

ORIGINAL

Decision No. 48934

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 THOMAS B. RILEY, an individual, doing)
 business under the firm name of)
 TRINITY BUS LINE for authority to)
 transfer certain passenger stage)
 operative rights to WALTER M. WOOD,) Application No. 34540
 an individual, and authorizing WALTER)
 M. WOOD, an individual, to acquire)
 said operative rights and to establish)
 rules, regulations and passenger fares.)

O P I N I O N

In this application the Commission is requested to authorize Thomas B. Riley, doing business as Trinity Bus Line, to sell and Walter M. Wood to acquire passenger stage operative rights between Redding and Shasta Dam and intermediate points, via Project City, Central Valley and Summit City. The buyer also proposes to establish increased fares between those points as hereinafter set forth.

The operative rights involved were acquired by the seller pursuant to the authority of the Commission by Decision No. 39326, in Application No. 27655. One of them was created by Decision No. 31745, in Application No. 22205 and authorizes an on-call continuous round trip sight-seeing service between Redding and Shasta Dam. The other right authorizes a point to point passenger stage service between the same points and was created by Decision No. 31312, in Application No. 19250, as amended by Decision No. 32855, in Application No. 23292.

The stated consideration is \$10 cash for the operative right only, no equipment or other assets being involved except a stock of tickets and supplies now used by the seller in conducting the operation.

The application states that the seller is now in failing health and is no longer able to continue the operation involved and therefore desires to dispose of the operative right. The application further states that the buyer has had approximately 25 years experience in matters relating to passenger stage operations and is presently conducting such an operation under the authority of the Commission between Redding and a point on the California-Oregon State line known as New Pine Creek serving intermediate points via Fall River Mills, Bieber and Alturas, among others.

The financial statement of the buyer attached to the application and marked Exhibit "A" shows cash and receivables amounting to approximately \$4,500 and a net worth of about \$32,000.

The increased fares proposed by the buyer are substantially greater than those presently charged by the seller. The present and proposed fares are indicated in the following tables:

Present One-Way and Round Trip Fares

		Redding	Midway	Project City	Central Valley	Gov't City	Summit City
Project City	ow	.25	.10				
	rt	.40	.20				
Central Valley	ow	.25	.10	.10			
	rt	.40	.20	.20			
Gov't City	ow	.25	.10	.10	.10		
	rt	.40	.20	.20	.20		
Summit City	ow	.25	.10	.10	.10	.10	
	rt	.40	.20	.20	.20	.20	
Shasta Dam	ow	.25	.15	.15	.15	.15	.15
	rt	.40	.25	.25	.25	.25	.25

Adult Commutation Fares
12 Ride

	Redding	Shasta Dam
Central Valley	\$ 1.75	\$ 1.10
Boomtown	1.75	1.10
Summit City	1.75	.80
Shasta Dam	1.75	-

Proposed Fares

	Redding	Project City	Central Valley	Gov't City	Summit City
Project City	.35				
Central Valley	.35	.15			
Gov't City	.35	.20	.15		
Summit City	.35	.25	.20	.15	
Shasta Dam	.50	.30	.25	.25	.25

10 Rides \$3.00
 $\frac{1}{2}$ Fare 10 Rides \$1.50

Monthly school commutation tickets between Redding, on the one hand, and, on the other hand, Central Valley, Summit City and Shasta Dam selling for \$4, \$4.50 and \$5, respectively, would be discontinued as well as the \$1.50 fare for the sight-seeing tour.

