

Decision No. 48004

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of Walter M. Wood, individual doing)	
business as Redding - Lakeview Stages,)	
for authority to increase rates and)	Application No. 33775
for an order granting permission to)	
establish rates, rules and regulations))	
on express rates.)	

Appearances

Walter M. Wood, in propria persona.
John M. Ratzlaff, for Eureka-Redding
Stages, interested party.

O P I N I O N

Walter M. Wood, an individual doing business as Redding-Lakeview Stages, is engaged in interstate and intrastate transportation of passengers by motorbus between Redding, California and Lakeview, Oregon and intermediate points.¹ Incidental to the passenger operations, he transports intrastate shipments of property, commonly referred to as express shipments, weighing not more than 100 pounds each. This traffic is handled on the regular passenger schedules. By this application, authority is sought to increase the intrastate express rates and also the charges for the service of collecting payments for C.O.D. shipments from the consignee and remitting the money to the shipper. No change is

¹ The operations are conducted over Highways U. S. 299 and 395. The distance between the termini via the route operated is 201 miles. The distance for the portion of the route within the State of Oregon is only 14 miles. According to the applicant, he possesses no intrastate operative rights within Oregon. The interstate and the California intrastate traffic is handled with the same equipment and on the same schedules.

proposed in the existing passenger fares nor in the express rates for movements of bread, newspapers and motion picture film and accessories.

A public hearing of the application was held at Redding on November 19, 1952, before Commissioner Mitchell and Examiner Jacopi. Evidence was introduced by the applicant and by a transportation engineer of the Commission's staff.

The present scale of express rates was established by Decision No. 42492 of February 28, 1949, in Application No. 29856, when an upward adjustment of the rates was authorized. The scale names charges per shipment that vary with the weight and the distance involved in the movement. The existing rates range from 35 cents for shipments weighing 5 pounds or less transported for distances of 50 miles or less to \$2.25 for shipments weighing over 80 pounds but not over 100 pounds transported for distances over 150 miles. The corresponding increased rates sought range from 50 cents to \$2.70 per shipment. The existing charge of 50 cents for collecting and remitting payments of not more than \$50.00 on C.O.D. shipments would be raised to 75 cents. The applicant estimated that additional revenue of \$1,566 per year would be derived from the proposed adjustments.

According to the applicant, the need for additional revenue is occasioned by steady increases experienced in wages and other items of operating expense. He reported that a loss of \$6,233 was sustained on the combined interstate and intrastate operations in the year 1951 under the present passenger fares and express rates. The operations in the first 9 months of 1952 were conducted at a loss of \$6,048.² The corresponding operating ratios

² The record shows, however, that only 6.75 percent of the total revenue from all sources is derived from interstate movements. Applicant also will increase his interstate express rates.

were 115.2 percent and 121.5 percent. The applicant estimated that the loss for the first 9 months of 1952 would have been reduced to \$4,526 if the proposed rates had been in effect during that time. It was pointed out, however, that the revenue for the 9-month period in question reflected the adverse effect of an 88-day interruption of the service of Pacific Greyhound Lines due to labor difficulties. The applicant estimated that he lost revenue amounting to about \$3,500 which ordinarily would have been received during that period from passenger and express traffic interchanged with Greyhound.

The staff engineer developed from applicant's books that the over-all operations were conducted at a loss of \$8,536 in the 12-month period ended August 31, 1952, under the existing passenger fares and express rates. The operating ratio was 122.4 percent. In addition, the engineer offered estimates of the over-all operating results anticipated if the present passenger fares and express rates were continued during the future 12-month period ending December 31, 1953, and also what the results would be if the proposed express rates were in effect during that time. The estimates show that operating losses would continue to be experienced under either basis of rates. In these calculations, the engineer endeavored to develop a traffic level that would reflect annual operations that did not include the adverse effect of an interruption of connecting bus service. His studies of traffic flows indicated that the future traffic volume generally would follow the trends experienced in the year 1951 and he made adjustments in the estimated traffic level accordingly. The figures shown below were taken from the engineer's exhibit.

Estimated Over-All Operating Results Under the Present
and Proposed Rate Structures for the 12-Month Period
Ending December 31, 1953, as Submitted by the
Staff Engineer

	<u>Present Rates</u>	<u>Proposed Rates</u>
Revenue	\$39,331	\$41,668
Operating Expenses	<u>46,243</u>	<u>46,551</u>
Net Operating Revenue	<u>(\$6,912)</u>	<u>(\$4,883)</u>
Operating Ratio	117.6%	111.7%
Rate Base	\$11,811	\$11,811
Rate of Return	---	---

() - Indicates Loss

The applicant explained why no increase was being sought in the passenger fares nor in certain of the express rates. He asserted that the present passenger fares are based upon rates per mile which, although justified by operating conditions and the sparsely settled territory served, are higher than those generally prevailing for bus transportation elsewhere in California. He said that he considered the present fares to be at maximum levels for the territory under present conditions and that any upward adjustment at this time would cause loss of traffic that would more than offset the additional revenue that might be derived from a fare increase.

On motion picture film and accessories and on newspapers, the applicant said, the present rate is 1½ cents per pound and on bread it is 1½ cents per loaf. Assertedly, these rates closely approximate those which it is proposed to establish on the other express traffic and are compensatory. He stated that competition is encountered at some points on his route from carriers operating

via Klamath Falls, Oregon, and that any attempt to increase the aforesaid rates would result in substantial loss of traffic.

The record shows that considerable construction work for power projects will be undertaken along the Pit River in the near future. The additional passenger and express traffic anticipated as a result of these activities is expected to improve applicant's future earning position.

Notices of the public hearing in this proceeding were posted in applicant's vehicles and were published in a newspaper of general circulation in the area served by applicant. No one appeared in opposition to the granting of the application.

The record in this proceeding establishes that the revenue under the present rate structure is insufficient to defray the cost of operation. The increase in revenue that would be derived from the proposed express rates would do no more than assist in reducing the operating deficit now being experienced. It is clear that applicant urgently needs additional revenue in order to maintain adequate service to the public.

Upon consideration of all of the facts and circumstances of record, we are of the opinion and hereby find that the increases in express rates and charges sought by applicant in this proceeding are justified. The application will be granted. In view of the urgent need for additional revenue applicant will be authorized to establish the increased rates on less than statutory notice and the order herein will be made effective 15 days after the date thereof.

O R D E R

Based upon the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that walter M. Wood, an individual doing business as Redding-Lakeview Stages, be and he is hereby authorized to establish, on not less than five (5) days' notice to the Commission and to the public, the increased express rates and charges as proposed in the application filed in this proceeding.

IT IS HEREBY FURTHER ORDERED that applicant be and he is hereby directed to post and maintain in his vehicles and depots a notice of the increased express rates and charges herein authorized. Such notice shall be given not less than five (5) days prior to the effective date of such rates and charges and shall be maintained for a period of not less than thirty (30) days.

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.

This order shall become effective fifteen (15) days after the date hereof.

Dated at San Francisco, California, this 7th day of December, 1952.

A. J. [Signature]
President

Justin J. [Signature]

Harold P. [Signature]

[Signature]

[Signature]
Commissioners