

Decision No. 82482

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of N. T. Chastain, an individual,
dba Redding Bus Lines, Redding,
California, for authority to increase
its fares and rates as a passenger
stage corporation.

Application No. 54203
(Filed July 25, 1973)

O P I N I O N

Applicant is authorized to transport passengers, baggage, and express between the city of Redding and the city of Alturas and intermediate points; between the city of Redding and Shasta Dam and intermediate points; between the city of Redding and the city of Anderson and intermediate points; and certain territories intermediate and adjacent thereto.^{1/}

By this application authority is requested to increase present passenger fares and express rates to produce an increase in gross revenues of approximately 25 percent.

It is alleged that fares and rates have not been increased since April 1966; that operating expenses have increased substantially through these years; and that profits have decreased to the danger point.

Notice of the application was published in the Commission's Daily Calendar on July 27, 1973. No protests have been received.

The staff of the Transportation Division made an analysis of applicant's operations and submitted a report thereon December 10, 1973 which is hereby received as Exhibit No. 1.

^{1/} Decision No. 81863 dated September 12, 1973 in Application No. 54017.

Applicant was granted additional operating authority by Decision No. 81863 dated September 12, 1973. Service has commenced on this new route. Exhibit No. 1 states that the operations on this route (between Redding, South Redding, Anderson, and Anderson local) were not included therein. A supplemental report from the Transportation Division staff was submitted on January 17, 1974 which is received as Exhibit No. 2. Exhibit No. 2 sets forth the revised results of operation for the test year and includes the Redding-Anderson operation. It also provides additional information not contained in Exhibit No. 1.

The staff's estimate of operating expenses for the test year, which includes \$12,520 in wages for the owner and his wife (not included in applicant's estimates) and a part-time driver, amounts to \$23,720. The resulting operating ratio at proposed rates is 133 percent. The staff points out that operating efficiencies are at their optimum and that express revenues make up a substantial part of the business. Passenger traffic was trended and projected at a level rate. A similar approach was used for express traffic.

The staff recommends that the requested increase in fares be authorized and that the express rates which do not exceed a 50 percent increase be authorized. It also recommends that authorization be granted ex parte.

Applicant proposed not only increases in his express rates, but also a new format, viz., a dual scale of express rates. One scale applies to light density shipments that occupy excessive loading space, such as fragile and perishable items. The other scale is based upon weight. The applicable rate for a light density or fragile shipment is based upon weight or measure, whichever is greater. The resulting increases range from 12.5 percent to 189 percent in the less than 15-mile bracket and 8 percent to 82 percent in the over 110-mile to 145-mile bracket.

Although the staff recommends against authorizing increases in express rates which exceed 50 percent on the ground that this may possibly have a too significant impact on affected shippers, it provides no facts that any shipper may be so affected. No analysis of express traffic was provided to show the volume of revenue generated by the various rate brackets. The staff's position is anomalous. On the one hand, it demonstrates that under the proposed increases the operation will still lose money and, on the other hand, it limits the sought increase.

Chastain provides an essential public service to sparsely populated rural, mountainous communities. The operation is conducted with three 12-passenger buses, ranging in age from 4 to 16 years, and three employees - Mr. and Mrs. Chastain and a part-time driver. Mr. Chastain drew no salary for himself during 1972. His is the only bus service in the area. To permit the demise of such service because of insufficient operating revenue is not in the public interest.

After due consideration, the Commission finds that Chastain is experiencing increases in his operating expenses which are not reflected in the level of his established tariff rates and charges; that applicant is in need of additional revenue to sustain the operations; that the increases in rates and charges authorized by this decision are justified and are reasonable; and that the present rates and charges, insofar as they differ from those prescribed by this decision, are for the future unjust and unreasonable.

It is concluded that the sought increases in passenger fares and express rates should be authorized.

O R D E R

IT IS ORDERED that:

1. N. T. Chastain is authorized to establish the increased rates and charges proposed in Application No. 54203. Tariff publications authorized to be made as a result of this order shall be filed not earlier than the effective date of this order and may be made effective not earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and to the public.

2. The authority 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 his buses and terminals a printed explanation of his 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 is the date hereof.

Dated at San Francisco, California, this 13th
day of FEBRUARY, 1974.

Vermon L. Sturgeon
President
William J. ...

[Signature]
Commissioners

I abstain

[Signature], Commissioner

I abstain

[Signature], Commissioner