

Decision No. 47971

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )	
HUBERT L. MAU and BESSIE FERN MAU )	
(Bakersfield-Barstow Line) for )	
authority to increase passenger fares) Application No. 33612	
between Bakersfield and Barstow and )	
intermediate points. )	

Appearances

T. A. L. Loretz, for applicant.

Otto B. Liersch of the Staff of the Public Utilities Commission of the State of California.

O P I N I O N

Hubert L. Mau and Bessie Fern Mau, a copartnership doing business as Bakersfield-Barstow Line, are engaged in operating an interurban passenger stage service between Bakersfield, Barstow and intermediate points. By this application, as amended, they seek authority to increase their charges for the transportation of persons and express on less than statutory notice.

Public hearing of the application was held before Examiner Abernathy at Bakersfield on October 2, 1952.

Applicants' present passenger fares range from 15 cents to \$3.10 per one-way ride, depending upon the distance involved. On a mileage basis the fares vary from about 1.7 cents to about 4 cents a mile. Lower fares, in amounts ranging from 123 percent to 194 percent of the one-way fares, are provided for those buying round-trip tickets. In a few instances commutation fares which are based upon the purchase of 10-ride tickets are also provided.

Applicants' fare proposal relates principally to their one-way fares which yield less than 2.15 cents a mile and to their round-trip fares. With various exceptions these one-way fares would be increased by amounts ranging from 5 to 15 percent. Where the round-trip fares are less than 180 percent of the one-way fares, they would be increased generally to that level. In addition, the commutation fares would be canceled.<sup>1</sup>

The express charges which are involved herein are published on a two-zone basis and range from 47 cents to 83 cents per shipment for intrazone service and 71 cents to \$1.25 per shipment for interzone service. Applicants propose to revise their rate structure for express to a three-zone basis and to assess charges ranging from 75 cents to \$1.20 per shipment for intrazone service and from 80 cents to \$2.20 per shipment for interzone service.

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<sup>1</sup> In some instances applicants propose fare reductions.

The present and proposed fares and charges are set forth in detail in the application as amended. Examples of each are set forth in the margin below.

Applicants allege that the fares and charges which currently apply were established in 1948, that since then virtually all of the costs applicable to the operations have increased substantially, and that the amounts of the increases in the principal items of expense have been as follows: wages, 28 percent; tires, 60 percent; insurance, 23 percent; oil, 8 cents per gallon; gasoline, 2 cents per gallon; other materials and supplies, 25 to 40 percent. They assert that their present fares and charges do not return sufficient revenues to meet the increased operating costs and that the sought fares and charges are necessary to the maintenance of their operations. According to a profit and loss statement which was submitted by Hubert L. Mau to show operating results for the first seven months of

<sup>2</sup> Present and proposed passenger fares and express charges (in cents):

Passenger fares for transportation between	One-Way		Round-trip		10-ride	
	Present	Proposed	Present	Proposed	Present	Proposed
Bakersfield and Tehachapi	95	105	175	190	-	-
Mojave	135	155	225	280	-	-
Barstow	310	330	540	595	-	-
Tehachapi and Mojave	45	50	75	90	375	-
Barstow	220	220	390	400	-	-
Mojave and Barstow	175	175	315	315	-	-
Express rates, per shipment, for transportation between	Not more than 10 pounds		More than 25 pounds, not more than 40 pounds			
	Present	Proposed	Present	Proposed		
Bakersfield and Tehachapi	47	80	59	110		
Barstow	71	85	89	130		
Mojave and Barstow	47	80	59	110		

1952, revenues for the period amounted to \$20,347, expenses totaled \$19,989, and net operating revenues were \$358.<sup>3</sup> Hubert Mau

testified that these operating results are before any allowance for his own services of repairing the buses and of managing the business, and before any compensation for the bookkeeping services performed by his wife, Bessie Fern Mau. On the basis of operations during June, 1952, he estimated that had the sought fares and charges been in effect throughout the month they would have returned additional passenger revenues of \$215, an increase in revenues of about 10 percent.

Evidence relating to the services involved herein was presented also by a transportation engineer of the Commission's staff who submitted and explained an exhibit portraying the monthly gross revenues earned from the operations since 1950, a summary of applicants' expenses from January 16 through July, 1952, and estimates of operating results for the coming year (a) should the present fares and charges be maintained, and (b) should the sought fares and charges be established.

The engineer based his estimates for the future mainly upon the experience of the Arvin Line in conducting the operations involved herein during the last seven months of 1951 rather than upon applicants' experience during the present year. He said that since the time that the operations have come under applicants' control heavy rains during January and February of this year reduced the volume of traffic below normal levels, that the cessation of service by

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<sup>3</sup> Applicants did not begin their operations until January 16, 1952, when they succeeded the Arvin Line with respect to the services involved herein. Hubert L. Mau was a director and an officer of the Arvin Line for several years prior to 1952.

