

ORIGINAL

Decision No. 84656

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of  
 ANTELOPE VALLEY BUS, INC., a  
 corporation for authority to increase  
 fares for the transportation of  
 passengers between points in  
 Antelope Valley (Los Angeles and  
 Kern Counties), as well as  
 between points within Antelope  
 Valley and other points in  
 Los Angeles and Orange Counties.

Application No. 54910  
 (Filed May 29, 1974;  
 amended June 27, 1974)

James H. Lyons, Attorney at Law, for applicant.  
Carlos R. Garza and E. H. Mortensen, Attorneys at  
 Law, Thomas Raczkowski and Ralph H. Sparks,  
 for NASA Flight Research Center, interested party.  
Patrick J. Power, Attorney at Law, and Ralph Douglas,  
 for the Commission staff.

O P I N I O N

Applicant, Antelope Valley Bus, Inc. is a  
 passenger stage corporation as defined in Section 226 of the Public  
 Utilities Code of the State of California, and is presently engaged  
 in the transportation of passengers, baggage, mail, and express over  
 various routes under authority of this Commission's Decision No. 80617  
 dated October 17, 1972 and Decision No. 82297 dated January 3, 1974.  
 Applicant also operates as a charter-party carrier pursuant to  
 Certificate No. TCP 13-A.

By this application, as amended, authority is sought to  
 increase fares applicable to certain passenger stage operations to  
 offset increases in wages and salaries, fuel, and operating expense.  
 Authority is also requested to establish a tariff rule limiting the  
 use of the 10-ride commute tickets to 30 days from dates of issue and  
 a provision for refund on unused 10-ride commute tickets.

Applicant's passenger stage operations consist of commute (home-to-work), school, and local services. The commute service accounts for about 95 percent of the common carrier bus miles. The authorized "on call" service is not operational at the present time. Of applicant's total operations, between 55 and 60 percent of the total bus miles are for passenger stage service. Charter services account for the balance.

Public hearing was held before Examiner Tanner in Lancaster on March 25, 1975.

A consultant engaged by applicant presented a study of applicant's operations. The study includes estimates of results of operation and financial condition. Exhibit 7 is an estimated results of operation based on present fares for the year ending June 30, 1975. The exhibit indicates that the total operation would generate revenues of \$616,780 and total operating expenses, after taxes, of \$614,530 with a net of \$1,600. The study indicates that only the charter operations would be profitable, producing an operating ratio of 92.1 percent with a net income of \$22,050. The results of the passenger stage operation, on the other hand, indicate a loss of \$20,450 could be expected if the current fare levels remain in effect.

Exhibit 13 is an estimated results of operation under the proposed fares for the same period covered by Exhibit 7. The estimate indicates a total income after taxes of \$37,290 which produces an operating ratio of 96 percent and a rate of return of 12.3 percent on a rate base of \$216,960. The passenger stage operations are estimated to produce net revenue, after taxes, of \$7,160.<sup>1/</sup> The estimated operating revenue would amount to \$659,580.

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<sup>1/</sup> No fare increase is requested for the school and local service. These services would continue to operate at an estimated loss of \$1,560. The operations for which fare adjustments are sought would generate an estimated \$8,720 after taxes.

Applicant's estimates of revenues and expenses and the allocation of estimated revenues and expenses to the three principal operations (local and school, commute, and charter) are based on estimated bus miles for each class of service. Exhibit 16 offered by the Commission's Transportation Division staff indicates that applicant's estimates of bus miles for the commute service is understated resulting in an underestimate of revenue and expenses for those operations subject to this application. The staff did not indicate the effect on applicant's total operations.

The staff made a study consisting of a review of applicant's authority, timetables, tariffs, informal complaints received by the Commission, and a field survey of the areas served, and inspection of the equipment operated for compliance with General Order No. 98-A<sup>2/</sup>. The results of the staff's studies are set forth in Exhibit 15. In summary the staff concluded:

1. The carrier has not provided adequate signs governing smoking.
2. The carrier does not always provide ash trays in the bus areas where smoking could be permitted.
3. The carrier does not adequately police smoking on the buses.
4. The carrier does not adequately clean the seats.
5. The carrier is negligent about repairs to the seats.
6. The carrier is negligent about the use of route or destination signs.
7. The timetables on file with the Commission do not reflect the actual operating times and the routes of the carrier.
8. The carrier in the past has carried standing passengers for more than 25 miles.

