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Decision 92-07-069 July 22, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of WESTERN GREYHOUND
 LINES, CO. to change the basis for
 computing California Intrastate
 Passenger Fares from a Point-to-
 Point Basis to a Mileage Basis and
 to establish a Zone of Rate Freedom
 Authorizing Increases in Mileage
 Based Passenger Fares from 0% up
 to 18.00%.

ORIGINAL

Application 91-12-023
 (Filed December 13, 1991;
 amended February 11, 1992
 and May 19, 1992)

O P I N I O N

Summary

Western Greyhound Lines, Co. (Greyhound) is granted authority to change its California intrastate fare structure from a point-to-point basis to a mileage basis. Implementation of the granted authority will result in Greyhound having in effect a single method of determining both interstate and intrastate fares in every state in which it operates. As a consequence of this change, passengers traveling a longer distance will always pay less per mile traveled than passengers traveling shorter distances.

Greyhound is also granted authority to set rates applicable to its mileage based fares within a zone of rate freedom (ZORF) between 50% below and 18% above the mileage based fares authorized by this order.

Procedure

This application was first reviewed by Transportation Division (TD) staff. TD suggested to the administrative law judge (ALJ) assigned to this matter that service of the application appeared to be inadequate and that the Commission had no record of an entity or partnership called Western Greyhound Lines, Co. and GLI Acquisition Company, doing business as Trailways Lines.

Concurring with the suggestions of TD, the ALJ issued a Ruling dated January 13, 1992 rejecting the initial application as not being in compliance with Rules 15 and 24, Rules of Practice and Procedure (Rules). The ruling was made without prejudice thereby allowing applicant to file an amended application in conformity with the provisions of the Commission's Rules.

After further discussion and correspondence between TD, applicant, and the ALJ, a second ALJ Ruling was issued on February 3, 1992 which amplified the procedural steps to be taken by applicant to perfect its filing without the necessity of its redistributing 180 copies of the application and 600 copies of the notice of filing required by Rule 24 of the Rules.

Following the ALJ ruling, Greyhound filed an amended application on February 11, 1992, notice of which appeared in the Commission's Transportation Calendar on February 20, 1992.

On March 20, 1992, the Division of Ratepayer Advocates (DRA) filed a Limited Motion To Dismiss In Part Western Greyhound Lines' Rate Change Application (Motion). Greyhound responded by filing a second amended application on May 19, 1992 which addressed the concerns set forth in DRA's Motion.

After reviewing Greyhound's second amended application, DRA withdrew its opposition, stating as follows:

"The Division of Ratepayer Advocates (DRA) has reviewed the Amended Application filed by Western Greyhound Lines, Co. (Greyhound) on May 19, 1992.

"Therein Greyhound has modified its prior application to include information about competition on Greyhound's intrastate routes where a Zone of Rate Freedom would apply. Greyhound also has modified its request to establish a Zone of Rate Freedom to allow for a maximum 18% upward rate flexibility, applicable to the mileage based passenger fares set forth in Applicant's Proposed California Intrastate Local and Joint Passenger Tariff No. W-74, Original Page 10a, which is attached to Amended A.91-12-023 filed on May 19, 1992.

"The above information and modifications adequately satisfy the concerns expressed by the DRA in its limited motion to dismiss the prior version of Amended A.91-12-023, filed on March 23, 1992. Therefore, the DRA withdraws its protest and its motion titled 'Limited Motion By Division of Ratepayer Advocates To Dismiss in Part Western Greyhound Lines' Rate Change Application.' DRA has no further objection to the grant of the revised application on an ex parte basis."

DRA's withdrawal of its protest results in the application, as amended, being without protest. A public hearing is not required.

Mileage Based Tariff

The application seeks to change the basis by which Greyhound computes its California intrastate passenger fares from a point-to-point basis to a mileage basis, alleging that, upon grant of this authority, Greyhound will have in effect a single method of determining both interstate and intrastate fares in every state in which it operates. This change will increase some rates over 100% and decrease some rates over 25%.

There is no known opposition to Greyhound's request to adopt mileage based tariffs, and we will approve that change.

However, TD's review of the application discloses that the statement in the application that "passengers traveling a longer distance will always pay less per mile traveled than passengers traveling shorter distances" is not accurately reflected in the proposed tariff attached as an appendix to the application.

In order to ensure that applicant's tariffs consistently apply the principle of a continuously declining fare per mile as route length increases, we will order applicant to submit a revised tariff to TD and allow TD to reject the tariff if it is not in compliance with the expressed principle and other Commission General Orders. The revised tariff should not be designed to generate more revenue than proposed California Intrastate Local and

Joint Passenger Tariff No. W-74 attached to the amended application.

Greyhound will give notice to the public of this rate change by posting notice thereof at each of its ticket offices in California. The notice must be preapproved by TD and posted at least 10 days before the effective date of the rate change.

