

ORIGINALDecision No. 50358

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. 35552
 for an Order granting permission to)
 establish rates, rules and regula-)
 tions on passenger and express rates.)

O P I N I O N

Walter M. Wood, an individual doing business as Redding-Lakeview Stages, operates a passenger stage service between Redding, Burney, Bieber and Alturas, California and Lakeview, Oregon, and points intermediate thereto.¹ By this application, as amended, he seeks authority to increase by varying amounts those of his passenger fares and express rates and charges which apply between points in California.² The record indicates that continuously since 1948, when applicant acquired the operative right involved herein, the service has been conducted at a loss. According to the carrier's

¹ Applicant also performs a separate service between Redding and Shasta Dam, not involved in this proceeding.

² Applicant's present one-way adult fares applicable between the points here in issue range from 50 cents to \$5.80. The proposed one-way adult fares range from 50 cents to \$6.75. Increases in the express rates are sought to the level of rates published by Pacific Greyhound Lines, a competing carrier. They vary with weight and distance. The present and proposed passenger fares and express rates and charges are set forth in the application as amended. No changes are proposed in the fares and charges applicable between Redding and Shasta Dam, nor in any of applicant's express rates applicable on newspapers, motion picture films or bread.

book records, the deficit for the 12-month period ending December 31, 1953, amounted to \$6,264.³ Applicant states that he has earnestly endeavored to effect all possible economies, including the reduction of operations and mileage, consistent with public need, but has been unable to place his services on a compensatory basis.

Exhibits attached to the application, as amended, show the estimates of operating results to be experienced under the proposed fares during the 12-month period ending July 31, 1955.⁴ According to the exhibits, revenues would amount to \$41,555, while expenses would total \$40,420. On the basis of these results applicant would receive during the rate year, after provision for income taxes at individual rates, a profit of \$899. The operating ratio would be 97.8 per cent.

The Commission's staff made an independent study of applicant's operations. According to this study the staff estimates that, during the above-mentioned rate year, under present fares applicant will receive \$38,730 in operating revenues and will incur expenses totaling \$41,665, reflecting a loss of \$2,935. Under proposed fares the staff estimates revenue of \$42,300, and expenses amounting to \$42,025. Based on these results the estimated profit after income taxes would be \$218, reflecting a rate of return of 7.2 per cent, and an operating ratio of 99.4 per cent.

³ The present passenger fares have been in effect since 1936.

⁴ No estimate was made by applicant of operating results for the same period under present fares.

The operating results under the proposed fares, as estimated by applicant and the Commission's staff, respectively, are summarized in the following table.

Estimated Results of Operations Under Proposed Fares
For 12-Month Period Ending July 31, 1955

| | <u>Applicant</u> | <u>P.U.C. Staff</u> |
|------------------------------------|------------------|---------------------|
| <u>Operating Revenues</u> | | |
| Passenger | \$23,600 | \$25,970 |
| Express | 13,086 (a) | 7,980 |
| C.O.D. Collection Fees | (a) | 100 |
| Film Revenue | (a) | 3,200 |
| Other | 4,869 | 5,050 |
| | <hr/> | <hr/> |
| Total Operating Revenues | \$41,555 | \$42,300 |
| <u>Operating Expenses</u> | | |
| Maintenance and Garage | \$ 7,000 | \$ 7,850 |
| Transportation | 14,000 | 15,935 |
| Station | 3,200 | 3,090 |
| Traffic and Advertising | 500 | 170 |
| Insurance and Safety | 2,000 | 2,020 |
| Administrative and General | 8,500 | 7,610 |
| Depreciation | 1,740 | 1,390 |
| Operating Taxes and Licenses | 3,300 | 3,780 |
| Operating Rents - Net | 180 | 180 |
| | <hr/> | <hr/> |
| Total Operating Expenses | \$40,420 | \$42,025 |
| Net Before Income Taxes | \$ 1,135 | \$ 275 |
| Income Taxes (At Individual Rates) | \$ 236 | \$ 57 |
| | <hr/> | <hr/> |
| Net After Income Taxes | \$ 899 | \$ 218 |
| Rate Base | (b) | \$ 3,010 |
| Operating Ratio* | 97.8% (c) | 99.4% (c) |
| Rate of Return* | (b) | 7.2% (c) |

* After Income Taxes.

(a) C.O.D. Collection Fees and Film Revenue included in "Express Revenue".

(b) Not supplied.

(c) Calculated from exhibits.

Copies of the application, as amended, were served upon officials of Lassen, Modoc and Shasta Counties. Patrons were informed of the filing of the application by notices posted in all of applicant's buses and at his stations. No one opposed the authorization of the proposed increases. The Board of Directors of the Redding Chamber of Commerce passed a resolution endorsing the granting of the application.

The record shows clearly that if present passenger fares and express charges remain in effect applicant will continue to sustain substantial operating losses. While the estimates of applicant and of the staff of operating results under the proposed increases differ somewhat with respect to the measure of certain of the expense and revenue items, it is clear that under either estimate the margin between revenues and expenses would be small. Upon careful consideration of all the evidence of record, the Commission is of the opinion and finds as a fact that the proposed increases in rates, fares and charges have been justified. The application will be granted. A public hearing is not necessary.

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 days' notice to the Commission and to the public, the passenger fares and express rates and charges as proposed in the application, as amended, filed in this proceeding.

IT IS HEREBY FURTHER ORDERED that, in addition to the required posting and filing of tariffs, applicant shall give notice

to the public by posting in its buses and terminals a printed explanation of its fares. Such notice shall be posted not less than five days before the effective date of the fare changes and shall remain posted for a period of not less than thirty days.

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

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

Dated at San Francisco, California, this 3rd day of August, 1954.

John E. Mitchell
President

James D. Casper

Samuel P. Pott

Deane Higgins

Commissioners