

Decision 84 09 054

SEP 6 1984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Desert Stage Lines,)
 a California Corporation, for)
 authority to adjust its rates. }

Application 84-03-77
 (Filed March 23, 1984,
 Amended April 26, 1984)

O P I N I O N

Desert Stage Lines (Desert), a California Corporation, is a passenger stage corporation (PSC-927) operating intercity bus service between Twentynine Palms, Palm Springs, Los Angeles, and San Diego. These services are scheduled to serve the needs of passengers in the High Desert area. This is accomplished by three daily round trips between the Twentynine Palms Marine Corps Base and Los Angeles via Palm Springs and three daily round trips between Twentynine Palms and Palm Springs. This is augmented by service from the Marine Corps Base to Los Angeles and San Diego which leaves Friday evening and returns Sunday evening. Desert also carries express shipments in connection with these passenger stage services and, under Commission Charter-party Certificate TCP-145A, offers charter bus service on a statewide basis.

By this application Desert seeks authority to increase its passenger stage fares and express rates by 10% except that the fare between Twentynine Palms and the Marine Corps Base would be increased by 100%, and between certain other locations by 50%.

Desert's present fares and express rates were established by Decision (D.) 82-11-079, dated November 17, 1982. Desert alleges that it is losing money at the current fares and rates and is compelled to ask for a fare increase to offset increases in operating costs.

The application included an estimated results of operation for a test year ending June 30, 1985, which included interest expense but failed to include the Public Utilities Commission Transportation Reimbursement Account Fee (PUCTRA) and taxes on income. The results of operation in the application reflected a

calculating error besides the inclusion of interest expense which is not allowed for ratemaking purposes.

On April 23, 1984 a timely protest was filed by the Commanding General of the Marine Corps Air Ground Combat Center at Twentynine Palms. The protestant claims that the profits at the proposed fares would be excessive and that the 100% increase between the Marine Corps Base and Twentynine Palms would have a significant impact on the 9,000 marines and sailors stationed at the base and their families.

The Twentynine Palms Marine Corp Base is one of many communities served by Desert and no other protests were received.

On April 25, 1984 an Amendment to the application was filed which contained revised estimated expense data for the same test period which increased the individual expenses by varying amounts. The overall increase over 1983 recorded data was 10%.

Even at this juncture, however, the expenses as provided by Desert did not include any provisions for PUCTRA or for State or Federal Income Taxes. A provision for these expenses is normally included when setting fares. We have included a provision for estimated State and Federal Income Taxes. By including PUCTRA and the estimated income taxes the following results are obtained:

	Revised Test Year Ending June 30, 1985	
	<u>Present Fares</u>	<u>Proposed Fares</u>
Revenues	\$690,584	\$759,642
Expenses	632,600	632,600
Operating Income (before Income Tax)	57,984	127,042
PUCTRA fee	4,834	5,317
Income Taxes, est.	5,361	28,199
Operating Income after Taxes	47,789	92,806
Operating Ratio (after Taxes)	93.17	87.8%

Applicant has not provided any justification or explanation for a 100% increase in the fare between Twentynine Palms and

and the Marine Corps Base or for the other deviations from the general 10% increase otherwise requested. Since these selective and much larger increases are not justified at these higher levels, they will only be granted at the general 10% level applicable to other points. Also, we note that applicant has not requested and therefore will not be granted an increase for the operation between the Marine Corps Base and Victorville via Twentynine Palms and Yucca Valley authorized by D93359 dated July 22, 1981 in A60496, or for the two week commutation fare for the operation between Twentynine Palms and Desert Hospital authorized by D91761 dated May 6, 1980 in A59480.

Notice of the filing of this application and its amendment appeared on the Commission Daily Transportation Calendar on March 28, 1984 and May 1, 1984 respectively. As noted no protests were received except for the one from the Marine Corps Base. We have carefully considered that protest and find that the portion protesting the 100% increase between the Marine Corps Base and Twentynine Palms is valid.

Desert provides essential transportation services to a large geographic region of otherwise relatively isolated territory.

Findings of Fact

1. Desert provides passenger stage service into and out of and between several "high desert" communities geographically remote from the major population centers of California; these communities include the U.S. Marine Corps Base at Twentynine Palms, Twentynine Palms and Palm Springs.
2. Desert seeks authority to increase its passenger fares to offset increased operating expenses.
3. The requested fare increase will result in additional annual gross revenues of \$69,068 with an operating ratio of 87.8%. The total operating income after taxes will be \$92,806.
4. A protest was received claiming that applicant's profits would be excessive if the fare increase is granted.

