

**ORIGINAL**

Decision No. 53115

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )

of )

CALIFORNIA WESTERN RAILROAD, for )  
 authority to increase passenger )  
 fares intra-state in California )  
 between Fort Bragg and Willits, )  
 California and intermediate )  
 stations. )

Application No. 37718

O P I N I O N

Applicant is a common carrier by railroad, operating between Willits, Fort Bragg and points intermediate thereto. By this application, as amended, it seeks authority under Section 454 of the Public Utilities Code to cancel certain of its passenger fares, and to increase others.<sup>1</sup> It is also proposed to eliminate certain intermediate stations at which no facilities are maintained.<sup>2</sup>

According to the application, the carrier's line is located in mountainous country, involving numerous sharp curves and a steep maximum gradient, as well as heavy cuts and fills and many bridges

<sup>1</sup> Specifically, applicant proposes to cancel its 3-day, 21-day and 3-month round trip excursion fares and its 30-round trip commutation fares; to increase its 10-ride round trip commutation fares from a basis of six times the one-way adult fare to ten times the one-way adult fare; to make small increases in certain one-way adult fares; to establish a 30-day round trip adult fare, at 150% of the one-way adult fare, in lieu of the above-mentioned 3-day, 21-day and 3-month round trip fares; and to establish a minimum fare of 25 cents in connection with adult one-way fares and children's one-way and round trip fares.

<sup>2</sup> The stations in question are designated as Glen Blair Junction, Camp 3, Olde Camp 7, Burbeck, Soda Springs, Crater and Rodgers.

and trestles. These circumstances, coupled with the fact of heavy winter rainfalls, assertedly have resulted in unusually high expenses of maintenance of applicant's way and structures.

Very few people, the application states, live along the right of way at stations intermediate to Fort Bragg and Willits, the population of the communities served by applicant being concentrated in those two towns. The intermediate territory, aside from the presence of logging operations there, is primarily a vacation region. The movement of passengers over the carrier's line, a table in the application discloses, is heavily concentrated during the summer months. This table also shows that ticket sales during 1955 were almost entirely confined to one-way tickets and 3-day and 21-day round trip tickets.

The application points out that applicant's intrastate fares were last changed over 14 years ago. Under authority of Decision No. 35007 of February 6, 1942, the fares were increased by ten per cent.

Applicant's passenger operating results for the year 1955, according to the application, showed a deficit of \$14,277.<sup>3</sup> The carrier's estimate of operating results under proposed fares, for a projected 12-month period, reflects a deficit of \$7,751.<sup>4</sup> No corresponding estimate for the rate year under present fares is given.

The Commission's staff made an independent study of applicant's operations, which study is hereby made a part of the record in this proceeding, as Exhibit No. 1. According to this study, applicant's passenger operating deficit for 1955 amounted to \$20,416. The staff estimated that, for a projected rate year ending December 31, 1956, applicant's passenger operations would reflect

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<sup>3</sup> In arriving at this amount applicant found it necessary to estimate passenger revenues and expenses for the last three months of 1955.

<sup>4</sup> While applicant's estimate for passenger operating expenses included some overhead items, no provision was made in that category for tax accruals.

deficits of \$19,460 and \$12,870 under present and proposed fares, respectively. These figures include both direct and indirect costs. According to the staff's estimate the combined freight and passenger operations would, under proposed fares, reflect a profit for the rate year of \$26,420 and an operating ratio of 95.1 per cent, both after provision for income taxes.

