

Decision No. 42848

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
D. MOYERS, doing business as MOYERS)
STAGES, for authority to adjust)
passenger fares.)

Application No. 29468
1st Supplemental

AYNESWORTH and HAYHURST by NELSON HAYHURST, for
applicant;
HAROLD B. THOMPSON, City Attorney of Orange Cove,
protestant;
O. W. PURCARA, President, Orange Cove Chamber of
Commerce, protestant;
LISLE KARNAYER, City Clerk, Orange Cove,
protestant;
EDWARD HENNESSY, Secretary, and M. P. LOHSE,
Executive Vice President, Fresno County
Chamber of Commerce, interested party;
NORMAN HOLT, for Sanger Chamber of Commerce,
protestant.

O P I N I O N

In this proceeding D. Moyers, doing business as Moyers Stages, seeks authority to increase passenger fares and express rates applicable to the passenger stage service he conducts between Fresno, Friant, Madera, Clovis, Sanger, Calwa, Orange Cove, and intermediate points. Applicant also requests authority to reduce passenger stage service between Clovis, Friant and Madera and intermediate points, and between Sanger and Orange Cove and intermediate points to a so-called "on-call" basis. The application was amended at the hearing to request revocation of the operative rights between Clovis, Friant and Madera, and between Sanger and Orange Cove, if applicant should not be authorized to

(1) Orange Cove service is provided by schedules operating between Fresno and Orange Cove via Sanger. Service between Fresno and Sanger would not be affected by this proposal.

operate on an "on-call" basis between those points as proposed. A public hearing thereon was had before Commissioner Potter and Examiner Paul at Fresno on January 28 and March 24, 1949.

Applicant proposes to increase all present one-way cash fares five cents and round trip fares on a corresponding basis. Minimum cash fares of 10 cents would be increased to 15 cents. Adult 20-ride commutation fares would be increased 25 per cent except the commutation fare between Fresno and Orange Cove which would be cancelled.

Applicant also proposes to increase express rates to the level of those charged by Pacific Greyhound Lines, his connecting carrier at Fresno.

Applicant alleges that because of declining passenger traffic and constantly increasing costs of labor, equipment, materials and supplies, the revenues derived from his operation under present fares and rates are insufficient to offset operating expenses.

While applicant presented an estimate purporting to show the probable results for a previous period of operations if the proposed fares had then been in effect, he made no estimate to show the probable results for a future period under the proposed fares. Only the Commission's staff produced estimates based on present fares and those proposed by applicant, projected

over a 12-month period ending March 31, 1950. A Commission Engineer presented a study designed to reflect the results of applicant's operation under alternate fare bases for the same period. The following table shows the Commission Engineer's estimate of the results of operation under the present fare structure and under that proposed by applicant's proposals for the 12-month period ending March 31, 1950:

I T E M	Under Present Fare Structure	Under Fare Structure and Service Changes Proposed by Applicant
Passenger revenue	\$ 82,420	\$ 94,250
Charter Revenue #	9,300	9,300
Express Revenue	1,200	1,200
Newspaper Revenue	750	750
TOTAL OPERATING REVENUE	<u>\$ 93,670</u>	<u>\$ 105,500</u>
Operating Expenses (Excl. Dep'n. & Taxes)	\$ 81,075	\$ 74,830
Depreciation	13,087	13,087
Operating Taxes	6,038	6,360
TOTAL OPERATING EXPENSES	<u>\$ 100,200</u>	<u>\$ 94,277</u>
Net Operating Income	\$ (6,530)	\$ 11,223
Operating Ratio	106.97%	89.36%
Rate Base	\$ 89,000	\$ 89,000
Rate of Return	-	12.61%

Based on an estimated 20,000 miles.

(Red Figure)

The following table shows the Commission Engineer's estimate of the results of operation under various alternate fare structures for the 12-month period ending March 31, 1950:

I T E M	ALTERNATE FARE STRUCTURES *				
	CASE I	CASE II	CASE III	CASE IV	CASE V
Passenger Revenue	\$ 96,698	\$ 92,260	\$ 94,708	\$ 99,910	\$ 91,629
Charter Revenue	9,300	9,300	9,300	9,300	9,300
Express Revenue	1,200	1,200	1,200	1,200	1,200
Newspaper Revenue	750	750	750	750	750
TOTAL OPERATING REVENUE	\$ 107,948	\$ 103,510	\$ 105,958	\$ 111,160	\$ 102,879
Operating Expenses (Excl. Dep'n & Taxes)	\$ 81,216	\$ 74,830	\$ 81,216	\$ 84,721	\$ 74,830
Depreciation	13,087	13,087	13,087	13,087	13,087
Operating Taxes	6,466	6,300	6,407	6,563	6,281
TOTAL OPERATING EXPENSES	\$ 100,769	\$ 94,217	\$ 100,710	\$ 104,371	\$ 94,198
Net Operating Income	\$ 7,179	\$ 9,293	\$ 5,248	\$ 6,789	\$ 8,681
Operating Ratio	93.35%	91.02%	95.05%	93.89%	91.56%
Rate Base	\$ 89,000	\$ 89,000	\$ 89,000	\$ 89,000	\$ 89,000
Rate of Return	8.07%	10.44%	5.90%	7.63%	9.75%

*CASE I - Provides for proposed increases and retention of present tri-weekly service to Orange Cove.

