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ORIGINALDecision 83 97 034 JUL 20 1983

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application
of Peerless Stages, Incorporated
requesting authority to increase
certain of its' (sic) rates of
fare.

Application 82-12-09
(Filed December 3, 1982)

O P I N I O N

Peerless Stages, Incorporated is an intercity passenger stage corporation (PSC-21) serving the Cities of Oakland, San Jose, Santa Cruz, Palo Alto, and certain intermediate points. Applicant also operates as a passenger charter-party carrier (TCP-18A) in both intrastate and interstate transportation. Applicant seeks authority to increase its passenger stage fares as follows:

- (a) Increase all one-way fares in the Oakland, San Jose, Santa Cruz, and Palo Alto Divisions by 50%; increase all round-trip fares to 190% of one-way fares; and raise such adjusted fares to the nearest "0" or "5" cents.
- (b) Increase all 20-ride commute book fares and 30-ride school book fares in the Oakland, San Jose, Santa Cruz, and Palo Alto Divisions by 50% and raise such adjusted fares to the nearest "0" or "5" cents.
- (c) Increase round-trip fare from San Jose to Golden Gate Fields from \$5.60 to \$8.40.

Applicant's existing California intrastate local and joint passenger fares and express rates were established by authority of Decision (D.) 86974 dated February 15, 1977 in Application (A.) 56704.

Reasons for the Proposed Increases

Applicant states that the purpose of this application is to secure increases in passenger fares and express charges in order to offset increases in operating costs encountered since the previous rate increases authorized by D.86974, and thereby reduce its operating losses.

The Transportation Division staff has reviewed the application. The following table sets forth the estimated results of operations under present and proposed fares for a test year ending December 31, 1983.

TABLE 1

	<u>Test Year 1983</u>	
	<u>Present Fares</u>	<u>Proposed Fares</u>
Revenues	\$450,000	\$612,000
Expenses	655,071	655,071
Operating Income (Loss) Before Income Taxes	(205,071)	(43,071)
Operating Ratio Before Income Taxes	145%	107%

(Red Figure)

As indicated by the above Table 1, applicant's operating income in the test year under its present fares will be at a loss of \$205,071 with an operating ratio of 145%. The proposed fares will result in a gross revenue increase of \$162,000 with an operating ratio of 107%. The carrier realizes even with the fare increase it will be operating at a loss. However, the carrier believes the proposed increase is all the market will bear presently. The carrier also plans to advertise more in order to increase its patronage and thereby its revenues. In the meantime we note that Peerless is a large corporation well capable of sustaining this

loss until such time as increased patronage succeeds in rendering these operations profitable.

Notice of the filing of this application appeared on the Commission's Daily Calendar of December 9, 1982. No protest or request for public hearing has been received.

Initially, this application did not conform to the Commission's Rules of Practice and Procedure for fare increase applications in that it failed to set forth revenues and expenses for the portion of the company's operations for which the increase was requested. (See Rule of Practice 23-f.) Peerless has gone through several personnel changes which hampered its ability to provide this data. This effectively delayed our review of the application, as data needed to determine whether the fare increases were justified were absent and unobtainable until July 11, 1983.

Findings of Fact

1. Applicant seeks authority to increase its passenger fares to offset increased operating expense.
2. As shown in Table 1, applicant's operations in the test year will be conducted at a loss of \$205,071 under present fares.
3. The requested fare increase will result in additional annual gross revenues of \$162,000 with an operating ratio of 107% before taxes.
4. The requested fare increases are necessary to offset increased operating expenses and to ensure applicant's continued operations.
5. The requested fare increases are justified.
6. No protests have been received, and a public hearing is not necessary.
7. Since the fare increases are 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 justified and the application should be granted.

O R D E R

IT IS ORDERED that:

1. Peerless Stages, Inc. is authorized to establish the increased fares proposed in Application 82-12-09. Tariffs shall be filed not earlier than the effective date of this order. They may go into effect 5 days or more after the effective date of this order on not less than 5 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 five days before the effective date of the fare changes and shall remain posted for at least 30 days.

This order is effective today.

Dated JUL 20 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO

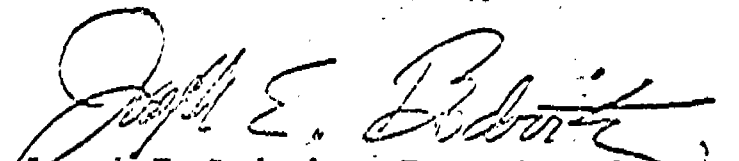
PRISCILLA C. CREW

DONALD VIAL

WILLIAM T. BAGLEY

Commissioners

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


Joseph E. Bedovitz, Executive Director