

Decision No. 49388

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )	
of DARYL R. DRUHE, dba BIG BASIN )	Application No. 34419
BUS LINES, to establish increases )	
in fares. )	

APPEARANCES

Jerome J. Cahill, for Applicant.  
 Alice Earl Wilder, for San Lorenzo Valley  
 Business and Professional Women's Club.  
 Charles Astrue, for the Commission's Staff.

O P I N I O N

Daryl R. Druhe, an individual doing business as Big Basin Bus Lines, conducts a passenger stage operation between Santa Cruz, Felton, Boulder Creek and Big Basin and intermediate points, and between Felton and Camp Evers and intermediate points. He also operates a taxi cab service and a garage business at Ben Lomond. He seeks authority to establish increased bus fares on less than statutory notice.<sup>1</sup> The present and proposed fares are set forth in Appendix "A" hereof.

Public hearing of the application was held in Santa Cruz on October 14, 1953, before Commissioner Mitchell and Examiner Lake. The record shows that advance notices of the hearing were duly posted in applicant's operating equipment. In addition notices of the hearing were published in newspapers of general circulation in the area served and were sent to persons and organizations believed to be interested. Evidence was submitted by petitioner, by a member of the Commission's staff, by patrons of applicant's lines, and by other parties interested in the proposals.

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<sup>1</sup> Applicant's service between Boulder Creek and Big Basin was commenced in 1947. This service is performed only for three months during the summer.

Applicant commenced operations between Boulder Creek and Santa Cruz via State Route No. 9 and between Felton and Santa Cruz via Camp Evers and State Route No. 17 in 1949 pursuant to authority granted by Decision No. 43035, dated June 21, 1949, in Applications Nos. 30020 and 30021. By said decision the Commission authorized Pacific Greyhound Lines to suspend local passenger service between these points until August 1, 1952,<sup>2</sup> subject to the condition "that Pacific Greyhound Lines, in the event that Daryl R. Druhe discontinues or abandons the passenger stage service authorized in Paragraph (1) of this order, shall immediately re-establish local passenger service the suspension of which is herein authorized."

In this proceeding applicant alleges that for the year 1952 operations were conducted at a loss of \$2,878 and that if operations are to be continued the present fares must be increased. He estimated that the proposed fares based upon 1952 operating conditions would produce additional revenues of \$3,664 and a net profit of approximately \$785.

Estimated results of operations under present and proposed fares were submitted by a senior engineer of the Commission's staff for a test year ending October 31, 1954. These results are summarized in the following table.

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In Decision No. 47087 dated April 29, 1952, in Case 5334 and in Applications Nos. 30020 and 30021, the period of suspension was extended until August 1, 1954.

TABLE NO. 1

: Company: Commission Staff Estimate :			
: Book : 12-Mos. Period Beginning :			
: Records : October 1, 1953 :			
: Year 1952: Present Fares: Proposed Fares:			
(1)	(2)	(3)	(4)
<u>Revenue</u>			
Passenger - Cash, Commute, Interline:	\$ 8,723	\$ 9,000	\$11,650
- Charter	1,766	600	600
Other - Express	319	350	350
- Newspapers	305	300	300
<u>Total Revenue</u>	<u>\$11,113</u>	<u>\$10,250</u>	<u>\$12,900</u>
<u>Expenses</u>			
Repairs & Servicing - Equip. Maintenance	\$ 1,086	\$ 1,080	\$ 1,080
- Tires & Tubes	307	410	410
- Light, Heat & Power	168	170	170
- Tools	66	60	60
Driver's Wages	3,476	3,600	3,600
Fuel - Diesel	288	430	430
- Gasoline	946	650	650
Oil	103	100	100
Other Transportation Expense	145	150	150
Station & Terminal Expense	90	90	90
Tariff, Traffic & Advertising	90	50	50
Insurance, Injuries & Damages	1,149	1,550	1,550
Office Expenses - Salaries		400	400
- Accounting	336	350	350
- Legal	594	250	250
- Other	262	260	260
Depreciation Expense	1,343	980	980
Taxes - State 3% Transportation	232	310	390
- Fuel - Diesel		220	220
- Fuel - Gasoline		300	300
- Payroll	145	150	150
- Vehicle License & Fees	185	190	190
- Property & Other	18	20	20
Rents - Office, etc.	299	330	330
- Bus	861		
Subtotal	\$12,189	\$12,100	\$12,180
Mr. Druke - Allowance as Bus Driver	1,200	500	500
- Allowance as Mechanic	520	1,100	1,100
- Allowance as Manager		1,400	1,400
Subtotal	\$ 1,720	\$ 3,000	\$ 3,000
<u>Total Expense</u>	<u>\$13,909</u>	<u>\$15,100</u>	<u>\$15,180</u>
<u>Net Operating Revenue</u>	<u>\$ (2,796)</u>	<u>\$ (4,850)</u>	<u>\$ (2,280)</u>
<u>Operating Ratio (Percent)</u>	125.2	147.3	117.7
<u>Income Taxes</u>	-	-	-
<u>Net Operating Income</u>	-	-	-
<u>Rate Base</u>	\$ 3,800*	\$ 2,430	\$ 2,430
<u>Rate of Return</u>	-	-	-

(Red Figure)

\* Commission Staff Estimate

It is clearly apparent that applicant's operations are being conducted at a loss under the present fares. The circumstances and conditions attending this operation cast extreme doubt as to whether the increased fares sought by applicant would permit him long to continue to render the present service or whether such fares would be in the public interest.

