

Decision No. 91599 APR 15 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Ronald C. Kelsey, An Individual, doing business as SIERRA LINES, for an ex-parte order for immediate authority to establish a rate increase to offset increases in operating costs.)

Application No. 59572 (Filed April 3, 1980)

INTERIM OPINION

Ronald C. Kelsey, doing business as SIERRA LINES, operates a passenger stage corporation (PSC-142) providing a home-to-work service between the El Cerrito-Oakland-Hayward areas and the Concord-San Ramon-Dublin areas, on the one hand and the Lawrence Livermore Laboratory, on the other hand. A related corporation, which is closely held by the applicant, SIERRA LINES, INC., operates under the authority of a Class A charter certificate (TCP-17-A).

By this application SIERRA requests authority to increase passenger fares by approximately 100%. The present fares have been in effect since September 14, 1976 and were authorized by Decision No. 86386 in Application 56411. SIERRA alleges that the increases in fares are necessary to offset the increases in operating costs and petroleum expenses that have taken place since the present fares were authorized. SIERRA also reports that his cash balance as of March 31, 1980 is a negative \$7,000 and that SIERRA needs prompt economic relief so that operations may continue during April 1980 and in the future.

The Passenger Operations Branch reviewed the financial statements attached to the application and made a generalized test as to the effects of the increased costs. The test comprised of restating the results of operations found to be reasonable in Decision No. 86386 and adjusting the appropriate accounts for changes in petroleum costs and in the consumer price indices. The test indicated that at present fares and existing expense levels SIERRA is operating at a loss with an 121.3% operating ratio and further that a 35.4% increase in fares would maintain the same net income found reasonable in Decision 86386. A summary of the results of the test is as follows:

ESTIMATED ANNUAL RESULTS OF OPERATIONS
 (Using Rate Year Results found reasonable in D. 86386
 in A. 56411 as a Base)

Line:	Reference	No.:	Item or Account Description	Base Year		Restated
				(4)	(5)	(6)
No.:	(1)	(2)	(3)	(4)	(5)	(6)
						CPUC
						Present
						Recommended
						Fares
						Fares
1			Time Period	1976-77	1980	1980
2			Consumer Price Index	172.5	240.7	240.7
3			General Price of Fuel	0.485	0.980	0.980
4			Fare Level	D86386	D86386	(5)x1.354
5			Bus Miles	96,120	96,120	96,120
6			Passengers	46,250	46,250	46,250
7		320	<u>Revenue</u> Passenger	\$67,450	\$67,450	\$91,350
8		410	<u>Expenses</u> Maintenance	\$12,830	\$17,900	\$17,900
9		420	Transportation	24,670	38,430	38,430
10		440	Traffic	1,020	1,420	1,420
11		450	Insurance	5,560	7,760	7,760
12		460	Administration	6,250	8,720	8,720
13		500	Depreciation	6,600	6,600	6,600
14		520	Operating Taxes	3,940	3,940	3,940
15		530	Rent	2,370	2,370	2,370
		400 &				
16	L8 to L15	500	Total Expenses	\$63,240	\$87,140	\$87,140
17	L7 - L16		Operating Income	\$ 4,210	\$-19,690	\$ 4,210
18			Income Tax	1,160	-5,320	1,160
19	L17 - L18		Net Income	\$ 3,050	\$-14,370	\$ 3,050
20	(L16+L18)+L7		Operating Ratio -%	95.5	121.3	96.7

The applicant in addition to the 100% fare increase has requested certain tariff changes and indicates by the exhibits attached to the application that there may be service changes. A more comprehensive study than that of the test herein is required to determine the effect of the changes and the reasonableness of the requested 100% increase in fares. The applicant can ill afford to continue experiencing financial losses while a more comprehensive study is being made, but the applicant will obtain immediate appropriate financial relief from the interim fare increase determined from the above generalized test.

The application was listed in the Commission's Daily Calendar on April 7, 1980. The Commission staff notified affected public transit operators and planning agencies of the filing of the application, pursuant to California Public Utilities Code Sections 730.3 and 730.5. In addition the passengers were informed by notices distributed on the buses that the fares may be increased 35.4% on an interim basis if the Commission grants its approval.

After consideration the Commission finds that:

1. The applicant is operating at a loss and needs prompt relief.
2. An increase of not less than 35.4% can be justified as reasonable.
3. An interim increase of 35.4% will provide \$23,900 additional annual revenue.
4. A further study of the applicant's operations is required before a determination can be made on the applicant's full request.
5. A public hearing on the interim increase is not necessary.

The Commission concludes that an interim fare increase of 35.4% should be granted, and since the operation is being conducted at a loss at present fares and the applicant is in a weak financial

condition the effective date of the order should be the same date that the order is signed and the fares should go into effect on less than statutory notice.

O R D E R

IT IS ORDERED that:

1. Ronald C. Kelsey, doing business as SIERRA LINES, may increase the fares authorized by Decision 86386 by 35.4%. Tariff publications authorized to be made as a result of this order may be made effective on not less than three days' notice to the Commission and to the public.

2. This 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, the applicant shall give notice to the public by posting in his operating vehicles a printed explanation of his fares. Such notice shall be posted not less than three days before the effective date of the fare changes and shall remain posted for a period of not less than thirty days.

4. In all other respects the requests of Application ⁵⁹⁵⁷² ~~59390~~ are subject to further order of the Commission. 23

The effective date of this order is the date hereof.

Dated APR 15 1980 at San Francisco, California.

Commissioner John E. Bryson,
being necessarily absent, did
not participate.

President

Veronica L. Sturgeon

Richard D. Howell

Clara J. ...

Thomas ...

Commissioners