

ORIGINAL

Decision 84 05 096

MAY 16 1984

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of MENDOCINO COAST RAILWAY, INC.)
dba CALIFORNIA WESTERN RAILROAD for)
authority under SS 454 and 491 of)
the Public Utilities Code to)
increase passenger fares between)
Fort Bragg and Willits, California)
and increase the special roundtrip)
excursion fare between Fort Bragg)
and Willits, California on the one)
hand and Mile Post 21.3 on the other)
hand.)

Application 84-01-12
(Filed January 5, 1984)

O P I N I O N

Passenger Operations

Applicant, Mendocino Coast Railway, Inc., doing business as California Western Railroad, requests authority to increase passenger fares between Fort Bragg and Willits, and its special round-trip excursion fares between Fort Bragg and Willits, on the one hand, and Northspur at Milepost 21.3, an intermediate station, on the other hand.

Originally a logging railroad, the California Western Railroad's "Skunk" line dates back to 1885. Steam passenger service was started at Fort Bragg in 1904 and was later extended to Willits in 1911.

Regularly scheduled passenger service is operated daily by applicant between Fort Bragg and Willits. Until recently, this service was performed exclusively by single unit self-propelled motor cars. (These cars are also referred to as rail buses and "doodlebugs".) The rail buses still perform the service on weekends. In order to achieve some operating economy, however, the applicant has combined the regular daily passenger weekday service with

the freight operation, running one mixed freight-passenger train from Fort Bragg to Willits and return each weekday. Total crew costs for this operation are less than running a weekday rail bus plus three freight trains per week. For this regularly scheduled daily passenger service between intermediate points on the line, and for the monthly commutation fares, no fare increase is requested. There are two fares, however, which are included in the regular tariff and which the applicant requests to increase. The first is the one-way fare for the total trip from one end of the line to the other (either Fort Bragg to Willits or Willits to Fort Bragg). The second is the round-trip fare for the total trip from one end of the line to the other and return.

During the summer months, the service is handled somewhat differently. An excursion train with up to seven (7) coaches is operated twice daily, round-trip from Fort Bragg to Milepost 21.3. A second excursion train with four (4) coaches is also operated twice daily, round-trip from Willits to Milepost 21.3. These trains meet at Milepost 21.3 on each trip to provide through service between Fort Bragg and Willits, in addition to providing the round-trip excursions to Milepost 21.3. The applicant requests an increase in the fares for these excursion trains.

Trend of Traffic

The passenger service provided by applicant is seasonal and is primarily used during the summer by tourists desiring to observe the scenic sights offered by this unique passenger train service. Over 99% of the passengers are tourists, originating either at Fort Bragg or Willits. It is estimated only 1% stop at intermediate points along the line.

The total number of one-way passengers for each month, from January through December, for the years 1980 through 1983, are set forth below:

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
January	935	1,558	992	1,383
February	1,185	1,892	1,230	1,073
March	1,508	1,466	1,324	1,054
April	5,030	5,385	3,425	3,118
May	6,674	7,444	4,923	5,498
June	14,903	15,895	13,927	14,924
July	40,883	39,301	37,542	40,533
August	45,349	43,404	39,940	40,236
September	15,305	18,458	18,974	18,506
October	6,765	6,551	6,790	6,971
November	2,410	2,097	2,299	2,419
December	<u>1,019</u>	<u>685</u>	<u>962</u>	<u>592</u>
Total Passengers	141,966	144,136	132,328	136,306

These figures indicate that the vast majority of passengers transported by applicant were carried during the months of June, July, August and September. These four months represent 83% of the total shown for the year 1982 and 84% of the total shown for the year 1983.

Existing and Proposed Fares

Applicant's existing fares are published in Local Passenger Tariff 3-M as set forth in Exhibit "A" of the application, and were authorized by Decision 93144, dated June 2, 1981 in Application 60210.

The following are the present and proposed fares requested by this application:

	<u>Present Fares</u>		<u>Proposed Fares</u>	
	<u>Adult</u>	<u>Child</u>	<u>Adult</u>	<u>Child</u>
Willits-Fort Bragg, Round trip	\$12.00	\$6.00	\$16.00	\$8.00
Willits-Fort Bragg, One-way	9.00	4.50	12.00	6.00
Fort Bragg or Willits-Northspur Round trip	8.50	5.00	12.00	7.00

Financial Information and Results of Operations

The income and expense statement for all operations of applicant for the year 1982, an income and expense statement for the first ten months of 1983 combined with projections for the last two months of 1983, the Balance Sheet dated December 31, 1982, and the Balance Sheet as of October 31, 1983 are set forth as Exhibits "C" through "F", attached to the application. Also attached is Exhibit "G" forecasting the revenues and expenses for the test year 1984.

The Transportation Division staff has reviewed the submitted data, the supporting data and the operations of the applicant. The staff's engineering economics analysis concluded that the estimated results of operations for a 1984 test year, which are attached as Table A, are reasonable.

Notice to Public

Notice of this application was published in the Commission's Daily Calendar on January 11, 1984. Applicant has informed the Fort Bragg and Willits City Councils and the Mendocino County Board of Supervisors of the requested passenger fare increase. Correspondence from these parties indicates support for the proposed fare increase.