According to financial statements furnished by applicant his assets and liabilities as of December 31, 1952, are shown as follows:

TABLE NO. 2  
BALANCE SHEET

December 31, 1952

ASSETS

Fixed Assets:		
Cost of Carrier Operating Property	\$10,691.97	
Less: Reserve for Depreciation	<u>6,596.25</u>	\$ 4,095.72
Cost of Non-Carrier Operating Property & Equipment	\$10,312.77	
Less: Reserve for Depreciation	<u>3,297.01</u>	7,015.76
Total Fixed Assets		<u>\$11,111.48</u>
Current Assets:		
Cash in Bank	\$ 128.38	
Credit Card Account	56.86	
Accounts Receivable	224.29	
Service Station Inventory	1,500.00	
Prepaid Insurance	<u>413.82</u>	
Total Current Assets		<u>2,323.35</u>
Total Assets		<u>\$13,434.83</u>

LIABILITIES AND NET WORTH

Equipment and Long-Term Obligations	\$ 7,763.47
Notes Payable	1,661.49
Accounts Payable	4,563.50
Other Current and Accrued Liabilities	<u>896.67</u>
Total Liabilities	\$14,885.13
D. R. Druhe's Net Worth (Deficit)	<u>(1,450.30)</u>
Total Liabilities and Net Worth	<u>\$13,434.83</u>

Notes: All equipment listed at cost to applicant.  
Original cost figures not available.

It is to be noted that applicant's liabilities exceed his assets. His deficit is \$1,450. According to the balance sheet less than one third of his assets, or \$4,095, is shown to be carrier assets. As to liabilities apparently approximately \$9,000 represents carrier obligations. As to the balance the record affords no basis for the distribution of the liabilities between carrier and noncarrier. It appears therefore that applicant's financial condition insofar as his carrier operations are concerned is precarious.

It is also to be noted that applicant's equipment and long-term obligations amounting to \$7,763 represent amounts due Pacific Greyhound Lines as the balance of \$8,663 for the purchase of two busses. Since 1950 applicant has not retired any portion of this debt, nor has interest been paid thereon.<sup>3</sup> The note payable we understand represents an amount due Pacific Greyhound Lines for parts for equipment and for monies advanced to pay for applicant's public liability and property damage insurance.<sup>4</sup>

As heretofore indicated, it is apparent that applicant cannot continue to provide adequate service under the present fares. The proposed fares represent an over-all increase of 39 percent, which, if authorized, would not produce a profit to applicant but would operate only to reduce his losses. His debt would nevertheless increase.

We cannot sit idly by while conditions such as applicant is confronted with prevail. It is evident that applicant's ability to render service has been dependent to a large extent upon the financial

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<sup>3</sup>According to applicant, Pacific Greyhound Lines has waived payment of interest.

<sup>4</sup>Applicant's public liability property damage insurance costs for 1951 were \$1,149. This amount was advanced by Greyhound. Applicant pays the money back by permitting Greyhound to retain the entire proceeds of interline ticket sales. During 1952 the interline ticket sales amounted to \$760. The difference between the amount of the insurance and the amount of the interline tickets we understand was included in the amount of "notes payable."

assistance accorded by Pacific Greyhound. Greyhound's interest in this operation apparently is motivated by its desire to avoid shouldering the common carrier obligations from which it was temporarily relieved. It is equally apparent that there is little or no expectation and certainly little chance of Druhe being able to provide adequate and dependable service on a compensatory basis. The Commission feared this at the time substitution of Druhe's service for Greyhound's was authorized. This is clearly evidenced by the temporary nature of the authority granted Greyhound. Druhe is at the point where he must make up his mind whether he will allow the service to revert to Greyhound now or take the steps necessary to conduct a compensatory operation without disturbing the present service. So far as this record indicates, there seems to be no chance that the service as provided by Druhe can survive. It is clear that neither the public interest nor applicant's interest would be served by granting a 39 percent increase in the fares. Such an increase in light of the service offered would produce an unreasonable fare structure. The former patrons of Greyhound (the present patrons of Druhe) should not be penalized by the arrangements which permitted Greyhound to transfer its common carrier rights and obligations to Druhe on a temporary basis. The experiment obviously has failed. Druhe may choose whether he will abandon service or attempt to continue it. In the circumstances, the proposed fare increase must be denied.

