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ORIGINAL

Decision 82 10 061 OCT 20 1982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GREYHOUND LINES, INC. )  
 for an order authorizing an 8% state- )  
 wide increase in intrastate passenger )  
 fares and express rates and LAS VEGAS- )  
 TONOPAH-RENO STAGE LINE, INC., ORANGE )  
 BELT STAGES, PEERLESS STAGES, INC., )  
 VACA VALLEY BUS LINES, INC., DESERT )  
 STAGE LINES, and REDWOOD EMPIRE LINES, )  
 INC., request an order authorizing )  
 said carriers to concur with and )  
 assent to Greyhound Lines, Inc.'s )  
 tariff filing for a statewide increase )  
 in interline express rates. )

Application 82-07-43  
(Filed July 20, 1982)

O P I N I O N

In this application, Greyhound Lines, Inc. (Greyhound) seeks authority to increase its passenger fares and local and interline express rates by 8%. Minimum fare is proposed to be \$0.85 instead of \$0.80. Greyhound requests that paragraph 4 of Decision (D.) 93751 be modified to permit the continued use of appropriate conversion tables pending revision of its California tariff structure on a point-to-point basis. Round-trip fares will continue to be based on 190% of one-way fares. By this application, those passenger stage corporations which interline express shipments with Greyhound also ask to increase their intrastate express rates by 8%.

The existing Greyhound California intrastate passenger fares and express rates were authorized by D.92975 of April 21, 1981, effective May 4, 1981, and D.93751 and D.93772 issued November 13 and 18, 1981, respectively, both in Application (A.) 60704, and made effective on November 29, 1981.

Greyhound states that it seeks passenger fare and express rate increases to recover increased operating costs and to provide revenue levels sufficient to produce a more reasonable rate of return; and to reduce the disparity between intrastate and interstate rate levels. The last interstate general rate increase was 8% and became effective July 1, 1982. It estimates that passenger and express revenues generated by the proposed increases will amount to \$5,381,644 annually. It also estimates that the increased revenues of the six passenger stage corporations which interline express shipments with Greyhound will amount to approximately \$14,055 annually. The six passenger stage corporations are Las Vegas-Tonopah-Reno Stage Line, Inc., Orange Belt Stages, a corporation, Peerless Stages, Inc., Vaca Valley Bus Lines, Inc., Desert Stage Lines, and Redwood Empire Lines, Inc. Since the increased revenues to be derived from an increase in interline express rates is not significant, applicants other than Greyhound request that, under Rule 87 of the Rules of Practice and Procedure, the Commission waive the informational requirements of Rule 23<sup>1/</sup> to the extent such information is not included in the application.

For 1981 per D.93751 it is estimated that, at present fares and rates, Greyhound's net income before taxes will be \$4,989,355 and its operating ratio will be 94.5%. At proposed fares it estimates that its net income before taxes will be \$6,549,559 and its operating ratio will be 93.3%. Estimated results of operations are shown in Table 1.

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<sup>1/</sup> Requirements of Rule 23 not supplied by applicants other than Greyhound include a balance sheet and an income statement.

Greyhound has provided exhibits, worktables, and information concerning results of operations. Its books of account are maintained in accordance with Interstate Commerce Commission requirements, and adjustments for ratemaking purposes were made consistent with procedures adopted by the staff in prior rate cases. The separation and allocation of revenues and expenses from the system to state and intrastate operations are based on procedures prescribed by the "California Separations Manual", which was adopted by the Commission in prior proceedings. Operating expenses for the California intrastate operating statement year of 1981 per D.93751 were adjusted for known increases in wages, pension costs, health and welfare costs, federal Social Security taxes, fuel, income taxes, and other expenses to produce an operating statement for the rate year 1981.

The staff cost study underlying present rates and fares was for test year 1972 in A.52591, D.80545 effective October 1972. During the intervening ten-year period, thirteen cost-offsets, each adjusting the preceding estimate, have resulted in increases.

Greyhound's application has provided the estimated results of operations summarized in the following table.

TABLE 1

	1981 (D.93751)	1981 (Present Fares)	1981 (Proposed Fares)
Revenue	\$90,638,055	\$91,825,218	\$97,206,862
Expense	85,648,700	90,351,469	90,657,303
Income	4,989,355	1,473,749	6,549,559
Operating Ratio Before Income Taxes	94.5%	98.4%	93.3%
Income Tax-Federal & State	1,825,455	439,192	1,951,834
Operating Ratio After Income Taxes	96.5%	98.9%	95.3%

Staff has reviewed the application and believes the increase is justified.

