

ORIGINAL

Decision No. 76684

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Eureka-Redding  
Stages, Inc., dba Redwood Empire  
Lines, for authority to increase  
rates and charges applicable to  
the transportation of passengers  
and express.

Application No. 51434  
(Filed November 17, 1969;  
Amended December 12, 1969)

O P I N I O N

Eureka-Redding Stages, Inc., doing business as Redwood Empire Lines, operates as a passenger stage corporation for the transportation of passengers and their baggage between Redding and Eureka. In this application it seeks authority to increase its passenger fares by approximately 10 percent and to increase its express rates and charges by approximately 5 percent. Applicant alleges that its proposed express rates would be on the same levels as the express rates of other bus carriers operating in California. The present passenger fares and express rates and charges of applicant were placed in effect May 1, 1966, pursuant to Decision No. 70537 dated April 5, 1966, in Application No. 48089.

Applicant also seeks to establish a reduced basing fare between Eureka-Arcata and Redding for use in constructing through fares between Eureka and Sacramento, in conjunction with connecting carriers at Redding. The purpose of said reduced basing fare is to make the shorter route via Redding competitive with the fares of Greyhound Lines, Inc., over the longer route via San Francisco.

The application alleges that the proposed fare and express rate increases are justified for the following reasons:

Applicant has experienced continued increases in the cost of doing business over the past several years, and is now faced with additional increased cost in wages, parts, fuel, insurance and interest expense. Applicant, for several years, operated equipment owned by an associated company, without paying a rental fee for such equipment. Applicant is no longer associated with this company and has acquired the equipment necessary to carry on the regular route passenger and express service as authorized. Depreciation is now being charged in order to properly reflect actual costs of operation.

The application asserts that applicant has maintained costs at a minimum since the establishment of present rates and charges; however, it cannot continue to conduct a passenger stage service in the public interest and in an adequate, efficient and economical manner without increased revenues from passenger and express service. Applicant has also entered into Special Bus (Charter) operations, in an effort to gain additional revenue to support the regular route service. Applicant asserts that the increased rates and charges as proposed will produce additional revenue urgently required in order that applicant may continue its necessary transportation service.

Attached to the application are a balance sheet for Redwood Empire Lines as of June 30, 1969; a profit and loss statement for various annual periods from January 1, 1965 through June 30, 1969; and projected revenues and expenses for the year ending December 31, 1970 at present and proposed fares and rates.

Applicant's past operations, reflected in the profit and loss statement attached as Exhibit B to the application, were

profitable for the years 1965 through 1968. Said statement shows that applicant incurred a net operating loss for the six-month period ending June 30, 1969 of \$2,800.

The following table is applicant's estimate of its operating results for a future year under present and proposed fares and express rates.

TABLE I

Eureka-Redding Stages, Inc.  
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Redwood Empire Lines

Estimated Revenues and Expenses Under Present and Proposed  
Rates for Twelve-Month Period from January 1, 1970  
to December 31, 1970

	<u>Scheduled Service</u>		<u>Special Bus Service</u>	<u>Total</u>
	<u>Under Present Rates</u>	<u>Under Proposed Rates</u>		<u>Under Proposed Rates</u>
<u>Operating Revenue</u>				
Passenger	\$19,791	\$21,335	\$ -	\$21,335
Special Bus	-	-	14,410	14,410
Express	2,685	2,791	-	2,791
Other	-	-	-	-
Total Oper. Rev.	22,476	24,126	14,410	38,536
Operating Expense	18,344	18,509	7,468	25,977
Depreciation	5,749	5,749	4,438	10,187
Taxes & Licenses	2,471	2,471	1,370	3,841
Operating Rents	772	772	428	1,200
Total Expense	27,336	27,501	13,704	41,205
Net Operating Income or (Loss)	(4,860)	(3,375)	706	(2,669)
Operating Ratio	121.6%	114.0%	95.1%	106.9%
Bus Miles Operated	47,112	47,112	26,118	73,230

The application points out that projected revenue and expense figures as shown in the above table indicate that applicant would have an operating ratio of 121.6% under present rates, and

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that under the proposed rates the operating ratio will be reduced to 114.0%, without consideration for Special Bus (Charter) operations; and that after applying revenue and expenses of the Special Bus operation, applicant will still incur an unfavorable operating ratio of 106.9%.

Our Transportation Division has analyzed the application and recommended that it be granted.

The application indicates that it was served upon the counties in which applicant operates. In addition, notice of the filing of the application appeared on the Commission's Daily Calendar of November 13, 1969. There are no protests.

The Commission finds that:

1. The data set forth in Table I of the preceding opinion reasonably represent the results of applicant's operation for a future year.
2. Applicant will incur operating losses from its present fares for the projected year shown in Table I. Said losses will be reduced, but not eliminated, if the sought increased fares and express rates are granted.
3. Applicant is in urgent need of additional revenues for its passenger stage corporation operations.
4. The increased fares and express rates are justified.
5. A public hearing is not necessary.

The Commission concludes that the application should be granted.

O R D E R

IT IS ORDERED that:

1. Eureka-Redding Stages, Inc., doing business as Redwood Empire Lines, is authorized to establish the fares and express rates proposed in Application No. 51484. Tariff publications authorized to be made as a result of the order herein shall be filed not earlier than the effective date of this order and may be made effective not earlier than five days after the effective date hereof on not less than five days' notice to the Commission and to the public.

2. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

3. 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.

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

Dated at San Francisco, California, this  
20th day of JANUARY, 1970.

William J. Brown  
President

J. B. [Signature]  
[Signature]

Vernon L. [Signature]  
Commissioners

Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.