5. A fare increase is necessary to offset applicant's operating expenses and does not result in excessive profits.

6. The fare and express rate increases requested which exceed 10% have not been justified and should not be authorized.

7. Applicant did not request an increase in fares on the Victorville to Twentynine Palms Marine Corps Base operation or for the two week commutation fare between Twentynine Palms and Desert Hospital.

8. The remainder of the requested fare increase is justified.

Conclusion of Law

The requested fare increases are reasonable and justified to the extent granted herein, and are otherwise not justified.

O R D E R

IT IS ORDERED that:

1. Desert Stage Lines is authorized to establish increased fares and express rates as shown in Appendix A attached. Tariffs shall be filed not earlier than the effective date of this order. They may go into effect 10 days or more after the effective date of this order on not less than 10 days' notice to the Commission and to the public.

2. The authority shall expire unless exercised within 90 days after the effective date of this order.

3. In addition to posting and filing tariffs, Desert shall post a printed explanation of its fares in its buses and terminals. The notice shall be posted at least 10 days before the effective date of the fare changes and shall remain posted for at least 30 days.

4. The application is granted as set forth above.
5. Except as granted above, the application is denied.

This order becomes effective 30 days from today.

Dated SEP 6 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO

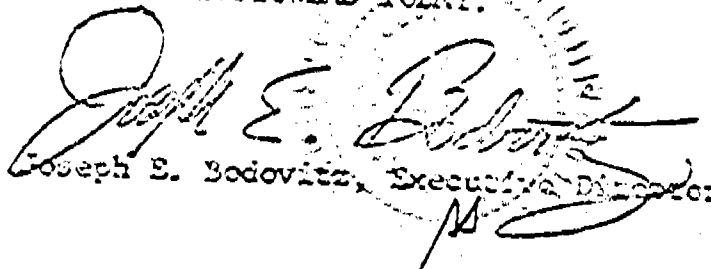
PRISCILLA C. GREW

DONALD VIAL

WILLIAM T. BAGLEY

Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovitz, Executive Director

Appendix A
DESERT STAGE LINES, INC.
Authorized Fares and Express Rates

Passenger Fares

BETWEEN AND		29 Palms MCB	29 Palms	Joshua Tree	Yucca Valley	Morongo Valley	Pierson cr.	Desert Hot Springs	Palm Springs A/P
29 Palms	OW	\$1.10							
	RT	NA							
Joshua Tree	OW	3.15	\$2.25						
	RT	6.00	4.30						
Yucca Valley	OW	4.35	3.15	\$1.10					
	RT	8.30	6.00	NA					
Morongo Valley	OW	5.80	4.50	2.55	\$1.50				
	RT	11.05	8.55	4.85	2.85				
Pierson Corner	OW	6.70	5.85	3.45	2.55	\$1.10			
	RT	12.75	11.15	6.60	4.85	NA			
Desert Hot Springs	OW	7.25	6.35	4.15	3.00	1.70	\$1.10		
	RT	13.80	12.10	7.90	5.70	3.25	NA		
Palm Springs	OW	7.95	7.20	6.00	4.95	3.80	2.70	\$2.10	
Airport	RT	15.15	13.70	11.40	9.75	7.25	5.15	4.00	
San Diego	OW	22.00	20.60	19.15	19.00	18.10	NA	NA	NA
	RT	41.80	39.15	36.40	36.10	34.40	NA	NA	NA
Los Angeles	OW	17.00	15.75	15.15	14.25	13.05	NA	NA	NA
	RT	32.30	29.95	28.80	27.10	24.80	NA	NA	NA

OW-One Way
RT-Round Trip
NA-Not offered

EXPRESS RATES PER SHIPMENT

BETWEEN 29 PALMS MCB AND	Palm Springs (c)	San Diego (c)	Los Angeles (c)
Shipment Weight:			
0 - 2 lbs	\$2.50	\$2.75	\$2.60
3 - 10	3.30	3.50	3.30
11 - 20	3.60	3.80	3.50
21 - 30	3.85	4.35	4.05
31 - 40	4.15	4.80	4.45
41 - 50	4.40	5.25	5.00
51 - 60	4.70	5.75	5.45
61 - 70	4.95	6.45	6.10
71 - 80	5.25	6.90	6.65
81 - 90	5.50	7.40	7.00
91 - 100	5.75	7.65	7.45

C.O.D. Charges up to
\$200.00 - \$2.60