

Decision No. 78706**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 CALIFORNIA WESTERN RAILROAD for )  
 authority under Sections 454 and )  
 491 of the Public Utilities Code to )  
 increase passenger fares between )  
 Fort Bragg and Willits, California, )  
 and intermediate points. )

Application No. 52578  
 (Filed April 23, 1971,  
 amended April 30, 1971)

INTERIM OPINION

California Western Railroad operates as a common carrier of freight and passengers over a line of railroad extending from Fort Bragg to Willits (both located in Mendocino County), a distance of approximately 40 miles. By this application California Western seeks ex parte authority to increase most of the passengers' fares set forth in its Local Passenger Tariff No. 3-F, Cal. P.U.C. No. 10.

Specifically, applicant proposes to increase all adult one-way and round-trip fares by 40 percent, rounding off the increased fares to the nearest "0" or "5". Children's half-fares would be correspondingly increased under the existing tariff rule. The minimum adult one-way and children's fares would be increased from 35 to 50 cents. The carrier also seeks corresponding increases in its 10-ride commutation fares.

The principal use of applicant's passenger services is by tourists traveling between Fort Bragg and Willits during the summer months.<sup>1/</sup>

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<sup>1/</sup> In 1970 the number of trips per month varied from a low of 400 in January to a peak of 34,366 in August. Over 80 percent of said trips were between Fort Bragg and Willits.

The present one-way and round-trip adult fares between Fort Bragg and Willits are \$3.00 and \$4.50, respectively. The corresponding proposed fares are \$4.20 and \$6.30, respectively. Present and proposed fares for shorter distances are proportionately less.

Applicant's fares were last increased pursuant to Decision No. 70536, dated April 5, 1966, in Application No. 48189.

The application alleges the fare increases sought herein are necessary because of the increase in operating expenses incurred in the 5-year period since fares were last adjusted. As examples of such increased expenses, the application alleges that fuel costs have risen from 7.5 to 12.06 cents per gallon, or 61 percent; and labor costs, exclusive of fringe benefits, have gone up from \$3.17 to \$4.27 per hour, or 35 percent. Other increases in specific expenses are detailed in the application. Applicant estimates that its overall costs of operation have increased from \$7.46 to \$9.33 per train-mile, or 25 percent.

The application contains a 3-year comparison of operating revenues and expenses. The net income from operations in said period was as follows:

	<u>Net Income</u>	<u>Operating Ratio</u>
1968	\$ 8,273	97.3%
1969	5,834	97.9
1970	(18,090)	102.7
	(Loss)	

The amendment to the application contains estimates of 1971 revenues under present and proposed fares and anticipated expenses for 1971 based on increased costs of fuel and labor. Said estimates are summarized in the following tabulation:

TABLE I

California Western Railroad  
Revenues and Expenses  
 (Estimated for 1971)

	<u>Present Fares</u>	<u>Proposed Fares</u>
Revenues .....	\$304,107 <sup>1</sup>	\$383,985 <sup>2</sup>
Total Expenses (Including Depreciation).....	338,864	338,864
Net Operating Income (Loss) ..	(34,857)	45,151
Operating Ratio (Before Income Taxes).....	111.4%	88.2%

1 Based on 1970 level of traffic.

2 Based on 1970 level of traffic modified to reflect a 5.5% revenue diminution factor due to rate increase.

The above table shows that applicant's operations would be conducted at a loss if present fares are continued for the balance of the year. If the increased fares were in effect in 1971 operations would be profitable for that period.

The application avers that the proposed fares and charges will be just and reasonable and will be such as to allow applicant to continue the operations of its unique passenger service and at the same time improve the quality and frequency without the necessity of seeking additional increases in passenger fares for the next few years. The application further states that, because applicant's service is seasonal, applicant urgently needs a rate increase prior to the advent of the summer tourist season; therefore, applicant requests that the Commission issue an ex parte order authorizing applicant to increase the fares and charges, without

public hearing, on less than statutory notice, so that fares and charges can be made effective on five days' notice, at the earliest practical date to enable applicant to accept advance summer reservations from tourists throughout the country. If a public hearing is required, applicant prays for an interim order at the earliest possible time approving the proposed rate and fare increase pending a hearing at a time which is convenient to all the parties.

It is clear that applicant requires, and should be authorized, an immediate ex parte increase in fares in order to furnish additional revenues so that its operations will not be conducted at a loss during the forthcoming tourist season. However, the full amount sought in the application has not been justified. The application does not set forth the reduced expenses for operating less schedules in 1971 than 1970, as provided for in timetables filed February 8, 1971. The requested fares are intended to remain in effect for a period longer than the current season, and the data in the application does not establish the reasonableness of the operating ratio that will result from the proposed fares.

In the circumstances, the Commission finds that increases in adult fares of 30 percent, rounded off to the nearest "0" or "5" cents, and minimum adult one-way and children's fares increased to 45 cents, will be reasonable and are justified as interim fares, pending hearing. Said interim fares will result in a preliminary estimated operating ratio of approximately 93 percent.

INTERIM ORDER

IT IS ORDERED that:

1. California Western Railroad is authorized to establish the fares found to be justified in the preceding opinion as interim

fares for a period not to exceed one hundred eighty days from the date hereof. Tariff publications authorized to be made as a result of the order herein 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.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 18th day of MAY, 1971.

J. B. ...  
Chairman  
William ...  
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Commissioners