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<sup>2/</sup> General Order No. 98-A names rules and regulations governing the operations of passenger stage corporations and passenger charter-party carriers.

The staff report recommends:

1. The carrier conform to Section 8.02 of General Order No. 98-A.
2. The carrier file accurate timetables for the routes operated.
3. The carrier apply to have the certificate amended to remove the operations which are authorized but not operated.
4. The carrier should make a greater effort to keep the bus seats clean.
5. The carrier should make a greater effort to keep the bus seats repaired.
6. The carrier shall not operate any of the "home-to-work" routes with standing passengers.

Exhibit 16, offered by the staff, is a report prepared after staff examination of data and work papers involving estimates of bus miles, fuel cost and fuel tax increases, and labor cost increases. The report also covers staff evaluation of the proposed tariff rule changes.

The staff report concludes that:

1. Applicant should be allowed by interim authority to increase fares for "home-to-work" routes and the Los Angeles International Airport route sufficiently to offset the increases in driver wages, fuel costs, and taxes.
2. Requested fares for "on-call" intercity service should not be considered for interim authority since this service has had very little, if any, use recently.
3. Requested fare adjustments for local service are minor where they occur, being about a 2-1/2 percent increase. This small increase is more than covered by the increased costs, and the requested fare change (45¢ to 50¢) should be approved.
4. Applicant's proposed tariff changes regarding commute refunds and time limit are justified.

5. A final study of this carrier is necessary to determine its financial operating results in order to evaluate the net impact from various additional factors including the following:

- (a) Revenues and mileages based on current experiences.
- (b) Expenses based on staff allocations.
- (c) Depreciation based on staff estimates.
- (d) Rentals based on ownership substitution.
- (e) Officer salaries based on staff estimates.
- (f) Effect of recent service modifications initiated by the carrier.
- (g) Effect of CPUC staff recommendations for profit provision.

Three representatives of NASA Flight Research Center appeared and testified regarding applicant's service to Edwards Air Force Base. All three expressed dissatisfaction with applicant's service. They were particularly critical of the air conditioning, smoking control, standees, broken seats, and lack of cleanliness.

They emphasized the wide range of temperatures and wind conditions prevalent in the Antelope Valley. They acknowledged the difficulty in maintaining clean, comfortable buses under such adverse weather conditions. They were not willing to excuse, however, those problems which they believed could be handled by proper maintenance, cleaning of equipment, and driver training.

The acting director of administration of NASA had in the past and would in the future, handle complaints on bus service through the office of administration. He also explained that NASA had arranged to provide equipment to cool buses prior to use, in order to assist applicant in maintaining reasonably comfortable temperatures. He indicated a willingness to cooperate in every way possible in assisting applicant to provide adequate and comfortable service for the employees of the various installations at Edwards Air Force Base.

The representatives of NASA were particularly interested in assuring adequate bus service for the future. The ongoing space shuttle program is expected to increase the present employee force by about 500 by 1978, many of whom will require bus transportation.

The NASA representatives were of the opinion that applicant's operations, while basically sound, required improvement in the area of service and maintenance, and lacked the flexibility to meet the fluctuating employee force at Edwards Air Force Base. No objection to the requested fare increase was made.

The record developed at the public hearing makes it clear that little, if any, objection exists to the question of the increases in fares sought by applicant. On the other hand, there were a number of questions raised in relation to applicant's conduct of the service. A significant portion of applicant's service involves the transportation to and from work of passengers employed at Edwards Air Force Base. This area experiences a wide range of temperatures and considerable wind. The handicap imposed by these conditions makes the maintenance of relatively dust free equipment a difficult task. The maintenance of comfortable temperatures in buses during the hot summer is beyond the capacity of most air conditioning equipment. These conditions, do not, however, excuse the litter, broken windows, and seats, or failure to operate heaters in cold weather. The failure to police smoking regulations adds to passenger discomfort, particularly in hot weather when bus windows must remain closed in order that air conditioning equipment have an effect.