Pacific Greyhound Lines during March, April and May adversely affected the traffic also. On the other hand he said that applicants realized some additional traffic as a consequence of the four-week interruption of passenger train service between Los Angeles and Bakersfield following the earthquake of July 21 in the Tehachapi area. Because the operations of the Arvin Lines during the last seven months of 1951 were not subject to these unusual conditions, the engineer was of the opinion that the data relating thereto are the more representative of conditions that may be expected reasonably during the twelve months ending with October, 1953. After adjustment of the data to reflect the change of ownership of the operations involved, the engineer developed the following estimates:

<u>Estimated Operating Results Under Present And Proposed Fares, Year Ending October 31, 1953</u>		
	<u>Present Fares and Charges</u>	<u>Proposed Fares and Charges</u>
<u>Revenues</u>		
Passenger	\$ 45,600	\$ 47,290
Express	840	1,560
Total revenues	\$ <u>46,440</u>	\$ <u>48,850</u>
<u>Expenses</u>		
Operating and maintenance	\$ 40,945	\$ 41,175
Depreciation	4,460	4,460
Taxes	4,706	4,781
Rents	360	360
Total expenses	\$ <u>50,471</u>	\$ <u>50,776</u>
Net Loss	\$ 4,031	\$ 1,926
Rate Base	\$ 15,644	\$ 15,644
Operating Ratio	108.7%	103.9%
Rate of Return	-	-

The record shows that notices to the public of the hearing in this proceeding were posted in applicants' buses and terminals and were published in a newspaper of general circulation in the Bakersfield area. In addition notices were sent by the Commission's

secretary to persons and organizations believed to be interested. No one appeared at the hearing in opposition to granting of the application.

The showing in this proceeding is clear that applicants' present fares and charges do not yield sufficient revenues to return the costs of the transportation involved. It is evident that higher fares and charges should be authorized in order that applicants' services for the public can be maintained.

Two different conclusions may be reached on the record herein regarding the effect upon applicants' operations of establishment of the fares and rate increases which are sought. On the one hand the Commission engineer estimated that the higher fares would result in an increase of less than 4 percent in passenger revenues. On the other hand, as indicated hereinabove, applicants anticipated an increase of about 10 percent in passenger revenues. Whereas the engineer forecast that the operations would continue to result in losses, applicants' estimate indicates that a profit of about \$1,000 would be earned during the coming year. On this latter basis applicants would realize a rate of return of about  $6\frac{1}{2}$  percent, before income taxes, on the depreciated value of the properties used in their operations. The equivalent operating ratio would be about 98 percent. Even though the more favorable revenue results which applicants anticipate are attained, it is clear that their net earnings thereunder would not be excessive.

Aside from the revenue aspects of applicants' proposals, consideration must be given to the individual adjustments which are sought. In this regard the testimony of Hubert Mau shows that the sought fares are patterned after those of other passenger stage corporations in the same vicinity. According to exhibits which he submitted, the proposed fares are about the same or are less than fares being charged for similar distances by Orange Belt Line and by Pacific Greyhound Lines, both of whom operate in the Bakersfield area. Also, the proposed express rates are the same as those charged by Pacific Greyhound Lines, with whom applicants interchange considerable quantities of express. Hubert Mau stated that the same express rates as those of the Greyhound company are sought not only for the additional revenues which they would yield but also as a means of facilitating the computation of charges in connection with interline shipments.<sup>4</sup> He said that cancellation of the commutation fares is sought for the reason that they are not used.

For the most part applicants' fare and rate proposals appear to be well substantiated, both with regard to the revenues which they would return and with regard to the reasonableness of the individual proposals. However, with respect to the fares between Mojave and Tehachapi, between Mojave and Monolith and between

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<sup>4</sup> It will be noted that establishment of the sought express rates would involve substantial increases. According to the Commission engineer, the increases would average 87 percent. Assertedly, the present rates are much below a reasonable level. It should be noted, also, that the rates which apply over portions of applicants' route are considerably below the charges which the Commission has prescribed in Highway Carriers' Tariff No. 2 (Appendix "D" of Decision No. 31606, as amended, in Case No. 4246) to apply as minimum for the transportation of general commodities over the public highways.

Barstow and Boron it appears that they are in the top third of applicants' fares and are higher than about half of the fares for which no increases are proposed. No specific reason was advanced for singling out these fares for increases. Under the circumstances the reasonableness of the increases, except with respect to the round-trip fare between Mojave and Tehachapi, is not apparent. It appears that an increase in the round trip fare indicated properly may be approved to make such fare commensurate with other round-trip fares hereinafter authorized.