Upon consideration of all the facts and circumstances of record we are of the opinion and hereby find that the increases in fares proposed by applicant have not been justified. The application will be denied.

O R D E R

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

APPENDIX "A"

PRESENT FARES

BETWEEN	Kind of Ticket	Santa Cruz	Big Trees	Felton	Mt. Herman	Camp Evers	Brackney	Ben Lomond	Brookdale	Boulder Creek	China Grade
Big Trees	OW	\$.25	—	—	—	—	—	—	—	—	—
	RT	.50	—	—	—	—	—	—	—	—	—
Felton	OW	.30	.20	—	—	—	—	—	—	—	—
	RT	.60	.40	—	—	—	—	—	—	—	—
Mt. Herman	OW	.25	.20	.20	—	—	—	—	—	—	—
	RT	.50	.40	.40	—	—	—	—	—	—	—
Camp Evers	OW	⊙	.20	.20	.20	—	—	—	—	—	—
	RT	⊙	.40	.40	.40	—	—	—	—	—	—
Brackney	OW	.30	.20	.20	.20	—	—	—	—	—	—
	RT	.60	.40	.40	.40	—	—	—	—	—	—
Ben Lomond	OW	.35	.20	.20	.20	.25	.20	—	—	—	—
	RT	.70	.40	.40	.40	.50	.40	—	—	—	—
Brookdale	OW	.40	.20	.20	.25	.30	.20	.20	—	—	—
	RT	.80	.40	.40	.50	.60	.40	.40	—	—	—
Boulder Creek	OW	.45	.25	.20	.25	.30	.20	.20	.20	—	—
	RT	.90	.50	.40	.50	.60	.40	.40	.40	—	—
China Grade	OW	.55	.40	.35	.40	.40	.30	.30	.25	.20	—
	RT	1.10	.80	.70	.80	.80	.60	.60	.50	.40	—
Big Basin	OW	.90	.75	.70	.75	.75	.70	.65	.60	.55	.45
	RT	1.80	1.50	1.40	1.50	1.50	1.40	1.30	1.20	1.10	.90

⊙ - No passengers will be transported locally between Santa Cruz and Camp Evers on State Route No. 17.

OW - One Way

RT - Round Trip

10-ride family script books will be sold at a 10% reduction on fares of 30 cents or more between designated points. Limited to use within 30 days.

APPENDIX "A"

PROPOSED FARES

BETWEEN												
AND	Kind of Ticket	Santa Cruz	Big Trees	Felton	Mt. Herman	Camp Evers	Brackney	Ben Lomond	Brookdale	Boulder Creek	China Grade	
		¢	¢	¢	¢	¢	¢	¢	¢	¢	¢	
Big Trees	OW	.35	—									
	RT	.70	—									
Felton	OW	.40	.30	—								
	RT	.80	.60	—								
Mt. Herman	OW	.35	.30	.30	—							
	RT	.70	.60	.60	—							
Camp Evers	OW	¢	.30	.30	.30	—						
	RT	¢	.60	.60	.60	—						
Brackney	OW	.40	.30	.30	.30	—						
	RT	.80	.60	.60	.60	—						
Ben Lomond	OW	.50	.30	.30	.30	.35	.30	—				
	RT	1.00	.60	.60	.60	.70	.60	—				
Brookdale	OW	.55	.30	.30	.35	.40	.30	.30	—			
	RT	1.10	.60	.60	.70	.80	.60	.60	—			
Boulder Creek	OW	.60	.35	.30	.35	.40	.30	.30	.30	—		
	RT	1.20	.70	.60	.70	.80	.60	.60	.60	—		
China Grade	OW	.75	.55	.50	.55	.55	.40	.40	.35	.30	—	
	RT	1.50	1.10	1.00	1.10	1.10	.80	.80	.70	.60	—	
Big Basin	OW	1.20	1.00	.90	1.00	1.00	.90	.85	.80	.75	.60	
	RT	2.40	2.00	1.80	2.00	2.00	1.80	1.70	1.60	1.50	1.20	

¢ - No passengers will be transported locally between Santa Cruz and Camp Evers on State Route No. 17.

OW - One Way

RT - Round Trip

10-ride family script books will be sold at a 10% reduction on fares of 30 cents or more between designated points. Limited to use within 30 days.

END OF APPENDIX "A"



IT IS HEREBY ORDERED that the above-entitled application be and it is hereby denied.

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

Dated at Los Angeles, California this 1<sup>st</sup> day of December, 1953.

*A. F. [Signature]* President  
*Justin S. [Signature]*  
*[Signature] (Patrol)*  
*[Signature] (Patrol)*  
*[Signature]* Commissioners