

Decision No. 78992

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 be-  
tween Fort Bragg and Willits, Cal-  
ifornia, and intermediate points. }

Application No. 52578  
(Filed April 23, 1971,  
amended April 30 and  
June 17, 1971)

FINAL 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 zero or five cents. 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 increases in its 10-ride commutation fares of approximately 10 percent, rounding off increased fares to the nearest zero or five cents.

Decision No. 78706, dated May 18, 1971, in this proceeding, authorized increases in adult fares of 30 percent, rounded off to the nearest zero or five cents, and minimum adult one-way and children's fares increased to 45 cents, and found that such fares will be reasonable and are justified as interim fares, pending hearing.<sup>1</sup> That decision

---

<sup>1</sup> Said interim fares expire November 14, 1971.

indicated that the interim fares will result in a preliminary estimated operating ratio of approximately 93 percent. The decision states that applicant was granted 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 on the basis of the information contained therein, because 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 decision also stated that the data in the application does not establish the reasonableness of the operating ratio that will result from the proposed fares.

Subsequent to the issuance of the interim order, the application was amended to supply information concerning the effect on operating expenses of the schedule reduction in February 1971.

The Commission's staff has completed studies of applicant's operating results. Said studies are incorporated in the record herein as Exhibit 1. The report in Exhibit 1 concludes that the full fare increase sought herein is justified, and recommends that the application be granted on ex parte basis. The report indicates that no protests to the application have been received.

The staff report in Exhibit 1 contains the following information:

Applicant is engaged in freight and passenger transportation by railroad between the Cities of Fort Bragg and Willits, including intermediate points. Passenger service is with a motor car operation called the "Skunk", operated on a daily basis, except for Thanksgiving, Christmas and New Years Day. In addition to the above daily service, during the summer months another motor car is operated as well as a steam passenger train called the "Super Skunk". Applicant owns two steam locomotives and eight coaches, of which six have been renovated and are in service. The passengers are mainly tourists from all over the country and traffic is highly seasonal, principally during the summer months. The freight revenue is nearly

all derived from forest products being transported between Fort Bragg and Willits for the account of Boise Cascade Corporation. The California Western Railroad is owned by Boise Cascade Corporation.

The staff report contains estimated results of operation of the California Western Railroad passenger service for the year 1971 as shown on the following table for both present (at the time application was filed) and also proposed fares. Estimated costs were calculated on an out-of-pocket basis. Out-of-pocket costs are those costs which would not be incurred were the passenger trains not operated.

TABLE 1

Transportation Division Staff's  
Estimate of Results of Operation 1971  
Out-of-Pocket Costs

CALIFORNIA WESTERN RAILROAD  
(Passenger Operations)

	<u>Present Fares</u>	<u>Proposed Fares</u>
<b>Revenues</b>		
Passenger .....	\$250,100	\$315,200
Mail .....	8,400	8,400
Train and Novelty Shop Sales ..	43,900	40,200
Other Revenue .....	4,100	4,100
Total Revenues .....	<u>306,500</u>	<u>367,900</u>
<b>Operating Costs</b>		
Maintenance of Way & Structures	32,300	
Maintenance of Equipment .....	70,300	
Traffic .....	45,400	
Train Fuel .....	10,500	
Train Crew Wages and Expenses	79,100	
Train and Novelty Shop Sales	30,900	
Station and Dispatching .....	26,000	
Depreciation .....	24,400	
Other Transportation Expense	17,100	
Total Costs .....	<u>336,000</u>	236,000
<b>Operating Results</b>		
Net Income Before Taxes .....	(29,500)	31,900
Income Taxes .....	-	10,000
Net Income After Taxes .....	(29,500)	21,900
Total Cost Plus Income Taxes	336,000	346,000
Operating Ratio .....	109.6%	94.0%

(Red Figure)

The staff report states that, with the major portion of the passenger operation being a tourist operation, and since local passenger traffic amounts to less than one percent of total passenger traffic, it is concluded that the present fares are inadequate and that the proposed fares are justified.

Based on the information in the application, as amended, and in the staff report, the Commission finds:

1. Exhibit 1 (Table 1 above) shows that operations under fares in effect prior to Decision No. 78706 would result in a net loss of \$29,500 to the applicant with an operating ratio of 109.5 percent, and that proposed fares would produce a net income of \$21,900 with an operating ratio after income taxes of 94.0 percent, based on out-of-pocket expenses.

2. The fares proposed in the application, as amended, will be reasonable and the increases resulting therefrom are justified.

3. A public hearing is not necessary.

The Commission concludes that the application, as amended, should be granted.

#### FINAL ORDER

IT IS ORDERED that:

1. California Western Railroad is authorized to establish the increased fares proposed in Application No. 52578, as amended.

2. 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.

3. 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 ten days after the date hereof.

Dated at San Francisco, California, this 10th day of AUGUST, 1971.

\_\_\_\_\_  
Chairman  
  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_  
Commissioners