In addition to the fare and rate proposals which are specified in the application, at the hearing in this proceeding applicants asked for authority to publish a rate of  $2\frac{1}{2}$  cents a mile for transportation to or from points on their route which are not named in their passenger tariff. They asked also that the Commission, in its order, make provision for correction of their express tariff which erroneously does not name rates for transportation between Mojave and points to the west thereof. Applicants' passenger tariff at present provides that for transportation to or from unnamed points the fare thereto will be the same as the fare to or from the next named point. This tariff provision results in excessive charges in some instances. It appears that the proposed mileage rule will produce more reasonable results and should be authorized. Applicants' request relating to their express rates will be granted also.

The mileage rule hereinafter authorized will be made subject to the limitation that the charges from or to unnamed points will not exceed those applicable at the next more distant point. This



limitation is necessary in order that violations of the long-and-short haul provisions of the Public Utilities Code and of the State Constitution (Section 460, Public Utilities Code; Article XII, Section 21, Constitution) may be avoided. Applicants' attention is called to the fact that in publishing the mileage rule hereinafter authorized they should make such adjustments in their fares as are necessary to avoid also violations of the aggregate-of-intermediates provisions of the same sections of the Public Utilities Code and of the Constitution.

Upon careful consideration of all of the facts and circumstances of record the Commission is of the opinion and finds as a fact that the sought fare and rate adjustments are justified to the extent provided in the order which follows. To this extent the application will be granted. In all other respects it will be denied.

O R D E R

Public hearing of the above-entitled application having been held, the evidence received therein having been carefully considered, and good cause appearing,

IT IS HEREBY ORDERED that Hubert L. Mau and Bessie Fern Mau, doing business as Bakersfield-Barstow Line, be and they are hereby authorized to amend their Local Passenger Tariff Cal. P.U.C. No. 2 and their Local Express Tariff Cal. P.U.C. No. 2, on not less than five (5) days' notice to the Commission and to the public, as follows:

1. To establish, except as hereinafter specified, the passenger fares and express rates which are shown as proposed fares and as proposed rates in Exhibits Nos. "A" and "A-1" attached to the application, as amended, in this proceeding, which exhibits are made a part hereof by this reference.

EXCEPTIONS:

- (a) The fare increase authority herein granted does not apply in connection with the one-way fares which are currently applicable for the transportation of passengers between Mojave and Tehachapi nor in connection with the one-way and round-trip fares which are applicable for transportation between Mojave and Monolith and between Barstow and Boren.
  - (b) In the exercise of the authority herein granted, applicants shall not establish a round-trip fare in excess of 85 cents for the transportation of passengers between Mojave and Tehachapi.
2. To cancel from said passenger tariff all commutation fares.
  3. To establish in said passenger tariff a rule as follows to govern the computation of fares for the transportation of passengers from, to, or between points on applicants' route which are not specifically named in said tariff:

Fares to, from or between directly intermediate points which this carrier is authorized to serve, and which are not named as fare points in this tariff will be computed on the basis of speedometer mileage as follows:

- (a) Fares will be based on two and one-half cents ( $2\frac{1}{2}\%$ ) per mile between point of origin or destination and the nearest published fare point in the direction of travel plus the published fare to or from the nearest point named. In cases where there is no published fare point between the point of origin and point of destination, the fare will be computed on the basis of two and one-half cents ( $2\frac{1}{2}\%$ ) per mile from origin to destination.
  - (b) Fares computed in accordance with this rule shall not exceed (1) the published fare to or from the next more distant point on the same route of travel or (2) when both point of origin and point of destination are located between the same named fare points, the fare shall not exceed the published fare applicable between said named points.
4. To establish in said express tariff rates as follows for the transportation of express:

	<u>Rates as designated in Exhibit "A-1" of the application in this proceeding as</u>
<u>Between Mojave and</u> Bakersfield, Mt. Vernon, Magunden, Edison, Bena	Rate Base 2
Bear Mountain Ranch, Clear Creek, Keene, Tehachapi, Monolith	Rate Base 1

IT IS HEREBY FURTHER ORDERED that in addition to the required filing of tariffs applicants shall give notice to the public by distributing and posting in their vehicles a printed explanation of the effect of the fare and the rate changes herein authorized. Such notices shall be posted not less than five (5) days before the effective date of the fare and rate changes, and shall remain posted until not less than twenty (20) days after said effective date.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire unless exercised within sixty (60) days after the effective date of this order.

IT IS HEREBY FURTHER ORDERED that in all other respects Application No. 33612, as amended, be and it is hereby denied.

This order shall become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 25<sup>th</sup> day of November, 1952.

*R. T. Dunning*  
President  
*Justin J. Carrion*  
*Harold H. Huls*  
*Herbert H. Pettit*  
*John L. McMill*  
Commissioners