

Decision 83 11 057 NOV 22 1983

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:

TRAILWAYS, INC., a Delaware corporation,  
and AMERICAN BUSLINES, INC., a Delaware  
corporation, for authority to increase  
one-way and round-trip intrastate  
passenger fares pursuant to Sections 454  
and 491 of the Public Utilities Code.

ORIGINAL

Application 83-08-46  
(Filed August 17, 1983)  
(Amended October 4, 1983)

O P I N I O N

By this application, Trailways, Inc. and American Buslines, Inc. (applicants) seek authority to increase intrastate California passenger fares. In their original application, applicants requested a 9.25% increase. On October 4, 1983 applicants filed an amendment raising the requested increase to 15%.

Applicants request permission to place the increases into effect by means of conversion tables until such time as applicants can rework all of the point-to-point fares. Minimum one-way passenger fare is proposed to be \$1.00 instead of \$0.85. Applicants request authorization to round to the nearest 0 or 5 cents any increased one-way passenger fare resulting in an amount greater than \$1.00. No change is proposed in establishing round-trip passenger fares at 190% of one-way passenger fares.

Each applicant is presently conducting operations as a passenger stage corporation. Trailways (PSC-838) conducts its operations generally between (1) San Francisco and Los Angeles and intermediate points via Stockton, Fresno, and Bakersfield; (2) Los Angeles and the California/Arizona state line at Needles and Blythe via San Bernardino and Riverside, respectively; and (3) San Francisco and Stockton and the California/Oregon state line. American (PSC-284) conducts its operations between (1) Los Angeles and San Diego and intermediate points; (2) Sacramento and the California/Nevada state line; (3) San Diego and the California/

Arizona state line via El Centro; and (4) Calexico and Los Angeles. Both applicants serve most intermediate points along the various routes. There are restrictions against local service along certain authorized routes.

Each applicant, Trailways (TCP-146A) and American (TCP-22A), also conducts operations as a Class A charter-party carrier of passengers.

American is a wholly owned subsidiary of Trailways.

Applicants' existing California intrastate local and joint passenger fares and express rates were established on authority of Decision (D.) 82-12-042 dated December 1, 1982 in Application (A.) 82-09-48.

Applicants state that the purpose of this application is to secure increases in passenger fares in order to offset increases in operating costs encountered since the previous rate increases authorized by D.82-12-042, and thereby eliminate their operating losses.

The Transportation Division has conducted an engineering economics review of the application. The following table sets forth the estimated results of operations of applicant's intrastate California service under present and proposed fares for a test year ending November 30, 1984.

<u>OPERATING REVENUE</u>	<u>Present Fares</u>	<u>Proposed Fares</u>
Passenger	\$2,117,790	\$2,435,459
Special Bus	711,400	711,400
Baggage	33	33
Mail	14	14
Express	212,428	212,428
Newspaper	291	291
Miscellaneous Station	13,744	13,744
Other	<u>11,731</u>	<u>11,731</u>
Total Operating Revenue	\$3,067,431	\$3,385,100

<u>OPERATING EXPENSES</u>	<u>Present Fares</u>	<u>Proposed Fares</u>
Equipment Maintenance & Garage	\$ 625,423	\$ 625,423
Transportation	1,330,672	1,330,672
Station	509,553	533,378
Traffic, Solicitation & Advertising	74,149	74,149
Insurance & Safety	137,737	137,737
Administration	474,640	474,640
Depreciation	(42,318)	(42,318)
Operating Taxes & Licenses	190,063	190,063
Operating Rents	<u>52,991</u>	<u>52,991</u>
Total Operating Expenses	\$3,352,910	\$3,376,735
Net Operating Revenue (before taxes)	(285,479)	8,365
Income Taxes	(131,320)	3,848
Net Income (after taxes)	(154,159)	4,517
Operating Ratio	109.31%	99.75%
Operating Ratio (after taxes)	105.03%	99.87%

The proposed fare increase will result in a total revenue increase of approximately \$317,669 per year.