There are no formal protests. Two individuals wrote letters objecting to the fare increase. The first was from a party who included a six-page essay on the California Western Railroad he had written entitled "Hard Times on the Skunk Train". In it, many of the very unique features of this railroad are highlighted, including the regular use of the diesel motor car (rail bus) built in 1925, and the section of track which traverses a straight-line distance of $1\frac{1}{2}$ miles on track $8\frac{1}{2}$ miles long; thus making it "the crookedest section of railway in the world."

The author contends the railroad would not need a fare increase of this magnitude if these unique aspects were effectively promoted, and asks this Commission to recommend that the applicant do so.

The second letter was from a local innkeeper, who asked that the fare increase be "linked to their refurbishing the steam engine, and scheduling it for frequent trips during the year."

The steam engine was used on a regular basis during each summer season from 1965 through 1980. Since then, due primarily to the higher costs of maintenance and operation (relative to a diesel locomotive), the applicant has used either motor car or diesel locomotives for all regular and excursion service. Currently the steam engine is available for charter only. The applicant states that approximately \$70,000 would be required to do the maintenance and repair work necessary on the steam engine so that it could be used in regular (summer excursion) service, and that it would cost approximately \$80,000 more to operate for a summer season than a diesel locomotive. Thus, the policy of the applicant is to retain the steam engine, but use it only infrequently.

No effect upon public transit systems is anticipated as a result of this fare increase.

Because applicant's service is seasonal, applicant requests the proposed fares be established promptly in order to finalize the schedule for advance advertising and reservations.

Findings of Fact

1. Applicant seeks authority to increase passenger fares between Fort Bragg and Willits, and its special round-trip excursion fares.

2. This request would increase passenger revenues by 31 percent in the amount of \$206,000 annually.

3. Applicant's rail passenger operations are being conducted at a loss.

4. Because applicant's service is seasonal, the proposed increase in fares should be made effective before the season begins.

5. Applicant has not raised fares since June 2, 1981.

6. A public hearing is not necessary.

Conclusions of Law

1. The passenger fare increase as requested in the application is justified; the authorized fares are just and reasonable.

2. This order should become effective on the date of issuance as applicant's rail passenger operations are being conducted at a loss.

O R D E R

IT IS ORDERED that:

1. Mendocino Coast Railway, Inc. is authorized to establish the increased fares as set forth in the application. Tariff publications authorized to be made as a result of this order may be made effective after the effective date of this order 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. The application is granted as set forth above.

This order is effective today.

Dated May 16, 1984, at San Francisco, California.

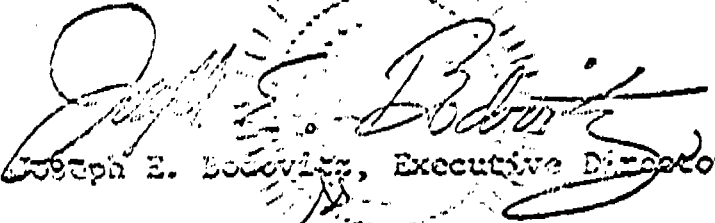
LEONARD M. GRIMES, JR.
President

VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL

Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TO

Commissioner William T. Bagley,
being necessarily absent, did
not participate.


Joseph E. Bodovitz, Executive Director

MENDOCINO COAST RAILWAY
DEA
CALIFORNIA WESTERN RAILROAD
ESTIMATED RESULTS OF OPERATIONS FOR A 1984 TEST YEAR

Table A

	1983 Historical Year (Unaudited)	1984 Test Year at Present Fares	1984 Test Year at Proposed Fares
<u>REVENUES</u>			
Freight Carloads	\$ 515,367	\$ 510,000	\$ 510,000
Passenger - Coaches	635,145	635,000	828,000
Passenger - Motor Car	30,668	31,000	44,000
Mail	16,866	17,000	17,000
Novelty Shop Sales- Fort Bragg	82,398	93,000	93,000
Novelty Shop Sales- Willits	45,224	45,000	45,000
Miscellaneous	24,464	4,000	4,000
TOTAL REVENUES & SALES	<u>\$1,350,132</u>	<u>\$1,335,000</u>	<u>\$1,541,000</u>
<u>OPERATING EXPENSES</u>			
Maintenance of Ways & Structures	\$ 305,652	\$ 477,000	\$ 477,000
Traffic & General	239,976	230,000	230,000
Transportation & Equipment	787,883	780,000	780,000
Rent of Freight Cars	34,880	28,000	28,000
Novelty Shop-Fort Bragg	55,710	68,000	68,000
Novelty Shop-Willits	38,011	33,000	33,000
Depreciation	179,584	55,000	55,000
Lease Expense - Other	17,031	13,000	13,000
Property Taxes	15,081	13,000	13,000
Insurance	34,190	33,000	33,000
TOTAL OPERATING EXPENSE	<u>\$1,707,998</u>	<u>\$1,730,000</u>	<u>\$1,730,000</u>
Operating Profit or (Loss)	(357,866)	(395,000)	(189,000)
Operating Ratio	126.5%	130%	112%

(Red Figure)

3. Applicant's rail passenger operations are being conducted at a loss.

4. Because applicant's service is seasonal, the proposed increase in fares should be made effective before the season begins.

5. Applicant has not raised fares since June 2, 1981.

6. A public hearing is not necessary.

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