This application was published in the Commission's Daily Calendar on July 26, 1982.

Applicant notified the State of California, counties, and cities as required by Rule 24 of the Commission's Rules of Practice and Procedure. As required by Public Utilities (PU) Code Section 730.3, all affected state and local public agencies corporations operating passenger transit systems were notified of the application and were asked to analyze the effect of the proposed fare increase on the transportation in their territories. No objection has been received from any public transit district.

No protests have been received by the Commission.

In accordance with PU Code Section 730.5, the Commission determined that the proposed fare increase will result in an insignificant decrease in patronage. The fare increase will not affect transit plans prepared under Chapter 2.5 of Title 7 of the Government Code.

Since there is a demonstrated need for a rate increase, the following order should be effective today.

Findings of Fact

1. Greyhound seeks an 8% increase in its California intrastate passenger fares and express rates.
2. Greyhound conducts interline express services with six other passenger stage corporations, and by this application Greyhound seeks to increase those intrastate interline express rates by 8%.
3. Applicants other than Greyhound request that, under Rule 87 of the Rules of Practice and Procedure, the Commission waive the informational requirements of Rule 23 to the extent such information is not included in the application. The combined increase in

income of the applicants other than Greyhound amount to approximately \$14,000. The exemptions from procedural rules when related to this application are minor in nature.

4. Estimated results of intrastate operations are based upon a 1981 test year estimated results of operations in D.93751.

5. At present fares and rates Greyhound will have a 94.5% operating ratio, before income taxes.

6. At the proposed fares and rates Greyhound will have a 93.3% operating ratio, before income taxes. In the last decision which granted Greyhound a fare increase, D.93751, dated November 13, 1981, in A.60704, the estimated and adopted operating ratio, was 94.5% before and 96.5% after income taxes.

7. In D.83777, dated November 26, 1974, in A.54653, an operating ratio of 95% after taxes was found reasonable for Greyhound's California intrastate operations.

8. Greyhound requests authority to put the proposed main line, transit, and commuter passenger fares into effect by means of conversion tables pending the revision of its California tariff structure to a point-to-point basis.

9. The proposed fares are reasonable and the rate increase is justified.

10. A public hearing is not necessary.

#### Conclusions of Law

1. An increase of 8% in Greyhound's intrastate passenger fares and express rates is just and reasonable.

2. The requested exemptions from procedural rules are minor and justified.

3. Placing the proposed main line, transit, and commuter passenger fares into effect by means of conversion tables pending the revision of its California tariff structure to a point-to-point basis is reasonable.

O R D E R

IT IS ORDERED that:

1. Greyhound Lines, Inc. (Greyhound) is authorized to establish the increased rates proposed in A.82-07-43. 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, applicant 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. Pending the filing of tariffs to reflect the increases authorized in Ordering Paragraph 1, paragraph 4 of D.93751 is modified to permit Greyhound to make effective increases in passenger fares published on a point-to-point basis by means of appropriate conversion tables, providing the tariffs containing such fares are republished within eight months after the effective date of this order to eliminate the use of conversion tables.

5. Greyhound, in establishing and maintaining the passenger fares and express rates, is authorized to depart from the provisions of PU Code Section 460 to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorization. Such outstanding authorization is modified only to the extent necessary to comply with this order. Schedules containing the rates published under this authorization shall make reference to the prior orders authorizing long- and short-haul departures and to this order.

6. Under Rule 87 of the Rules of Practice and Procedure, the informational requirements of Rule 23 for applicants other than Greyhound are waived.

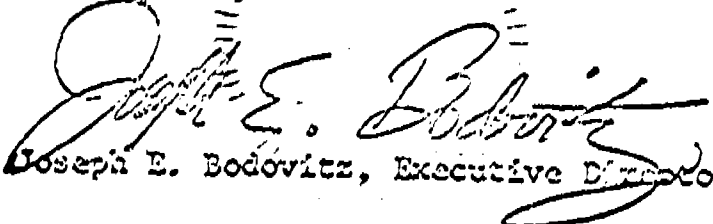
This order is effective today.

Dated OCT 20 1982, at San Francisco, California.

JOHN E. BRYSON  
President  
RICHARD D. GRAVELLE  
LEONARD M. GRIMES, JR.  
VICTOR CALVO  
Commissioners

Commissioner Priscilla C. Grow,  
being necessarily absent, did  
not participate

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

  
Joseph E. Bodovitz, Executive Director