

ORIGINALDecision No. 58769

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 WALTER E. MENDENHALL and WILBUR N.)
 MENDENHALL, partners doing business)
 as MENDENHALL TRANSPORTATION CO.,)
 for an ex-parte order for authority)
 to increase rates of fare.)

Application No. 40013
 (As Amended)

O P I N I O N

This application was filed April 17, 1958, proposing increases in fares over routes which parallel those of Western Greyhound Lines. The staff, after studying this application, indicated to applicants that the increased rates, as proposed, contained "long and short haul" violations. As a consequence applicants have revised their proposed fare increases so as to eliminate any violations, as set forth in their First Amendment to Application No. 40013 filed February 27, 1959. The increased fares will be at the same level as Greyhound's.

The public has been adequately informed of the fare increases proposed in this amended application and copies of the amended application have been sent to the local authorities. No protests have been received.

The Commission staff has made a study of the proposal, as contained in the application, as amended, and of applicants' estimates, and considers them to be reasonable. As a result the staff recommends that the application, as amended, be granted in full without public hearings. The report prepared by an assistant transportation engineer employed by the Commission has been marked Exhibit No. 1 in this proceeding and is included as a part of the record herein.

The proposed fares are set forth in detail in the amended application. A minimum fare of 20 cents would be established in lieu of the present minimum of 15 cents. The following tabulation is illustrative of the other increases:

Between <u>Scotia</u> and	Present Fare		Proposed Fare	
	<u>O.W.</u>	<u>R.T.</u>	<u>O.W.</u>	<u>R.T.</u>
Rio Dell	\$.15	\$.30	\$.20	\$.40
Fortuna	.20	.40	.30	.55
Eureka	.60	1.10	.74	1.33
Arcata	.75	1.35	.98	1.76
Trinidad	1.10	2.00	1.33	2.39

Note: Fares are subject to the 10% Federal Transportation Tax where the O.W. fare is over \$0.60.

The results of operations based on the year 1957 under present and proposed fares, as prepared by the Commission staff, follow:

MENDENHALL TRANSPORTATION COMPANY
RESULTS OF OPERATIONS BASED ON YEAR 1957
UNDER PRESENT AND PROPOSED FARES, APPLICATION NO. 40013

: Line : : No. :	Item	: System Operation :		: Passenger Operation:		: System Total :		: Passenger Operations:		: Freight :
		: Present :	: Proposed :	: Present :	: Proposed :	: Present :	: Proposed :	: Present :	: Proposed :	
		: Fares :	: Fares :	: Fares :	: Fares :	: Fares :	: Fares :	: Fares :	: Fares :	: Operation:
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
<u>Operating Revenues</u>										
1	Passenger	\$ 31,316	\$ 34,429	\$ 31,316	\$ 34,429	\$ 15,564	\$ 18,677	\$ 15,752	-	-
2	Charter	5,910	5,910	5,910	5,910	-	-	5,910	-	-
3	Mail	12,225	12,225	12,225	12,225	-	-	12,225	-	-
4	Express	8,059	8,059	8,059	8,059	8,059	8,059	-	-	-
5	Freight	68,842	68,842	-	-	-	-	-	-	\$ 68,842
6	Total Revenue	\$126,352	\$129,465	\$ 57,510	\$60,623	\$23,623	\$26,736	\$33,887	\$ 68,842	\$ 68,842
7	Operating & Maintenance Expenses	\$ 92,695	\$ 92,695	\$ 42,673	\$42,673	\$21,349	\$21,349	\$21,324	\$ 50,022	\$ 50,022
8	Depreciation Expense	13,632	13,632	6,199	6,199	2,025	2,025	4,174	7,433	7,433
9	Operating Taxes & Licenses	13,794	13,794	6,208	6,208	2,431	2,431	3,777	7,586	7,586
10	Total Expenses	\$120,121	\$120,121	\$ 55,080	\$55,080	\$25,805	\$25,805	\$29,275	\$ 65,041	\$ 65,041
11	Net Before Income Taxes	\$ 6,231	\$ 9,344	\$ 2,430	\$ 5,543	\$(2,182)	\$ 931	\$ 4,612	\$ 3,801	\$ 3,801
12	Income Taxes	1,103	1,654	430	931	(386)	165	816	673	673
13	Net After Income Taxes	\$ 5,128	\$ 7,690	\$ 2,000	\$ 4,562	\$(1,796)	\$ 766	\$ 3,796	\$ 3,128	\$ 3,128
14	Rate Base	\$ 81,811	\$ 81,811	\$ 37,224	\$37,224	\$12,190	\$12,190	\$25,034	\$ 44,587	\$ 44,587
15	Rate of Return	6.3%	9.4%	5.4%	12.3%	-	6.3%	15.2%	7.0%	7.0%
16	Operating Ratio After Income Taxes	95.9%	94.1%	96.5%	92.5%	107.6%	97.1%	88.8%	95.5%	95.5%
17	Miles Operated	333,546		195,500					138,046	138,046
18	Oper. & Maintenance Expenses Per Mile	27.8¢		21.8¢					36.2¢	36.2¢

(Red Figure)

Table 1

For the system total of passenger operations under present fares, the rate of return is 5.4%, with an operating ratio of 96.5%. Under proposed fares, it is estimated the rate of return will be 12.3% and the operating ratio 92.5%. For the passenger operations on which the increase is requested, under present fares it is estimated by the staff that applicants will be operating at a loss, and under the proposed fares at a profit, with a rate of return of 6.3% and an operating ratio of 97.1%. The above operating results which are taken from Table 1 are based on expenses which do not include wages or salaries for the two partners who devote their full time to the operation of the business. The staff concludes that if reasonable salaries were included in expenses for the services of the partners, the total freight and passenger operation, even under proposed fares, would probably show an operating loss and the total passenger service would show only a small profit. Based upon the allegations in the First Amendment to Application No. 40013 and upon the staff study, the Commission finds that the fares, as proposed, are just and reasonable, and that, consequently, the application, as amended, should be granted without a public hearing. Because of the demonstrated urgent need for the increased fares, applicants will be authorized to publish the fares on five days' notice.

O R D E R

Application therefor having been filed and the Commission having found that the proposed fares are just and reasonable,

IT IS ORDERED:

1. That Walter E. Mendenhall and Wilbur N. Mendenhall, partners, doing business as Mendenhall Transportation Co., are authorized to establish in their tariff, on not less than five days' notice to the Commission and to the public, the proposed fares as set forth in the amended application.

2. That in addition to the tariff filings required by this order, applicants shall post in their buses and terminals, continuously for at least ten days before such fare changes become effective, a suitable explanatory notice describing the fare increases.

3. The authority herein granted shall expire unless exercised within sixty days after the effective date hereof.

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

Dated at San Francisco, California, this 5th day of May, 1959.

E. Lynn Fox
President
Walter E. Mendenhall
Wilbur N. Mendenhall
Theodore H. ...
Commissioners