

Decision No. 47087**ORIGINAL**

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own )  
 motion into the operations, practices, )  
 fares, rules, regulations, tariffs, )  
 schedules, contracts, and equipment of )  
 DARYL R. DRUHE, an individual, in con- )  
 ducting a passenger stage service )  
 between Boulder Creek and Santa Cruz. )

Case No. 5334

In the Matter of the Application of )  
 DARYL R. DRUHE, an individual, for a )  
 certificate to operate a passenger )  
 stage service between Boulder Creek )  
 and Santa Cruz. )

Application No. 30020

In the Matter of the application of )  
 PACIFIC GREYHOUND LINES, a corporation, )  
 for authority to extend to Santa Cruz )  
 its existing service between San )  
 Francisco and Boulder Creek via Skyline )  
 Boulevard, provided no local service )  
 will be rendered between Santa Cruz and )  
 Boulder Creek; and for authority to )  
 abandon service between Felton and )  
 Camp Evers. )

Application No. 30021

Harold J. McCarthy, for the staff, Public Utilities  
 Commission.

Dan Hadsell, for Mount Hermon Association.

Mrs. Alice Earl Wilder, for San Lorenzo Valley Chamber  
 of Commerce, San Lorenzo Valley Business and  
 Professional Women's Club, San Lorenzo Valley  
 Property Owners' Association.

Douglas Brookman, for Pacific Greyhound Lines.

Harry Lucas, Jr., for Daryl R. Druhe.

O P I N I O N

The Commission, by Decision No. 43035, dated June 21, 1949,  
 in Applications Nos. 30020 and 30021, granted Daryl R. Druhe a  
 certificate of public convenience and necessity which authorized  
 him to operate a service as a passenger stage corporation between  
 Boulder Creek and Santa Cruz and all intermediate points; between  
 Felton and Santa Cruz via Felton Road; between Felton and Camp Evers

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via State Route No. 17; and between Camp Evers and Santa Cruz; and further, by such decision, Pacific Greyhound Lines was permitted to suspend local passenger stage service between Santa Cruz, Felton Station, Felton and Boulder Creek and intermediate points, and between Felton Station, Mount Hermon and Camp Evers and intermediate points until August 1, 1952, upon the condition that it was to immediately re-establish such service in the event Druhe discontinued or abandoned service.

By orders dated October 23, 1951, the Commission, on its own motion, instituted an investigation to determine, among other things, whether the certificate of public convenience and necessity issued to Daryl R. Druhe (hereinafter called respondent) should be revoked or suspended, and reopened Applications Nos. 30020 and 30021 for the purpose of determining whether Decision No. 43035 should be rescinded, altered or amended.

A public hearing was held before Examiner Silverhart at Boulder Creek on March 21, 1952, on a record consolidating the above proceedings.

The Commission's staff placed in evidence Exhibits 1, 2 and 3, prepared by an associate transportation engineer, a senior accountant and a senior transportation engineer, respectively.

Exhibit 3, an analysis of respondent's passenger stage operations, shows that for the 12 months ending October 31, 1951, revenues were \$11,532; expenses, excluding any allowance to respondent for his services as driver, mechanic and manager, totaled \$10,043, and bus miles traveled amounted to 53,544. It was pointed out in this exhibit that the sum of \$11,532 did not represent the full level of revenue in that there was a fare increase effective April 29, 1951; Santa Cruz experienced a foggy and gloomy 1951 summer season, and certain drivers allegedly retained a portion of

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the fares. Revenue and expenses for 1952, on the basis of 53,544 bus miles, are estimated at \$12,720 and \$16,620, respectively. In this connection, it should be noted that Exhibit 3 points out that "this revenue is probably a minimum, as it was based upon the experience of the company which was lower than normal ..." and that the estimated expenses allocate the sum of \$4,050 to respondent for his services as driver, mechanic and manager.

Extracts from Exhibit 2, a report on respondent's accounting records, follow:

Summary Income Statement

	<u>1950</u>	<u>1951</u> <u>(Adjusted)</u>	<u>Increase</u>
Passenger stage revenues	\$12,956.39	\$11,395.03	
Passenger stage expenses, excluding depreciation	<u>13,182.00</u>	<u>8,805.86</u>	
Balance	<u>(225.61)</u>	<u>2,589.17</u>	\$2,814.78
Net nonutility income	<u>495.14</u>	<u>1,902.06</u>	1,406.92
Interest	<u>(497.80)</u>	<u>(397.10)</u>	<u>100.70</u>
Net income before depreciation	<u>(228.27)</u>	<u>4,094.13</u>	<u>4,322.40</u>
Depreciation taken on passenger stages	<u>2,101.31</u>	<u>2,101.31</u>	_____
Net income in 1950	<u>\$(2,329.58)</u>		
Net income in 1951		\$1,992.82	\$4,322.40

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Summary Statement of Assets and Liabilities

