

Decision No. 92482

DEC 2 - 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)

F I N A L O P I N I O N

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 Lines requests authority to increase passenger fares by approximately 104 percent. Sierra Lines alleges that the proposed increases in fares are necessary to offset the increase in operating expenses and fuel costs. Applicant also requests authorization to modify his tariff structure to simplify its fares.

Discussion

Prior to filing this application, Sierra Lines' fares had been adjusted pursuant to Decision No. 86386, dated September 14, 1976, in Application No. 56411. Decision No. 91599, dated April 15, 1980, Application No. 59572, granted Sierra Lines an interim increase of 35.4 percent. The grant of relief was recommended by the Transportation Division staff based on an analysis of the increased costs. It 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. Decision No. 91599 also stated that a more comprehensive

study of the applicant's operations was required before a determination could be made on the applicant's full request.

The Transportation Division Staff has completed the preparation of its amended study, based on the information contained in the application and more recent additional information received from the applicant. The following table shows a summary of the staff's results of operations study for the rate year ending December 31, 1981, under both the present and proposed fares:

ESTIMATED RESULTS OF OPERATIONS
FOR THE RATE YEAR ENDING DECEMBER 31, 1981

Line:	Reference	Item or Account	Rate Year Ending	
No.:	No.:	Description	December 31, 1981	
			*Present Fares:	Proposed Fares:
<u>Statistics</u>				
1		Bus Miles	120,000	120,000
2		Monthly Commute Books Per Year	3,000	**2,700
<u>Revenue</u>				
3	320	Passenger	\$ 98,600	\$181,000
<u>Expenses</u>				
4	410	Maintenance	\$ 39,500	\$ 39,500
5	420	Transportation	47,000	47,000
6	440	Traffic	-	-
7	450	Insurance	19,400	19,400
8	460	Administration	9,800	9,800
9	500	Lease Costs	25,700	25,700
10	520	Operating Taxes	11,800	11,800
11	530	Rent	8,400	8,400
12	L4 to L11	Total Operating Expenses	<u>\$161,600</u>	<u>\$161,600</u>
13	L3 -L12	Operating Income	(63,000)	\$ 19,400
14		Income Tax	200	4,800
15	L13-L14	Net Income	<u>(63,200)</u>	<u>\$ 14,600</u>
16	(L12+L14)+L3	Operating Ratio -%	164.1	91.9

*Do not include 35.4 percent fare increase authorized by Interim Opinion and Order in Decision No. 91599, dated April 15, 1980, providing additional annual gross revenue of \$23,900.

**10 percent diminution due to an average fare increase of approximately 104 percent.

As indicated in the above table, the staff's study shows that under the present fare structure (not including the interim increase of 35.4 percent granted in Decision No. 91599) during the rate year the operating ratio will be about 164 percent with a net loss of \$63,200. The requested fare increase will result in an additional annual gross revenue of \$82,400, a net annual income of \$14,600 with an operating ratio of approximately 92 percent, which appears to be reasonable for this carrier.

The proposed fares qualify for an exemption under the President's Guidelines for Wage and Price Stability since they are necessary to ensure the continued viability of this transportation service.

Copies of this application were served on interested parties and the application was listed in the Commission's Daily Calendar. Additionally, the Commission staff notified affected public transit operators and planning agencies of the filing of this application pursuant to California Public Utilities Code Section 730.3 and 730.5. No protests have been received.

The nature of the tariff modifications requested by applicant does not require a Commission Order; the modifications may be made by filing a revised tariff.

Findings of Fact

1. Under the present fare structure during the rate year ending December 31, 1981, Sierra Lines will be operating at a loss.
2. The requested fare increase will result in an additional annual gross revenues of \$82,400, a net annual income of \$14,600, and an operating ratio of approximately 92 percent after income taxes.
3. The additional annual gross revenue of \$82,400 includes the additional annual revenue of \$23,900 granted in Decision No. 91599, resulting in a net revenue increase of \$58,500.
4. The proposed fares are necessary to ensure the viability of Sierra Lines.
5. An operating ratio of 92 percent after income taxes is reasonable.
6. The fare increase requested in Application No.59572 is justified.
7. No protests have been received concerning the application.

3. A public hearing is not necessary.

9. Since the continued operation by Sierra Lines under its present fares will be at a loss, the effective date of this order should be the date of signature.

Conclusion of Law

The fare increase requested in Application No. 59572 is just and reasonable and should be granted.

F I N A L O R D E R

IT IS ORDERED that:

1. Ronald C. Kelsey, an individual, doing business as Sierra Lines, is authorized to establish the increased passenger stage fares proposed in Application No. 59572. 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.

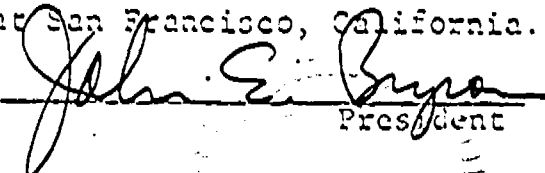
2. The authority shall expire unless exercised within ninety days after the effective date of this order.

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 ten days before the effective date of the fare changes and shall remain posted for a period of not less than thirty days.

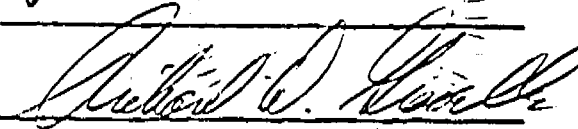
The effective date of this order is the date hereof.

Dated DEC 2 - 1980, at San Francisco, California.

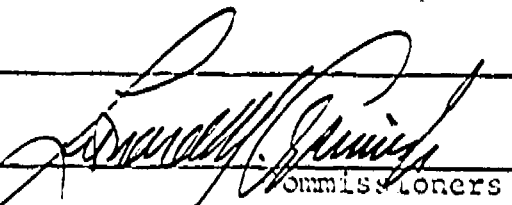
Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.



President



Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.



Commissioners