

Decision No. 84343**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of  
Mark IV Charter Lines, Inc. for the  
authority to increase commuter  
passenger rates.

Application No. 54641  
(Filed February 8, 1974)

James H. Lyons, Attorney at Law, for applicant.  
Lionel B. Wilson, Attorney at Law, for the Commission staff.

O P I N I O N

Mark IV Charter Lines, Inc. (Mark IV) operates as a passenger stage corporation and as a charter-party carrier. Under its certificate as a passenger stage corporation, Mark IV provides a commuter bus service between various locations in southern California and the McDonnell Douglas Plant located at Huntington Beach. Mark IV here seeks to increase fares as follows:

<u>Between McDonnell Douglas, Huntington Beach And</u>		<u>Present Fare Per Week<sup>1/</sup></u>	<u>Proposed Fare Per Week</u>	<u>Percent Increase</u>
Route #1	Pacific Coast Hwy. & Trancas Canyon	\$13.00	\$14.50	11.5
	Pacific Coast Hwy. & Malibu Canyon	13.00	14.50	11.5
	Pacific Coast Hwy. & Topanga Canyon	11.50	13.00	13.0
Route #2	National & Overland	10.00	11.50	15
	La Tijera & Osage	10.00	11.50	15
Route #3	Venice & La Cienega	10.00	11.50	15
	Venice & Centinela	10.00	11.50	15
	Venice & Walgrove	10.00	11.50	15

<sup>1/</sup> Fares are presently on a daily basis. Entries in this column represent five times the present daily fares.

Public hearing was held before Examiner O'Leary at Los Angeles on February 10 and 26, 1975. The matter was submitted on the latter date.

Evidence was presented by applicant's president, a member of the Commission's Transportation Division staff, and one of applicant's patrons.

The evidence shows that the buses used for the commute operations involved herein are also used occasionally in applicant's charter operations. Applicant's driver on Route No. 1 is paid for 9 hours a day and the drivers for the other two routes are paid for 8 hours a day. If the buses are used for charter operations between the morning and evening commute runs the drivers are paid for an additional 3 hours of work. Applicant's president estimated that the buses are utilized 70 percent of the time in commute operations and 30 percent in charter operations.

Exhibit 6 sets forth applicant's daily expenses for each route as of January 1974, July 1974, and January 1975. The exhibit discloses that applicant has experienced increased costs in labor, fuel, oil, tires, and maintenance. Exhibit 7 sets forth applicant's revenue for each month of 1974, the number of days per month the commute runs operated, and the average daily revenue as to each route. Analysis of Exhibits 6 and 7 discloses the following:

<u>Under Present Fares</u>	<u>Route 1</u>	<u>Route 2</u>	<u>Route 3</u>
Average Daily Revenue	67.73	57.87	74.66
Daily Expenses	96.31	82.04	81.23
Profit	(28.58)	(24.17)	(6.57)
Operating Ratio	142%	142%	109%

(Red Figure)

<u>Under Proposed Fares</u>	<u>Route 1</u>	<u>Route 2</u>	<u>Route 3</u>
Average Daily Revenue	75.52	66.55	85.86
Daily Expenses	96.31	82.04	81.23
Profit	(20.79)	(15.49)	4.63
Operating Ratio	128%	123%	95%

(Red Figure)

At the hearing held February 10, 1975 the Commission staff presented its study (Exhibit 8) wherein it recommended that applicant be authorized to increase its fares for each route by 75 cents a week. At the hearing held February 26, 1975 the Commission staff presented a revised study (Exhibit 9) incorporating increases in operating expenses which, according to the testimony of applicant's witness, had occurred after the time of the staff's original study. The revised study estimates applicant's operating ratio under the proposed fares will be 95.9 percent with a rate of return of 10.5 percent, and recommends that the sought increases be granted.

A patron of applicant testified that he has been a patron on Route No. 1 since February 1972. Prior to December 1974 the fares from patrons were collected by Mr. Ron Hoffman doing business as ComBus. Since December 1974 fares have been paid directly to applicant. The witness further testified that Mr. Hoffman deducted a commission before transmitting the monies to applicant. According to the witness the services of Mr. Hoffman were terminated because the patrons petitioned applicant to dispense with Mr. Hoffman's services. The witness opposes the fare increase on the grounds that applicant has received additional monies since dispensing with Mr. Hoffman's services. Exhibit 9 discloses that Mr. Hoffman's fee was \$1,500 annually.<sup>2/</sup> The witness complained that reading lights do not work, bus windows are not airtight, and air-conditioning breaks down in summer. But, he also stated that the drivers, in his opinion, are excellent and punctual.

The staff recommended that applicant be instructed to continue to publish its fares on a daily basis in addition to adopting the requested weekly fares. This recommendation will be adopted.

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<sup>2/</sup> An adjustment for this saving was made in the staff's revised study (Exhibit 9).

Applicant is placed on notice that it should rectify the deficiencies testified to by its patron.

Findings

1. Mark IV seeks to increase its present daily commute fares on three of its routes serving employees of McDonnell Douglas at Huntington Beach by \$1.50 per week, using only weekly fares in the future.
2. Mark IV has experienced increased costs for wages, fuel, oil, tires, and maintenance during 1974.
3. The proposed fare will result in an increase in gross revenues of approximately \$6,100 annually.
4. The fare increases proposed are reasonable and justified.

The Commission concludes that the application should be granted as set forth in the ensuing order.

O R D E R

IT IS ORDERED that:

1. Mark IV Charter Lines, Inc. is authorized to establish the increased fares proposed in Application No. 54641. The increased fares shall be published on a daily as well as a weekly basis. 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 a printed explanation of its fares. 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 of not less than ten days.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 22<sup>nd</sup> day of APRIL, 1975.

Vernon L. Stenberg  
President  
William J. Symons, Jr.  
Donald  
Leonard Ross  
Robert Paterson  
Commissioners