

Decision 89 11 059 NOV 2 2 1989

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Western Greyhound
Lines Co. to establish a Zone of
Rate Freedom for Passenger Stage
Service between points in
California.

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) Application 89-07-021
) (Filed July 17, 1989)
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OPINION

Western Greyhound Lines Co. (Greyhound), a Delaware corporation, requests authority to establish a Zone of Rate Freedom (ZORF) under Public Utilities (PU) Code § 454.2 for service between all points in its authorized intrastate service area.

The application states that Greyhound is seeking authority to establish a ZORF which will permit it to adjust its passenger fares 18% higher than its authorized maximum fares and 50% lower than its authorized maximum fares. Greyhound would effect the proposed increases and/or decreases by issuing conversion table supplements to its existing one-way passenger fare tariffs. Those supplements would be constructed in such a manner so as to round computed fares not ending in "0" or "5" to end in the next higher "0" or "5" cents. Round-trip fares would be computed based on 190% of the one-way fare.

Greyhound's current passenger fares were authorized in Decision (D.) 86-04-031, dated April 2, 1986, whereby Greyhound was authorized to increase its passenger fares by 13%. However, because of intense price competition from its major competitors, including railroads and the airlines, Greyhound has not been able to fully implement that increase over its entire system, according to the application.

Following D.86-04-031, Greyhound was granted a ZORF between certain city pairs in D.89-04-030, dated April 12, 1989. In that decision, Greyhound was authorized to increase certain

fares by up to 10% and to decrease those same fares by as much as 50%. The instant application notes that Greyhound is only seeking authority to increase the fares affected by D.89-04-030 by up to an additional 8% (not compounded) so that all of Greyhound's California intrastate passenger fares may be increased by up to 18% or decreased by as much as 50%, based on the statewide rates authorized in D.86-04-031.

Applicant alleges that it needs the requested ZORF in order to respond to pricing changes initiated by its competitors, principally rail and airline services.

Notice of the filing of the application was provided in the Commission's Daily Transportation Calendar on July 20, 1989. There have been no protests or requests for hearing and on October 11, 1989 Transportation Division recommended that the application be granted.

Because the application of a ZORF could result in violations of PU Code Section 460 concerning the charging of higher fares for shorter distances, we will also grant Greyhound an exemption from that section to enable it to utilize the full flexibility inherent in the ZORF.

Greyhound will be authorized to file tariffs showing fares within a ZORF running from one-half of the presently authorized fare (on the low end) up to the requested higher fares (18% above the presently authorized fares), and Greyhound may depart from the long- and short-haul provisions of PU Code Section 460 in this context.

Transportation Division further suggests that the cost exhibits attached to the application be disregarded as they are based on new allocation procedures not yet approved by the Commission and are not essential to the granting of the proposed ZORF.

We adopt the Transportation Division recommendations.

Findings of Fact

1. Applicant is a passenger stage corporation providing intrastate service between numerous points in the State of California.
2. Applicant is requesting authority to establish a ZORF of up to 18% higher and 50% lower than the fares authorized in D.86-04-031.
3. The ZORF will permit applicant to adjust its rates to meet competitors' fares.
4. Applicant should be exempted from the long- and short-haul provisions of PU Code § 460.

Conclusions of Law

1. The application should be granted.
2. Greyhound should be authorized to use its discretion to adjust all intrastate fares on a point-to-point basis, and the long- and short-haul provision of PU Section 460 should be waived to the extent necessary to provide for the ZORF authorized herein.
3. Fare adjustments within the authorized ZORF should be made by filing conversion supplements to its existing tariffs which may be made effective not less than 10 days after the date of filing.
4. The merit of new allocation procedures utilized by Greyhound in developing the cost exhibits attached to the application is reserved for future consideration by the Commission.
5. As the ZORF authority granted in this application supersedes the ZORF authority previously granted, D.89-04-030, should be revoked on the effective date of this decision.

ORDER

IT IS ORDERED that:

1. Greyhound is authorized to establish fares within a Zone of Rate Freedom (ZORF) of up to 18% higher and down to 50% lower than the fares authorized in D.86-04-031.

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2. Fare changes within its ZORF may be made by applicant by filing conversion supplements to its existing tariffs which may be made effective not less than 10 days after the date of filing.

3. The tariffs published pursuant to this order shall state, for each fare point, the authorized maximum fare, the authorized minimum fare, and the fare to be actually charged for the transportation provided.

4. Applicant is relieved from the provisions of the long-and short-haul requirements of PU Code § 460 in establishing the authorized ZORF fares.

5. D.89-04-030 is revoked on the effective date of this decision.

6. The application is granted as set forth above.

This order is effective today.

Dated NOV 22 1989, at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners

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

Wesley Franklin

- 4 - WESLEY FRANKLIN, Acting Executive Director

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