

Decision No. 83179

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Joseph Ray Foster
to make passenger and express rate
increases necessary to maintain
passenger, baggage, and express
service between Taft, California,
and Bakersfield, California.

Application No. 54452
(Filed November 19, 1973;
amended May 1, 1974)

O P I N I O N

Applicant requests authority to increase his passenger fares and express rates approximately 15 percent in his operations as a passenger stage corporation between Taft and Bakersfield and intermediate points. The application was noticed in the Commission's Daily Calendar. No protests to the application have been received.

Applicant operates two round trips daily between Taft and Bakersfield, a one-way distance of 39 miles, with no service on Sundays or holidays. Two Ford van-type passenger vehicles are used to provide the transportation. Applicant averages 2 passengers on each trip. The present passenger fares and express rates have been in effect since March 26, 1973. The present passenger fares are based on 4.2 cents per mile; the applicant requests that the base be increased to 4.8 cents per mile. The present express rate is approximately 17.5 cents per pound and applicant requests the express rate be increased to 20.2 cents per pound. The express rates do not vary with distance. The Surface Passenger Engineering Section of the Commission's staff made an engineering-economic study of applicant's operations and prepared an estimated results of operations for a rate year ending June 30, 1975. A summary of these estimates,

along with the recorded results of operations for the historical year 1973 and the applicant's estimates for a future year, are shown in Appendix A hereto. The staff points out that applicant's estimate does not include any salary to the owner-manager, his compensation being represented by the net income, while the staff's estimates include a \$920 general office salary expense to reflect the owner-manager duties for the carrier. The staff estimates also provide for a 50 percent increase to the historical fuel expense per bus mile to reflect recent increases in petroleum prices. Applicant's equipment becomes fully depreciated June 30, 1975, thus reducing the rate base which, in turn, is reflected by high rates of return. The estimated total compensation to the owner-manager from these operations would be \$990 from present fares and \$2,570 from the requested fares.

After consideration the Commission finds that the present fares are not adequate to provide a satisfactory profit in the future as expenses are increasing, particularly for petroleum products; that the owner-manager is receiving minimal compensation; that considering the level of owner-manager compensation, the 89.9 percent operating ratio at requested fares is not unreasonable for this carrier; that the increase in rates and charges authorized by this decision are justified and are reasonable and the present rates and charges, insofar as they differ from those prescribed by this decision, are for the future unjust and unreasonable; that a public hearing is not necessary; and that the application, as amended, should be granted.

O R D E R

IT IS ORDERED that:

1. Joseph Ray Foster is authorized to establish the increased rates proposed in Application No. 54452, as amended. 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 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 is the date hereof.

Dated at San Francisco, California, this 23rd
day of JULY, 1974.

Vernon L. Stinson
President
William J. ...
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Commissioners

APPENDIX A

Estimated Results of Operations
Historical and Rate Year

Description	: Rate Year Ending 6-30-75 :			
	: CPUC Estimates : Applicant :			
	: Historical :	: Present :	: Requested :	: Requested :
	: Year 1973 :	: Fares :	: Fares :	: Fares :
Bus Miles	51,645	55,390	55,390	-
Passengers	2,982	2,950	2,950	-
<u>Revenues</u>				
Passenger	\$ 4,241	\$ 4,550	\$ 5,200	\$ 4,758
Express	9,604	9,000	10,370	9,462
Other	-	530	530	1,175
Total	\$13,845	\$14,080	\$16,100	\$15,395
<u>Expenses</u>				
Repairs	\$ 533	\$ 770	\$ 770	\$ 994
Transportation	5,801	6,680	6,680	6,752
Station	900	1,010	1,090	900
Traffic	274	250	250	302
Insurance	1,959	2,100	2,100	2,057
Administration	1,220	2,240	2,240	1,346
Depreciation	54	290	290	54
Taxes	653	670	670	880
Rents	-	-	-	-
Total	\$11,394	\$14,010	\$14,090	\$13,285
Operating Income	\$ 2,451	\$ 70	\$ 2,010	\$ 2,110
Income Taxes	184	-	370	384
Net Income	\$ 2,267	\$ 70	\$ 1,640	\$ 1,726
Operating Ratio - %	83.6	99.5	89.8	88.8
Rate of Return - %	456.1	20.6	482.4	414.9
Average Rate Base	\$ 497	\$ 340	\$ 340	\$ 416