CASE II - Provides for proposed increases with the substitution of 6/\$1 commutes for 20¢ fares and 8/\$1 commutes for 15¢ fares and the elimination of service to Orange Cove.

CASE III - Provides for proposed increases with the substitution of 6/\$1 commutes for 20¢ fares and 8/\$1 commutes for 15¢ fares and retention of present tri-weekly service to Orange Cove.

CASE IV - Provides for proposed increases with the substitution of 6/\$1 commutes for 20¢ fares and 8/\$1 commutes for 15¢ fares and daily service to Orange Cove which will provide a minimum layover in Fresno of 5 hours.

CASE V - Provides for proposed increases with the addition of commutes 15/\$2 for 20¢ fares and 20/\$2 for 15¢ fares and the discontinuance of service to Orange Cove.

The Engineer's study shows that under the present fare structure and operating conditions applicant would sustain an operating loss of approximately \$6,500 annually. He estimates that under applicant's proposal applicant would derive a net operating income of \$11,200 which would result in an operating ratio of 89.36 per cent and a rate of return of 12.61 per cent on an estimated rate base of \$89,000. Applicant's proposal and alternate fare structures, Cases II and V, provide for the discontinuance of scheduled service to Orange Cove and would result in rates of return of 12.61 per cent, 10.44 per cent and 9.75 per cent, respectively. In addition Cases II and V provide for reduced commutation fares. Cases I and III provide for the continuation of the present tri-weekly service to Orange Cove and would result in rates of return of 8.07 per cent and 5.90 per cent, respectively. The alternate fare structure in Case IV provides for reduced commutation fares, not included in applicant's proposal, with a more extensive six-day per week service to Orange Cove which would result in an estimated return of 7.63 per cent.

Applicant presently operates two round trip schedules on Thursday, Friday and Saturday of each week between Fresno and Orange Cove via Sanger and Centerville which originate at Fresno. Applicant requests authority to discontinue those schedules and to provide service between Fresno and Orange Cove only upon demand of a minimum of 15 full fare paying passengers. The record shows that in 1947 when applicant provided a daily service which permitted a layover in Fresno of five hours he transported approximately 1,300 passengers per month. With the layover period in Fresno reduced to two hours and 35 minutes effective January 1, 1948, traffic fell to approximately 985 passengers per month. With

the reduction of service to three times a week on November 28, 1948, traffic fell to 475 passengers in December.

The Commission's Engineer testified that his estimate of operating results in Case IV was based on the theory that the level of traffic between Orange Cove and Fresno would assume the level of 1947 provided schedules permitted a five hour layover at Fresno. This contention was supported by public witnesses.

The City of Orange Cove and the Chamber of Commerce of Orange Cove and others objected to the proposal of applicant to provide only an "on-call" service. They produced evidence to show the inadequacy and unsuitability of present service, particularly the arrangement of schedules. These protestants pointed out that the present schedule which permits them only two hours and 35 minutes layover at Fresno, from 11:55 a.m. to 2:30 p.m., is unsatisfactory. Since the noon hour is during this layover period, only a very limited time is available for business, professional or other appointments unless passengers stay overnight at Fresno. Evidence produced by protestants indicates that the City of Orange Cove has a population of approximately 2,560 with additional population adjacent thereto, that many of these persons are without any means of transportation, that the town lacks adequate professional services and shopping facilities and needs a dependable daily public transportation service to and from Fresno. It was asserted that changes in schedules by applicant have adversely affected use of the line and that the present tri-weekly service is in substance no service at all.

Applicant contended that as the revenue heretofore derived from the service conducted between Fresno and Orange Cove

is insufficient to defray its costs of operation, he should be permitted either to abandon it or establish it on the basis proposed. However, he was unable to present a satisfactory plan under which an "on-call" service as proposed could be conducted adequately. He stated that he would not dispatch a stage to Orange Cove unless he were assured by someone personally known to him that 15 passengers would use it. However, he had established no procedure nor made any arrangements to inform prospective passengers of a procedure to be followed so that a minimum of 15 persons could assemble at a given time and place at Orange Cove to request and be assured of service.

On the basis of the evidence of record in connection with applicant's proposal to discontinue scheduled service between Fresno and Orange Cove and in view of the findings hereinafter set forth, it is our conclusion that this service should be restored to a six-day-a-week basis with a minimum layover at Fresno of approximately five hours as recommended by the Commission's Engineer. A passenger stage service conducted on a so-called "on-call" basis as herein proposed by applicant could not adequately meet public convenience and necessity.

