

Decision No. 87759

AUG 23 1977

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GARY L. TUFES and RONALD)
 R. HASSLER, a partnership, dba Inter) Application No. 56898
 Mountain Stage Company, Canby, California) (Filed November 29, 1976)
 for authorization to increase its fares)
 and rates as a passenger stage corporation.)

O P I N I O N

The Inter Mountain Stage Company, of Canby, California, by Application 56898, seeks authority to increase its intrastate passenger fares and express rates by 25 percent for its service between Redding and Alturas, California and its on-call service between Hillcrest and Big Bend, California.

The applicants, Gary L. Tufts and Ronald R. Hassler, a partnership d.b.a. Inter Mountain Stage Company were issued a Certificate of Public Convenience and Necessity to operate as a Passenger Stage Corporation (PSC-999) by Decision 86020 in Application 56448 in June 1976. The partners filed Application 56898 on November 29, 1976 to seek authorization to increase passenger fares and express rates. Subsequent to the fare increase application, Application 57176 was filed on March 29, 1977 to change the partnership. The Commission by Decision 87689 dated August 9, 1977 in Application 57176 authorized the transfer of the certificate to Ronald R. Hassler and Ralph E. Simon, a partnership, d.b.a. Inter Mountain Stage Company.

The present fares and rates were last increased by the previous owner, N.T. Chastain d.b.a. Redding Bus Lines in April 1974. It is alleged that the operating expenses have increased substantially during the past three years, and the company is operating at a loss.

The staff of the Transportation Division has made an analysis of applicant's operations and submitted a report on the estimated results of operations based on the rate year ending September 30, 1978 under present and proposed rates. The report is hereby received as Exhibit 1.

The owners take turns in driving the bus and have a partnership agreement to pay a minimum salary of \$20 per driving shift. However, due to low revenues, they have not been able to pay these wages. The staff study includes reasonable driver wage allowance in the transportation expense and shows that under the present fare structure during the rate year, the operating ratio of the passenger and express service will be over 124 percent with a net loss of \$5,050. It is further shown that the requested 25 percent fare increase will result in an operating ratio of only 99 percent with a net income of about \$150.

The Redding to Alturas route traverses through sparsely populated rural, mountainous communities and is not expected to show any substantial change in traffic growth. In order to provide reasonable return on investment of cash, effort and time, the additional revenues have to be provided by higher rates. The continuation of the only bus service provided on this route by the Inter Mountain Stage Company is vital and in the public interest.

In accordance with Section 730.3 of the Public Utilities Code, the State and local agencies operating public transit systems were notified and asked for comments regarding the proposed rate increase. No comments have been received.

Notice of filing of this application appeared in the Commission's Daily Calendar on November 30, 1976. No protests have been received.

After consideration, the Commission finds that:

1. The requested rate increase will result in additional annual revenue of approximately \$5,200.

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EXHIBIT 1

ESTIMATED RESULTS OF OPERATIONS
HISTORICAL AND RATE YEAR

: Line:	: Reference:	: No.:	: Item or Account	: Description	: Historical:	: Rate Year	: 10-1-77 to	: 10-1-78:
: No.:	: (1)	: (2)	: (3)	: (3)	: 1976	: Present	: Proposed	: Fares
:	:	:	:	:	: (4)	: (5)	: (6)	: Fares
1			Bus Miles		89,856	89,860	89,860	
2			Passengers		1,530	1,600	1,600	
			<u>Revenues</u>					
3		320	Passenger		\$ 12,734	\$ 11,870	\$ 14,840	
4		322	Express		9,992	8,900	11,130	
5	L3, 4	300	Total		\$ 22,726	\$ 20,770	\$ 25,970	
			<u>Expenses</u>					
6		410	Repairs		\$ 2,303	\$ 2,520	\$ 2,520	
7		420	Transportation		*11,331	11,350	11,350	
8		430	Station		2,672	2,060	2,060	
9		440	Traffic		579	370	370	
10		450	Insurance		2,104	2,100	2,100	
11		460	Administration		3,342	5,140	5,140	
12		500	Depreciation		730	730	730	
13		520	Taxes		240	350	350	
14		530	Rents		1,200	1,200	1,200	
15	L6 to 14		Total		\$ 24,501	\$ 25,820	\$ 25,820	
16	L5 Less L15		Operating Income		\$ -1,775	\$ -5,050	\$ 150	
17		800	Income Taxes		-	-	-	
18	L16 Less L17		Net Income		\$ -1,775	\$ -5,050	\$ 150	
19	(L15, 17) ÷ L5		Operating Ratio-%		107.8	124.3	99.4	
20	L18 ÷ L21		Rate of Return-%		-	-	3.7	
21			Average Rate Base		\$ 5,186	\$ 4,020	\$ 4,020	

*Includes driver wages not paid in 1976.

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- 2. The proposed rate increase is justified.
- 3. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. The Inter Mountain Stage Company is authorized to establish the increased rates proposed in Application 56898. Tariff publications authorized to be made as a result of this order may be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and to the public.

2. The 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 give notice to the public by posting in its buses and terminals a printed explanation of its rates. Such notice shall be posted not less than five days before the effective date of the rate changes and shall remain posted for a period of not less than 30 days.

In view of the extreme operating losses under present rates, the effective date of this order is the date hereof.

Dated at San Francisco, California, this 23rd day of AUGUST, 1977.

Robert Bateman

 President
William Lyons J.

Vernon L. Stinson

Richard D. Howell

Commissioner CLARE T. DEDRICK
 present but not voting.

 Commissioners