<u>Assets</u>	<u>Dec. 31, 1950</u>	<u>Dec. 31, 1951</u> <u>(Adjusted)</u>	<u>Increase</u>
Carrier operating property	\$10,691.97	\$10,691.97	
Nonutility property*	6,717.50	9,316.78	\$2,599.28
Depreciation reserve	(3,426.44)	(5,527.75)	(2,101.31)
Current assets	1,243.79	2,041.62	797.83
Total	\$15,226.82	\$16,522.62	\$1,295.80
 <u>Liabilities and Net Worth</u>			
<u>Due Pacific Greyhound Lines</u>			
Long-term contract**	\$ 7,763.47	\$ 7,763.47	
Note payable	328.94	938.59	\$ 609.65
Accounts payable	1,408.61	858.44	(550.17)
Total - Pac. Grey. Lines	9,501.02	9,560.50	59.48
Current liabilities	8,088.94	5,807.31	(2,281.63)
Total liabilities	17,589.96	15,367.81	(2,222.15)
Net worth	(2,363.14)	1,154.81	3,517.95
Total	\$15,226.82	\$16,522.62	\$1,295.80

\* Nonutility property consists of:

Taxicabs	\$5,152.83
Service station equipment	2,268.10
Leasehold improvements	1,895.85
Total	\$9,316.78

\*\* Represents balance of original price of \$8,663.47 for purchase of two buses under conditional sale contract.

Exhibit 1, a report on respondent's service and operation, covering a period from April, 1951, through December, 1951, shows that four daily round trips, with one additional round trip on Friday, Saturday, Sunday and holidays, are scheduled between Santa Cruz and Boulder Creek during the winter months. The schedules also provide for six round trips daily between the same points, together with two daily round trips between Boulder Creek and Big Basin State Park and one round trip on Friday, Saturday, Sunday and holidays between Camp Evers and Boulder Creek, during the summer months. This exhibit discloses that during the last week of April, the first and last weeks of May, June, July, August, September,

October, November, and the first week of December, 1951, respondent operated schedules and transported passengers as follows:

From Boulder Creek

	6:50	8:10	8:45	10:35	10:50	1:35	3:15	5:15	7:40	9:50	10:00
	<u>a.m.</u>	<u>a.m.</u>	<u>a.m.</u>	<u>a.m.</u>	<u>a.m.</u>	<u>p.m.</u>	<u>p.m.</u>	<u>p.m.</u>	<u>p.m.</u>	<u>p.m.</u>	<u>p.m.</u>
No. of Passengers	169	503	452	1033	1052	459	389	990	71	19	113

From Camp Evers

	8:10
	<u>p.m.</u>
No. of Passengers	125

From Santa Cruz

	8:00	9:30	9:55	12:50	4:30	6:00	10:42
	<u>a.m.</u>	<u>a.m.</u>	<u>a.m.</u>	<u>p.m.</u>	<u>p.m.</u>	<u>p.m.</u>	<u>p.m.</u>
No. of Passengers	103	666	129	1859	2052	1000	446

The associate transportation engineer who prepared Exhibit 1 testified that respondent is presently rendering a satisfactory service. It should be noted that no public witness testified that respondent's service was inadequate or that he lacked sufficient financial stability to maintain it. The one public witness who testified concerning the service rendered by respondent was laudative of it.

The respondent testified that Pacific Greyhound Lines would advance, in his behalf, the money necessary to pay the premium in order to continue in force the policy of insurance hitherto filed pursuant to the provisions of the Commission's General Order No. 101. According to his testimony, liquidation of such advances would be effected by the end of 1952 by permitting Pacific Greyhound Lines to retain the entire proceeds of interline ticket sales. The respondent stated that he attempts to do

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everything that will satisfy his passengers; that he has been giving a good service and that he should be allowed to continue so to do.

Decision No. 43035, dated June 21, 1949, found that respondent's assets in 1949 consisted of one bus and three taxicabs of a stated value of \$7,250; unimproved real estate valued at \$1,000; motorcycle, office furniture, supplies and tools valued at \$1,000; cash on hand \$200, and receivables of \$150.

The record shows that respondent, as of December 31, 1951, possessed three buses, three taxicabs, service station equipment and leasehold improvements appraised at \$14,481.00 and current assets of \$2,041.62.

To now revoke or suspend respondent's operative rights would be a poor reward for the time and efforts he has devoted to bringing his passenger stage service to its present degree of development. It may very well be that a rearrangement and modification of the time and number of schedules offered by respondent will work a reduction in the cost of performing the service and thus permit respondent to derive a profit therefrom in the reasonably near future.

It is our opinion that the investigation in Case No. 5334 should be discontinued. However, in order to assure continuity of service, the provisions of Decision No. 43035 requiring Pacific Greyhound Lines to "stand by" will be extended for a period of two years.

O R D E R

A public hearing having been held and evidence adduced therein,

IT IS ORDERED:

(1) That the investigation in Case No. 5334 is discontinued.

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(2) That ordering paragraph (3) of Decision No. 43035, in Applications Nos. 30020 and 30021, dated June 21, 1949, is amended as follows:

"(3) That Pacific Greyhound Lines may suspend local passenger stage service between Santa Cruz, Felton Station, Felton and Boulder Creek and intermediate points over State Route No. 9 and between Felton Station, Mount Hermon and Camp Evers (formerly known as Felton Road) and intermediate points until August 1, 1954, subject to the following conditions:"

(3) That in all other respects, Decision No. 43035 shall remain binding and in full force and effect.

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

Dated at San Francisco, California, this 29<sup>th</sup> day of April, 1952.

*R. J. [Signature]*  
President

*Harold P. Kula*

*Herbert H. Patton*

*John E. Mitchell*

Commissioners

Commissioner Justus E. Craemer, being necessarily absent, did not participate in the disposition of this proceeding.