Applicant requests authority to serve between Clovis, Friant and Madera and intermediate points on demand for a minimum of eight adult fares. On Saturdays, Sundays and Mondays, applicant now operates one round trip between Fresno and Friant via Clovis. Other daily schedules serve Clovis. Service between Friant and Madera has been offered on an "on-call" basis for many years, according to the testimony of applicant, although the record

(2)
does not show that authority therefor was ever obtained. He could not recall ever having made a run to Madera and had never received a "call" until a few weeks prior to the last day of hearing in this matter. Here also applicant contended that the revenues derived from the Friant operation were much less than the costs of conducting the service and that he should be authorized to reduce it to an "on-call" basis. In the alternative he requested authority to abandon service between Clovis and Friant and between Friant and Madera. There was no protest to such proposals. The evidence shows that applicant transported 21,740 passengers during 1946; 11,335 passengers during 1947 and 2,197 passengers during 1948 to and from Friant. The passenger revenue per mile for those years in that order was \$0.16; \$0.077 and \$0.044. This rapid decrease in use of this service is attributed to completion of the governmental project at Friant Dam. It would appear, therefore, that public need for continuance of the service between Clovis, Friant and Madera no longer exists and applicant should be authorized to discontinue it.

Express rates on shipments of 10 pounds or less for distances of not more than 35 miles would be increased from 25 cents to 50 cents. The proposed rate for shipments weighing over 5 pounds but not over 10 pounds transported for distances over 45 miles and not more than 85 miles would be increased from 30 cents to 50 cents. The increases on shipments weighing over 10 pounds to and including the maximum weight of 100 pounds would be proportionately less. The proposed increases would place the express

(2) This is also true with respect to service between Sanger and Parlier although applicant stated it was his belief he had obtained such authority. The record shows that such authority was never granted.

rates of applicant on a parity with those of Pacific Greyhound Lines, a connecting carrier. Applicant's rates for the transportation of newspapers would remain unchanged. The record shows that only slightly more than one per cent of applicant's total revenue is derived from express traffic, excluding newspapers, 95 per cent of such traffic originating on Pacific Greyhound Lines. Therefore, only about 5 per cent of applicant's express traffic would be affected by the proposed increases.

Upon the record the Commission finds that applicant has justified increases in fares to the basis of the service and fare structure developed by the Commission's staff in Case IV, Exhibit No. 6, and that greater increases have not been justified. The proposed increase in express rates has been justified.

Adverting to applicant's present and proposed "on-call" services, it is the Commission's conclusion that a reduction of passenger stage service from a scheduled basis to a non-scheduled or so-called "on-call" basis is, in effect, a suspension of service. This may not be done without Commission approval. Applicant will be expected to restore regularly scheduled service where "on-call" service is now offered unless otherwise authorized.

The record shows and the Commission finds that public convenience and necessity no longer require passenger stage service between Clovis and Friant and intermediate points nor between Madera and Friant and intermediate points.

O R D E R

A public hearing having been had in the above entitled proceeding, the Commission being fully advised therein and basing its order upon the conclusions and findings set forth in the foregoing opinion,

IT IS ORDERED that, subject to filing and maintaining a satisfactory schedule of operations between Fresno and Orange Cove, applicant is authorized to establish on not less than 5 days' notice to the Commission and the public increased fares and rates as follows:

(1) Increase one-way and round trip adult fares as set forth in Exhibit "E" attached to First Supplemental Application No. 29468.

(2) Establish a minimum fare of 15 cents.

(3) Establish a fare providing for the sale of a 6-ride ticket for \$1 where the cash fare is 20 cents, and an 8-ride ticket for \$1 where the cash fare is 15 cents, both good for 20 days after the date of sale.

(4) Increase by 25 per cent all presently effective 20-ride commutation tickets good for 20 days after date of sale.

(5) All other fares, rules and regulations to remain unchanged.

(6) The authority herein to increase fares and rates shall expire unless exercised within 90 days after the effective date hereof.

IT IS FURTHER ORDERED:

(a) That applicant is hereby authorized to discontinue passenger stage service between Madera and Friant and intermediate

points, and the operative right therefor created by Decision No. 30258, in Application No. 21052, is hereby revoked and annulled.

(b) That applicant is hereby authorized to discontinue passenger stage service between Clovis and Friant and intermediate points, and the operative rights therefor created by Decision No. 28868, on Application No. 20397, and Decision No. 34404, on Application No. 24297 are hereby revoked and annulled.

(c) That applicant shall file a new system-wide time table in compliance with General Order No. 93-A within 30 days after the effective date hereof.

IT IS FURTHER ORDERED that in all other respects the application is hereby denied.

The effective date of this order shall be 20 days after the date hereof.

Dated at San Francisco, California, this 10th day of May, 1949.

R. B. Dunning
Justin F. Greene
Walter Powell
Harold Kuhl
Samuel J. Latta
COMMISSIONERS