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 December 31, 1956.

|                                   | <u>Applicant</u>            | <u>P.U.C. Staff</u>         |                          |
|-----------------------------------|-----------------------------|-----------------------------|--------------------------|
|                                   | <u>Passenger Operations</u> | <u>Passenger Operations</u> | <u>System Operations</u> |
| <u>Revenues</u>                   |                             |                             |                          |
| Freight                           |                             |                             | \$581,550                |
| Passenger                         | \$28,196                    | \$28,540                    | 28,540                   |
| Mail                              | 6,500                       | 6,500                       | 6,500                    |
| Express                           | 3,396                       | 3,330                       | 3,330                    |
| Milk                              | 258                         | 250                         | 250                      |
| Total Operating Revenues          | <u>\$38,350</u>             | <u>\$38,620</u>             | <u>\$620,170</u>         |
| <u>Expenses</u>                   |                             |                             |                          |
| Maintenance of Way and Structures |                             | \$ 970                      | \$250,390                |
| Maintenance of Equipment          |                             | 11,560                      | 50,430                   |
| Traffic                           |                             | 1,690                       | 8,090                    |
| Transportation                    |                             | 31,690                      | 180,700                  |
| General                           |                             | 3,260                       | 26,170                   |
| Total Operating Expenses          | * <u>\$46,101</u>           | <u>\$49,170</u>             | <u>\$515,780</u>         |
| Railway Operating Income          | <u>\$ 7,751</u>             | <u>\$10,550</u>             | \$104,390                |
| Railway Tax Accruals              | #                           | \$ 2,320                    | \$ 27,310                |
| Rents Payable                     |                             |                             | 31,000                   |
| Miscellaneous Income Deductions   |                             |                             | 2,500                    |
|                                   |                             | <u>\$ 2,320</u>             | <u>\$ 60,810</u>         |
| Net Before Income Taxes           |                             | <u>\$12,870</u>             | \$ 43,580                |
| Income Tax (Estimated by Staff)   |                             |                             | \$ 17,160                |
| Net After Taxes                   |                             | <u>\$12,870</u>             | \$ 26,420                |
| Operating Ratio                   |                             | 133.3%                      | 95.1%                    |

▭ - Indicates loss.

\* Estimated expenses as shown in the application are not so arranged as to make possible detailed comparison with those estimated by the Commission's staff.

# Estimated expenses as shown in the application do not include the item of railway tax accruals.

Since applicant and the Commission's staff both estimate that passenger operations would, under the proposed fares, be conducted at a substantial loss it does not appear necessary to discuss in detail the bases for the respective estimates.

Local authorities in the area served by applicant have been informed of the proposed fare increases and station abandonments. Public notice has been given through the local press and by announcements posted in applicant's equipment. The city council of the City of Fort Bragg and the chambers of commerce of that city and of Willits have gone on record as favoring the proposal. No one has opposed the granting of the application.

It is clear from the record that continuance of operation under applicant's present fares will result in further passenger operating losses and that, even under the proposed fare structure, passenger deficits will continue to be experienced, although of lesser magnitude. Upon careful consideration of all the evidence of record, the Commission is of the opinion and finds as a fact that the proposed adjustments in fares and charges and the proposed abandonment of stations have been justified. The application will be granted. A public hearing is not necessary.

In view of the fact that applicant's passenger revenues largely accrue in the vacation season, which is near at hand, applicant has requested that it be permitted to establish the proposed fares on five days' notice to the Commission and to the public and that the Commission's order be made effective less than twenty days from the date of its issuance. The requests will be granted. The order which follows will be made effective five days after the date hereof.

ORDER

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

IT IS HEREBY ORDERED that California Western Railroad, a corporation, be and it is hereby authorized to establish, on not less than five days' notice to the Commission and to the public, the passenger fares and other adjustments in fares as proposed in the application, as amended, filed in this proceeding.

IT IS HEREBY FURTHER ORDERED that California Western Railroad, a corporation, be and it is hereby authorized to abandon the following stations: Glen Blair Junction, Camp 3, Olde Camp 7, Burbeck, Soda Springs, Crater and Rodgers.

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

The effective date of this order shall be five days after the date hereof.

Dated at San Francisco, California, this 22<sup>nd</sup> day of May, 1956.

Stan E. ...  
President

Justus J. ...

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R. ...

Commissioners