The problem of smoking is particularly difficult. A substantial number of applicant's drivers are part-time and are employed at destination points. The driver is, therefore, often faced with the dilemma of disciplining a fellow worker (who might be a supervisor), consequently, smoking control is accomplished, if at all, through peer pressure.

Exhibit 15 indicates that service between Lancaster-Palmdale service area and Edwards Air Force Base require 13 of the 26 units of equipment used in commute service. The balance operate into the San Fernando Valley and other points. The staff investigation was concentrated, but not confined to, the units used in the Antelope Valley. The interest of those participating at the public hearing was also confined to Antelope Valley service. It does not, however, appear reasonable to assume that the service problems experienced by applicant are confined to that area alone, but rather may be aggravated by that area's climatic conditions. We are persuaded that in spite of the adverse climatic conditions and the unique nature of the operations, applicant's attempts to solve the service problems have not been satisfactory. The offer of cooperation made by the office of administration of NASA has the potential of assisting applicant in solving a number of service problems. Regardless of applicant's efforts or lack thereof, the establishment of General Order No. 98-A was not an idle act by the Commission; therefore, compliance is expected and applicant must take the necessary steps to effect compliance. Failure to do so will result in appropriate action by the Commission.

The need for the fare adjustment sought here for the commute or home-to-work service was not disputed. The staff's analysis, which took issue with the bus miles basis for allocating revenue and expenses, led to the recommendation that interim authority be granted, permitting time for a study to determine the financial operating results including an evaluation of several revenue and expense factors.

We can see no useful purpose in an interim fare adjustment. Cross-examination of the consultant employed by applicant failed to develop any particular flaw in his data or conclusions. It was apparent that a difference of opinion exists regarding the bus miles used by the consultant for allocations. Regarding the suggested "on-call" fares, the consultant explained that such fares were "paper rates" and should be adopted to "protect the charter services".

Applicant's common carrier services cannot be considered as an independent entity. The successful conduct of that operation is dependent on the charter operation. The charter service is likewise dependent on the common carrier service. It is necessary, therefore, that the financial well-being of the total operation be considered if justice is to be done to either the common carrier or charter operation. The applicant has made a convincing case that the fare should be adjusted as requested, including the "on-call" fares. The proposed tariff rules are also justified and should be authorized.

Findings

1. Applicant's present fares do not provide revenues sufficient to meet expenses incurred in providing service as a passenger stage corporation.

2. Applicant's estimated operating results under the proposed fares are reasonable for ratemaking purposes.

3. The proposed fare increase has been shown to be justified.

4. Applicant's proposed tariff rules limiting 10-ride tickets to 30 days from date of purchase and governing refunds on such tickets should be authorized.

5. Applicant has failed to comply with Part 4, Section 5.01, Part 5, and Section 8.02, Part 8 of General Order No. 98-A.

The Commission concludes that Application No. 54910 should be granted. Antelope Valley Bus, Inc. is admonished that failure to comply with General Order No. 98-A may result in appropriate disciplinary action.

O R D E R

IT IS ORDERED that:

1. Antelope Valley Bus, Inc. is authorized to establish the increased fares proposed in Application No. 54910. 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.



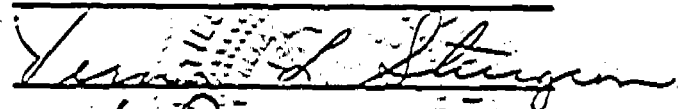
2. The authority shall expire unless exercised within ninety days after the effective date of this order.

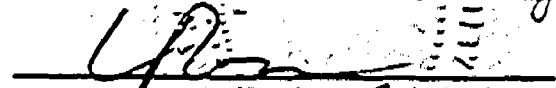
3. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in its buses and terminals a printed explanation of its fares. Such notice shall be posted not less than five days before the effective date of the fare changes and shall remain posted for a period of not less than thirty days.

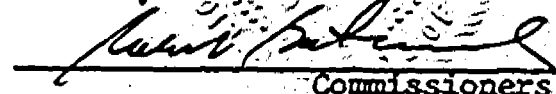
The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 8th  
day of JULY, 1975.

  
President





  
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.