

Decision No. 83769

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application
of THE GRAY LINE TOURS COMPANY
a corporation, for authority under
Section 454 of the Public Utilities
Code to increase its fares.

Application No. 54994
(Filed June 25, 1974;
amended July 5, 1974)

O P I N I O N

Applicant is a passenger stage corporation engaged in the transportation of passengers in sightseeing, race track, and special event service between described points within the area bounded generally by Santa Barbara on the north and the California-Mexico international boundary on the south. Applicant requests authority to increase fares for 28 of its tours originating in the Los Angeles and San Diego areas as set forth in Appendix A to the application. The proposal is to increase fares by 10 cents for tours under eight hours, and by 20 cents for tours of eight hours and longer. The purpose of the proposed fare increase is to offset increased fuel costs.

Appendix D shows that the proposed 10 and 20 cent fare increases represent increases on individual tours from 1.3 to 3.6 percent. Fares on all but four of the tours would be increased by less than 2 percent.

Applicant's fares (other than for Los Angeles Tours 19D and 20D) were last increased pursuant to Decisions Nos. 78734 (1971), 78972 (1971), and 79770 (1972). Fuel costs were last considered in Decision No. 75573 which reflected conditions in 1967 and 1968. Applicant shows that since 1968 its diesel fuel costs have increased from approximately 10 cents per gallon to 30 cents per gallon, including sales tax. Applicant applied the

20 cent per gallon diesel fuel increase to 189,099 gallons purchased in 1973 to arrive at a projected fuel cost increase of \$37,819.80.

Total 1973 passengers and estimated additional revenue based on the proposed fares are summarized below from Appendix A:

	<u>1973 Passengers Number</u>	<u>Percent</u>	<u>Estimated Additional Revenue</u>
20 Los Angeles Area Tours	295,277	76.1	\$39,886.90
8 San Diego Tours	27,490	7.1	2,861.80
Other Tours	65,324	16.8	(1)
Total	<u>388,091</u>	<u>100.0</u>	<u>\$42,748.70</u>

(1) No fare increases proposed.

The anticipated additional revenue of \$42,748.70 would exceed the projected fuel expense of \$37,819.80 by \$4,928.90. Applicant explains, however, that 12½ percent of gross revenue simply flows through its books to meet agents' commissions (10 percent) and payments to the National Gray Line Association (2½ percent), and would not be available to meet escalated fuel costs. This 12½ percent of anticipated additional revenue, amounting to \$5,236.72, would leave \$37,511.98 to offset the projected fuel expense of \$37,819.80.

Amended Appendix F shows that for the period January through May, 1974, applicant had a gross revenue of \$1,356,696 and a net profit of \$16,413. The net profit for the five months was \$9,132 less than the profit of \$25,545 shown for the four-month period of January through April.

In its report dated November 1974, the staff states that a study it made shows that applicant is requesting a 1.74 percent composite fare increase, whereas a 2.62 percent overall fare increase would be necessary to fully offset all fuel expense increases. The staff recommends that the requested increases in fares be granted ex parte. The report dated November 1974 is included in the file in this application as Exhibit 1.

A notice to increase fares was served by applicant upon 149 cities and 8 counties in Southern California on or about June 24, 1974. The application and the amendment were noticed in the Commission's Daily Calendars of June 27 and July 9, 1974, respectively. There are no protests. A public hearing is not necessary.

Findings

1. Applicant proposes to increase fares for 28 of its tours originating in the Los Angeles and San Diego areas by 10 cents for tours of less than eight hours and by 20 cents for tours of eight hours and longer, as set forth in Appendix A of the application. The composite fare increase for all of the tours is approximately 1.75 percent.

2. The purpose of the sought fare increases is to offset the increased cost of diesel fuel applicant is required to pay.

3. Applicant's fuel costs were previously considered in Decision No. 75573 which reflected conditions experienced by applicant in 1967 and 1968.

4. Since 1968 applicant's fuel costs have risen approximately 20 cents per gallon.

5. Projected increased revenue available to offset increased fuel costs will be less than projected increased fuel costs in 1974.

6. The increased tour fares proposed in Application No. 54994 are justified.

The Commission concludes that the sought increases in fares should be authorized.

O R D E R

IT IS ORDERED that:

1. Gray Line Tours Company is authorized to establish the increased tour fares proposed in Appendix A of Application No. 54994.

2. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than five days after the effective date hereof on not less than five days' notice to the Commission and to the public.

3. The authority herein granted shall expire unless exercised within one hundred twenty days after the effective date of this order.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 26th day of NOVEMBER, 1974.

Vernon L. Spencer
President
William J. Simon
Robert E. McGowan
Commissioners