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Decision 87 12 019 DEC 9 1987

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
WILLIAM H. WEGGERS and CAROLYN LEE)
WEGGERS, doing business as SHASTA)
SKYHAWK, INC., for authority to)
increase rates (Public Utilities)
Code Section 454).)

Application No. 87-08-043
(Filed August 24, 1987)

O P I N I O N

William H. and Carolyn L. Wegggers (Applicants), doing business as Shasta Skyhawk, Inc., with their principal place of business at 1620 East Cypress Avenue - Suite 1, Redding, California, 96002, are a passenger stage corporation (PSC-1353) engaged in serving the cities of Redding, Red Bluff, Corning, Orland, Willows, and Williams, on one hand and the Sacramento Metropolitan Airport (SMF), on the other hand. Currently applicants are operating four vans on a regular schedule basis. Applicants, under Section 454 of PU Code, seek authority to increase their present fares to the new fares set forth in the Table shown on page 2 of their application.

Applicants are operating this business under the authority of Decision D.86-07-003 dated July 2, 1986, and this is their first request for a fare increase.

Discussion

Applicants are alleging that the proposed fares are necessary to offset the claimed increase in expenses as shown in Exhibit C of the application.

Applicants' expense has increased by about \$30,000 since they took over the business. Most of this increase is in the cost of the vehicle insurance and replacement. During staff's visit to the applicants' facility, applicants submitted that they are expecting additional increases in insurance, vehicle supplies & materials and Workers' Compensation expenses. Cost of advertising is expected to be reduced to \$2,000 in future years.

Applicants' revenue before and after the fare increase are shown in Table 1.

Table 1
William Waggars-Revenue from Operation
(Before the requested increase)
(for 10 months)

from Sacramento	Adult One Wy		Adult Round		Child One Wy		Child Round		Total	
	pass.	fare \$	pass.	fare \$	pass.	fare \$	pass.	fare \$	pass.	Revenue
to Redding	1060	24.5	304	45	269	15	165	30	2267	48,635
to Red Bluff	161	22.5	195	40	50	15	24	30	649	12,893
to Corning	63	20	33	38	29	15	1	30	160	2,979
to Orland	89	18	30	35	13	15	0	30	162	2,847
to Willows	24	18	7	35	8	13	0	26	46	781
to Williams	4	15	0	28	1	10	0	20	5	70
									total	3289 68,205

(After the requested increase)
(Number of pass. is same)

from Sacramento	Adult One Wy		Adult Round		Child One Wy		Child Round		Total	
	pass.	fare \$	pass.	fare \$	pass.	fare \$	pass.	fare \$	pass.	Revenue
to Redding	1060	29.5	304	50	269	29.5	165	50	2267	62,656
to Red Bluff	161	27.5	195	47	50	27.5	24	47	649	16,096
to Corning	63	25	33	43	29	25	1	43	160	3,762
to Orland	89	23	30	40	13	23	0	40	162	3,546
to Willows	24	23	7	40	8	23	0	40	46	1,016
to Williams	4	15	0	28	1	15	0	30	5	75
									total	3289 87,150

Applicants are proposing to charge full adult fare for unaccompanied children.

Staff analyzed the financial data as submitted by the applicants. Results of operations are set forth in the following Table 2 for historical and test year.

Table 2

	<u>Historical Period from 8/86 to 6/87</u>	<u>Test Year Ending December 31, 1988</u>	
		<u>Present Fares</u>	<u>Proposed Fares</u>
Operating Revenues	\$ 68,719	\$ 82,662	\$104,580
Operating Expenses	91,292	100,092	100,092
Operating Income Before Income Taxes	<22,573>	<17,430>	4,488
Income Taxes <estimated>	0	0	448
Net Income	<22,573>	<17,430>	4,060
Operating Ratio	132.8%	121.1%	96.1%

As indicated in the above Table, applicant's operations in the test year ending December 31, 1988, under present fares will result in a loss of over \$17,000 and in an operating ratio of 121.1%. The proposed fares will result in an operating ratio of 96.1% which, in the opinion of the staff, is justified and should be granted.

Findings of Fact

1. Applicant is presently operating at a loss.
2. Justification exists for granting fare increases as set forth in A.87-08-043.
3. No protests have been received, and a public hearing is not necessary.

4. Since applicant is operating at a loss, this order should be effective immediately.

Conclusions of Law

1. The fare increase requested in A.87-08-043 should be granted.
2. The order should be effective immediately.

O R D E R

1. William H. and Carolyn L. Weggors, dba Shasta Skyhawk, Inc., is authorized to establish the increased passenger fares proposed in A.87-08-043. New tariffs may go into effect five days or more after the effective date of this order on not less than five days' notice to the Commission and to the public.

2. This authority shall expire unless exercised within 90 days after the effective date of this order.

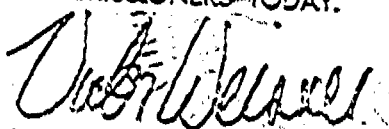
3. In addition to the required posting and filing of tariffs, applicant shall post a printed explanation of his fares in his vans. Such notice shall be posted not less than five days before the effective date of the fare changes and shall remain posted for a period not less than 30 days.

4. The application is granted as set forth above.
This order is effective today.
Dated DEC 9 - 1987, at San Francisco, California.

STANLEY W. HULETT
President

DONALD VIAL
FREDERICK R. DUDA
C. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Victor Woisser, Executive Director

JB

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