

Decision 83 05 071 MAY 18 1983**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GREAT AMERICAN STAGELINE, INC. to make an increase in the one-way passenger fares between Santa Barbara, Ventura, Oxnard, Camarillo, Thousand Oaks, Westlake Village, Woodland Hills, Moorpark, Simi Valley, Santa Susana, Chatsworth, Canoga Park, and Los Angeles International and Burbank Airports, in it's (sic) current Passenger Tariff: CAL PUC NO. 9.

Application 83-03-26
(Filed March 9, 1983)

O P I N I O N

Great American Stageline, Inc. (applicant) presently operates as a passenger stage corporation (PSC-962) transporting passengers, baggage, and express between points in Santa Barbara, Ventura, and Los Angeles Counties, on the one hand, and the Los Angeles International Airport (LAX) or the Burbank-Glendale-Pasadena Airport (BUR), on the other hand, with intercity service between certain intermediate points. Applicant also operates as a Class A charter-party carrier of passengers (TCP-219A).

Applicant seeks authority to increase its individual one-way fares in its passenger stage operations by approximately 14.1%. Present fares were established by Decision (D.) 93656 dated October 20, 1981 in Application (A.) 59603. The following table summarizes applicant's present and proposed fares:

Passenger Fares
(One Way)

	<u>Present Fares</u>	<u>Proposed Fares</u>
Between LAX or BUR and:		
1. Woodland Hills	\$ 5.00	\$ 6.00
2. Canoga Park	6.00	7.00
3. Chatsworth	7.00	8.00
4. Westlake Village	8.00	9.00
5. Santa Susana	8.00	9.00
6. Thousand Oaks	9.00	10.00
7. Simi Valley	9.00	10.00
8. Moorpark	10.00	12.00
9. Camarillo	11.00	12.00
10. Oxnard	12.00	14.00
11. Ventura	13.00	15.00
12. Santa Barbara	20.00	22.00
Between Ventura and:		
1. Oxnard	1.00	1.00
2. Camarillo	2.00	3.00
3. Thousand Oaks	4.00	5.00
4. Westlake Village	5.00	6.00
5. Woodland Hills	8.00	9.00
Between Oxnard and:		
1. Camarillo	1.00	2.00
2. Thousand Oaks	3.00	4.00
3. Westlake Village	4.00	5.00
4. Woodland Hills	7.00	8.00
Between Camarillo and:		
1. Thousand Oaks	2.00	2.00
2. Westlake Village	3.00	3.00
3. Woodland Hills	6.00	6.00
Between Thousand Oaks and:		
1. Westlake Village	1.00	1.00
2. Woodland Hills	4.00	4.00
Between Westlake Village and:		
1. Woodland Hills	3.00	3.00

The fares in the above table apply to all passengers, except infants. Half-fare is available to accompanied children 5-11 years of age for service to LAX or BUR.

Applicant alleges that operating expenses have increased since the last fare increase. Applicant further alleges that the fare increase is needed to offset a severe cash flow problem. Applicant was forced to reduce all employees' pay rates by 25% on January 28, 1983 (10% of the pay cuts were reinstated on April 15, 1983). In addition, applicant's owners were required to borrow substantial amounts of money (using their personal residence as collateral) and then loaned the borrowed money to applicant.

Applicant has been advised by the United Food and Commercial Workers International Union (UFCW) that a substantial majority of applicant's employees have authorized UFCW Local 899 to represent them for collective bargaining purposes. UFCW has also filed charges against applicant with the National Labor Relations Board (NLRB) alleging that the 25% reduction in wages was illegal. Applicant states that it now faces additional expenses, including legal expenses, caused by the attempts of its employees to unionize and the charges brought before the NLRB.

Applicant alleges that unless the requested fare increase is granted, it will have to reduce service, furlough employees, and sell excess equipment. Any reduction of service would have a detrimental effect on the already over-crowded parking and traffic congestion at LAX. Applicant currently provides 28 scheduled trips to and from LAX. Applicant asserts that the fare increase will generate sufficient revenues to increase service to LAX. Applicant's summer schedule will include 38 one-way LAX trips if the fare increase is granted.

Mr. and Mrs. Reginald T. Charlson, applicant's only stockholders and officers, have formed C & C Investments, Inc. (C & C), a tax-option (Subchapter S) corporation. C & C leases to applicant the site used for bus garaging and maintenance, the office building, office equipment, bus repair and maintenance equipment, fuel facility and all buses.

In D.93656, after hearing, we stated that "in ratemaking applicant and C & H (now C & C) should be viewed as one corporation." The Transportation Division staff has prepared an estimated combined results of operations for applicant and C & C under present and proposed fares for a test year ending May 31, 1984.

TABLE 1

	<u>Test Year 1984</u>	
	<u>Present Fares</u>	<u>Proposed Fares</u>
Revenues	\$2,165,500	\$2,455,800
Expenses	1,971,300	1,996,300
Operating Income		
Before Income Taxes	194,200	459,500
Operating Ratio		
Before Income Taxes	91.0%	81.3%

As indicated by Table 1, applicant's operating income in the test year under its present fares will be a profit of \$194,200 with an operating ratio of 91.0%. The proposed fares will result in an annual gross revenue increase of \$290,300; a profit of \$459,500 with an operating ratio of 81.3%.

In D.93656 we found that an operating ratio of 79.3% before income taxes was not unreasonable in light of the composite capital structure and debt service of this applicant. Applicant's debt service for the test year is approximately \$200,000.

Notice of the filing of this application appeared on the Commission's Daily Calendar on March 14, 1983. No protest or request for public hearing has been received.

Findings of Fact

1. Applicant seeks authority to increase its passenger fares to offset increased operating expenses.
2. As shown in Table 1, applicant's operations in the test year will be conducted at a profit of \$194,200 under present fares.
3. The requested fare increase will result in additional annual gross revenues of \$290,300 with an operating ratio of 81.3% before taxes.
4. By D.93656, we determined that a 79.3% operating ratio before taxes is reasonable for this applicant.
5. The requested fare increase is necessary to offset increased operating expenses and to ensure applicant's continued operations.
6. The requested fare increase is justified.
7. No protests have been received, and a public hearing is not necessary.
8. Since the fare increase is necessary to ensure applicant's continued operations, the effective date of this order should be the date of signature.

Conclusion of Law

The increased fares are reasonable and justified and should be authorized.

O R D E R

IT IS ORDERED that:

1. Great American Stageline, Inc. is authorized to establish the increased fares proposed in Application 83-03-26. 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 ten days before the effective date of the fare changes and shall remain posted for at least 30 days.

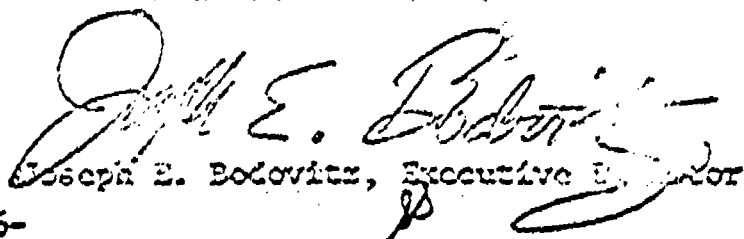
This order is effective today.

Dated MAY 18 1983, at San Francisco, California.

Commissioner DONALD VIAL
Present but not participating.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. GREEN
Commissioners

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


Joseph E. Bolovitz, Executive Director