In support of applicant Wood's request to establish increased passenger fares, the application states that during a selected week in June 1953, 872 passengers were transported by applicant Riley between Redding, Shasta Dam and intermediate points for which a total revenue of \$164.08 was received. This revenue was an average of \$0.145 per mile for 1,092 miles of operation (Exhibit "G"). Applicant Wood estimates that under his proposed increased fares the operation for the same period would have produced an operating revenue of \$221.95 or \$0.264 per mile after allowing for a loss of 40 per cent of the commutation traffic and 10 per cent loss of other passenger traffic (Exhibit "H"). Under applicant Wood's estimate the following results would be achieved under the proposed fares on a yearly basis: (Exhibit "I")

Estimated Operating Statement (Yearly)Profit and Loss

	Revenue	Revenue Per Mile
Bus Miles	43,680	
Operating Revenue		
Passenger Revenue	\$ 11,531.52	.264
	Expense	Expense Per Mile
Operating Expenses		
Equipment Maint. & Garage	\$ 2,271.36	.052
Transportation Expense	5,023.20	.115
Station Expense	218.40	.005
Traffic & Advertising	218.40	.005
Insurance & Safety Expense	611.52	.014
Administrative Expense	218.40	.005
Depreciation Expense	1,310.40	.030
Operating Taxes & Licenses	1,092.00	.025
Operating Rents	43.68	.001
	\$ 11,007.36	.252
Net Operating Income	\$ 524.16	.012

A transportation engineer of the Commission's staff made a recent examination of the records of the operation involved and reports that during the first 28 days of July 1953 an average of 146 persons were served daily, practically all of whom are said to be necessity riders. After the elimination of certain non-chargeable expenses the engineer's report shows the following results of the present operation under existing fares:

	<u>No. Passengers</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Loss</u>
Year 1952	41,310	\$ 7,986.90	\$ 9,166.12	\$ 1,179.22
1/1/53 to 5/31/53	16,162	3,124.10	3,787.09	662.99

The engineer further reports that traffic of the line is down one and one half per cent for the first five months of 1953 as compared with the same period of 1952. After assuming that this trend will hold and giving consideration to diminution due to the proposed fare increase he estimates revenue under applicant Wood's proposal

for the rate year at \$10,560. He estimates operating expenses including depreciation at \$10,960 without allowing any compensation for management. The result would be a net operating loss of \$400 annually. This makes a difference of approximately \$900 between the two estimates. The difference lies largely in the estimates of revenue due to a difference in the treatment of trend and diminution by applicant Wood and the engineer. In neither case is applicant in a favorable earning position. In the opinion of the engineer the loss estimate will be offset by a more aggressive management and the use of newer and more inviting equipment which the buyer has available. The tariff of applicant Riley provides for a school fare whereas the present application would eliminate this fare. The public schools provide free transportation for both elementary and high school students in that area. According to applicant Riley there has been no use of the reduced school fares. His records confirm this. Applicant Wood expressed a willingness to establish a reduced school fare upon request of the Commission if and when there is a demand for it.

After full consideration of all the facts of record the Commission finds that the increased fares proposed by applicant Wood in this proceeding are justified to the extent indicated and provided for by the order herein. It appears that the transfer will not be adverse to the public interest. In our opinion a public hearing is not necessary. The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

ORDER

The Commission having considered the above numbered application and based upon the conclusions and findings contained in the foregoing opinion,

IT IS ORDERED:

(1) That Thomas B. Riley after the effective date hereof and on or before October 31, 1953 may transfer to Walter M. Wood and the latter may acquire and thereafter operate under the operative rights referred to in the foregoing opinion.

(2) That after the effective date hereof applicants shall comply with the provisions of Rule 9 of the Commission's General Order No. 79 and with General Order No. 98 by filing tariffs and timetables in triplicate effective concurrently on not less than one day's notice to the Commission and the public which shall be satisfactory to the Commission.

(3) That Walter M. Wood is hereby authorized to establish on not less than 20 days' notice to the Commission and the public the passenger fares set forth in Exhibits "C" and "D" attached to the application herein.

(4) That the authority granted in paragraph (3) hereof shall expire unless exercised within 90 days after the effective date hereof.

(5) That within 30 days after the consummation of the transfer herein authorized applicant Walter M. Wood shall notify the Commission in writing of that fact and shall within said period file with the Commission a true copy of any bill of sale or other instrument of transfer which may have been executed to effect said transfer.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 6th
day of August, 1953.

A. Z. Johnson
President

James A. Coakley
Samuel H. Potter
John E. Marshall

Commissioners