Zone of Rate Freedom

DRA's Motion resulted in Greyhound's amendment of its application to set forth facts showing that applicant is operating in competition with other passenger transportation services.

Noting the availability of alternative modes of transportation, Greyhound requests authority to establish a ZORF applicable to its mileage based fares so that it may quickly respond to changes in market conditions.

We will grant Greyhound authority to establish a ZORF between 50% below and 18% above the mileage based fares authorized by this order. While applicant did not seek the lower ZORF, we grant it in the belief that competitive response to market conditions will require downward, as well as upward, pricing flexibility.

Public Utilities (PU) Code § 460

Greyhound requests continuation of the previously granted exemption from provisions of PU Code § 460. This code section prohibits the charging of higher fares for transportation for shorter distances than for longer distances over the same route in the same direction. One of the advantages of a mileage based fare system that Greyhound lists is that passengers traveling longer distances always pay less per mile traveled than passengers traveling shorter distances. The request for exemption from PU Code § 460 is denied and any previous exemption to this code section is canceled. All the advantages of a mileage based system should be realized.

Findings of Fact

1. Greyhound requests authority to change its California intrastate passenger fare structure from a point-to-point basis to a mileage basis.

2. As a result of this change, passengers traveling a longer distance will always pay less per mile traveled than passengers traveling shorter distances.

3. TD should review all mileage based tariffs to be filed to ensure that the tariffs are in harmony with the expressed principle.

4. Greyhound should post at all California ticket offices a notice of the rate change 10 days before its effective date. Said notice should be preapproved by TD.

5. There is no known opposition to mileage based fares.

6. Applicant is operating in competition with other passenger transportation services provided by airlines, automobiles, rapid transit, publicly owned buses, light rail transit, trains, etc.

7. Applicant requests authority to establish a ZORF of -50% to +18% around its mileage based rates.

8. The competitive transportation services will result in reasonable rates when considered with the ZORF authorized below.

9. The granting of an exemption from the long- and short-haul provisions of PU Code § 460 is denied in this case, and any previous exemption canceled.

10. A public hearing is not necessary.

11. In order to make the proposed rate changes available as soon as possible, the following order should be effective immediately.

Conclusions of Law

1. Greyhound's application to change its California intrastate passenger fare structure from a point-to-point basis to a mileage basis should be granted.

2. Greyhound's application for a ZORF of -50% to +18% should be granted.

ORDER

IT IS ORDERED that:

1. Western Greyhound Lines, Co. (Greyhound) may replace its current point-to-point passenger tariffs with a mileage based tariff.

2. Greyhound shall submit its proposed tariff to the Commission's Transportation Division (TD) for approval in accordance with this decision.

3. TD will review the tariff submitted pursuant to Ordering Paragraph 1, for compliance with General Order 158 and Finding of Fact 2 (passengers traveling longer distances will always pay less per mile traveled than passengers traveling shorter distances) and the ZORF provisions. If TD does not reject the tariff for noncompliance, it will become effective 15 days from date of submission. If TD rejects the tariff, Greyhound may resubmit a revised tariff for TD review. The authority to operate a mileage based tariff and the ZORF will expire unless exercised within 90 days after the effective date of this order.

4. Greyhound will submit a notice of rate change to TD and after approval by TD, post the notice at each ticket office, terminal, and passenger-carrying vehicle in California. Such notice shall be posted at least 10 days prior to the effective date of the rate changes and shall remain posted for 30 days.

5. Upon the effective date of the said tariff, all point-to-point Standard Rate Passenger Fare Tariffs that applicant has currently on file with the Commission shall be canceled.

6. Greyhound is authorized under Public Utilities Code § 454.2 to establish a zone of rate freedom (ZORF) 50% below and 18% above the fares established in its mileage based tariff.

7. Greyhound may make fare changes within the ZORF by filing amended tariffs on not less than 15 days' notice to the Commission and the public. The tariff shall include for each route, or mileage category, the authorized maximum and minimum fares and the fare to be charged.

8. In addition to posting tariffs, Greyhound shall post notices explaining fare changes in its terminals and passenger-carrying vehicles. Such notices of the fare changes shall be posted at least 10 days before the effective date of the fare changes and shall remain posted for at least 30 days.

9. The application, to the extent not granted by this order, is denied without prejudice:

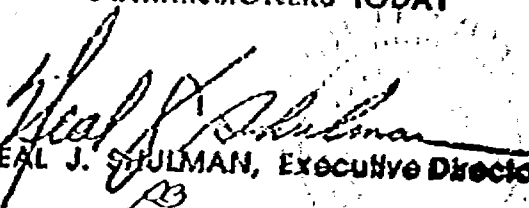
This proceeding is closed.

This order is effective today.

Dated July 22, 1992, at San Francisco, California.

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners

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


NEAL J. STULMAN, Executive Director