevailing conditions it is in the public interest to adopt the proposal offered by the Orange Belt Stages with respect to both the reduced fare structure and the plan of creating a special fund to be expended for the betterment of the service when new equipment and facilities can be purchased, with the definite understanding that the Commission will keep in close touch with this operation and, if and when conditions appear to warrant, will again review the situation. It is our further understanding that this carrier shall file with the Commission monthly reports of its operating results, setting forth such information as the Commission may request.

O R D E R

The Commission having this day issued its decision in Application No. 25848, authorizing Orange Belt Stages, Inc. (respondent in Case No. 4719) to transfer its operative rights and properties to the present stockholders of said respondent, a public hearing having been had in Case No. 4719, and good cause appearing.

IT IS ORDERED as follows:

1. That Thoburn S. Haworth, Ruth Healy Haworth, Bryan W. Haworth, Margaret Haworth and Emilie E. Haworth, as partners doing business as Orange Belt Stages, are hereby authorized and directed to file and establish a revised schedule of rates, as outlined in the foregoing opinion.

2. One-way adult cash fares in such revised schedule shall be computed on the basis of 1-3/4 cents per mile between Bakersfield and Paso Robles and intermediate points and between Lemoore Air Base and King City and intermediate points, and on the basis of 1-1/2 cents per mile on the remainder of the system. However, the present system minimum fare is to remain at 10 cents, and where computed fares do not end in "0" or "5", odd cents are to be disposed of by dropping less than 2-1/2 cents, by making 2-1/2 cents and over but less than 7-1/2 cents 5 cents, by increasing 7-1/2 cents and over to the nearest 10 cents. The revised schedule shall not result in any increase in any present fare, except as may be necessary to comply with the requirements of the preceding sentence.

3. Such revised schedule shall become effective not later than August 1, 1944, and on not less than 5 days' notice to the public and the Commission.

4. Thoburn S. Haworth, Ruth Healy Haworth, Bryan W. Haworth, Margaret Haworth and Emilie E. Haworth, partners doing business as Orange Belt Stages, shall file, until otherwise ordered by the Commission, monthly reports containing a balance sheet, operating revenues, operating expenses, taxes by accounts, and the amount transferred to Account 107, Special Funds. The statement should also show any withdrawals from said Account 107, Special Funds, and the purpose for which said moneys were expended.

This order shall become effective immediately.

Dated at San Francisco, California, June 13 1944.

Richard Lachse  
Arthur J. Calmes  
Francis R. Havens  
Armeda Gray  
Leah J. Powell  
COMMISSIONERS