Applicants state that, if the requested increases are granted, they intend to add to it the user fee of .74 of one percent provided for in paragraph 3 of the Commission's Resolution M-4733 dated August 3, 1983. Subsequent to applicants' amendment, the Commission issued D.83-10-089 on October 19, 1983, an order modifying Resolution M-4733 changing the user fee from .74 of one percent to .7 of one percent.

In previous decisions the Commission has authorized applicants to set fares at the level of Greyhound Lines, Inc. (Greyhound) fares. Greyhound under D.83-06-062 dated June 15, 1983 in A.83-02-62 was granted authority to increase its fares by 9.25%. This fare level is reflected in applicant's original filing in this matter. On September 16, 1983, the Interstate Commerce Commission (ICC), on a Greyhound appeal of D.83-06-062, granted Greyhound an additional increase to a combined total of 15%. Applicant's amended filing in this matter reflects the levels authorized by the ICC..

A.83-08-46 and its amendment were placed on the Commission's Transportation Calendar on August 23, 1983 and October 7, 1983, respectively. A correction to the notice of the amendment was placed on the Calendar on October 13, 1983.

The Commission has received no requests for notification under PU Code Section 730.3.

The Cities of Delano and Calexico have expressed their general opposition to any increased passenger fares, but there have been no formal protests to the application. Applicants submitted adequate information showing the need for a fare increase and a public hearing is not necessary.

Findings of Fact

1. At present fares, it is estimated that applicants would lose \$154,159 after taxes in the rate year ending November 30, 1984.

2. At proposed fares, it is estimated that applicant would make a profit of \$4,517 after taxes in the rate year.

3. Applicants need the fare increase sought in order to eliminate their losses. The fare increase is reasonable.

4. No protests have been received. A public hearing is not necessary.

5. The fare increase should be made effective as soon as possible in order to eliminate operating losses.

6. The proposed increases will bring applicants' fares into substantial parity with the passenger fares of Greyhound Lines, Inc.

7. The Commission has received no requests for notification under PU Code Section 730.3.

8. Applicants intend to add to the fare increase the user fee in the sum of .74 of one percent.

9. The user fee has been changed to .7 of one percent, pursuant to D.83-10-089.

Conclusions of Law

1. Applicants should be authorized to increase California intrastate passenger fares as requested in A.83-08-46, as amended, except that the user fee shall be .7 of one percent pursuant to D.83-10-089.

2. Pending the reissuance of passenger tariffs containing fares on a point-to-point basis, applicants should be authorized to place into effect the increases authorized herein by use of conversion tables. The authority on an interim basis to use such conversion tables should expire 90 days after the effective date of this order.

3. We should make this decision effective the date it is signed and allow applicants to institute their proposed fares with only five day's notice to the public in order to eliminate applicants' operating losses.

O R D E R

IT IS ORDERED that:

1. Applicants Trailways, Inc. and American Buslines, Inc., are authorized to establish the increased rates proposed in A.83-08-46, as amended, except that the user fee shall be .7 of one percent pursuant to D.83-10-089. 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, applicants shall post a printed explanation of their fares in their buses and terminals. The notice shall be posted at least 5 days before the effective date of the fare changes and shall remain posted for at least 30 days.

4. Applicants are authorized 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 90 days after the effective date of this order to eliminate the use of conversion tables.

This order is effective today.

Dated NOV 22 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.  
President

VICTOR CALVO

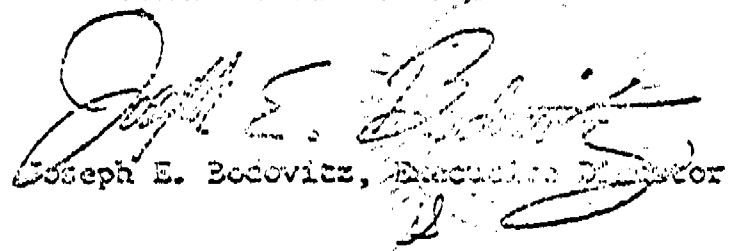
PRISCILLA C. CREW

WILLIAM T. BAGLEY

Commissioners

Commissioner Donald Vial, being necessarily absent, did not participate.

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

  
Joseph E. Bedovitz, Executive Director