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Decision No. 91149 DEC 18 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GREYHOUND LINES,)
 INC. for an order authorizing a)
 statewide fuel surcharge on)
 Intrastate passenger fares and)
 express rates and GREYHOUND)
 LINES, INC., 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., for an order)
 authorizing a statewide fuel)
 surcharge on interline express)
 rates.)

Application No. 59041.
(Filed August 3, 1979)

OPINION

Greyhound Lines, Inc. (Greyhound) is the largest intercity bus operator in California, providing passenger stage and express services pursuant to Commission certificate No. PSC-1. Greyhound also provides certain local commute and suburban services pursuant to this authority. Additionally, Greyhound offers statewide charter bus service as authorized by Commission certificate No. TCP-12A.

By this application, Greyhound seeks authority to increase its passenger stage fares and express rates by 2.7 percent to offset recent increases in the cost of fuels.

In support of this application, Greyhound alleges that its July 31, 1979 contract price of fuel represented a 45 percent increase over the price of fuel utilized in Application No. 58347 (and which has subsequently been granted by Decision 90740 on August 28, 1979); Also, that Greyhound used 906,000 gallons of fuel in its California intrastate service in the month of June, 1979; and that when the July 31, 1979 price of \$0.5347 per gallon is compared with the rate used in A. 58347, the increased cost is in excess of \$149,500 for that one month period.

Pursuant to a Commission staff request for additional data substantiating the need for this fare increase, applicant advised that its transportation expenses for the year ending June 30, 1978, as adopted by Decision 90740, included \$2,122,085 for California intra-state fuel, reflecting an average fuel cost of \$0.3453 per gallon,

SS Also, that the statement of operation for 1979 set forth at page 17 of Decision 90740 included an additional \$133,712 as the estimated increase in fuel expenses for that year over the fuel expenses incurred in the historical year ending June 30, 1978. *Applicant stated* Further, that its weighted average price of fuel in California had reached \$0.6529 per gallon as of September 15, 1979, this representing a 77.85 percent increase in fuel costs between the \$0.3671 per gallon anticipated for the rate year in Decision 90740, and the level of cost actually experienced as of September 15, 1979 (indicating that a 3.18 percent fare increase would be necessary to provide sufficient revenues to fully offset this increased fuel cost).

SS The other applicants in this proceeding are passenger stage corporations that provide service on an interline basis with Greyhound in California, and are smaller carriers whose fares and rates we have traditionally set on a combined record with Greyhound's for efficiency's sake.

SS The application was listed on the Commission's Daily Calendar on August 6, 1979. Additionally, the Commission staff notified public transit operators and planning agencies of the filing of this application pursuant to California Public Utilities Code Sections 730.3 and 730.5. Several responses were received including letters from the Monterey Peninsula Transit District, the Placer County Public Works Department, the California Tahoe Regional Planning Agency, and the Tulare County Association of Governments. Of these, only the letter from Placer County offered specific comments, recommending consideration of the "discontinuance of some non-productive lines," the impact of fixed income riders between Auburn and Sacramento, and Proposition XIII. As regards these items, we have considered them

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and are of the view that the requested 2.7 percent fare increase would have only small effect on riders, and while we share the concern to keep fares as low as is reasonably possible, applicants have demonstrated the need for this small fare increase. The recent escalation in fuel prices is impacting our entire economy, and it would be unrealistic to expect the private sector to continue to invest capital in providing passenger transportation services in the absence of an ability to offset these increases in fuel cost. As noted, the increase we will authorize in the Order that follows is relatively small and therefore should not have a significant adverse impact on passengers; we are of the view that same would not justify a reduction in the availability of passenger bus services as has been suggested by Placer County. Finally, we have already considered the effect of Proposition XIII's tax savings on Greyhound's fare structure and in accordance with our Order in Decision 89207, these tax savings have already been "passed through" to the passengers and are reflected in the present fares. No protests have been received to the granting of this application. The estimated increase in revenues to be derived from the granting of this application is \$1,489,300.

After consideration, the Commission finds that the increase in fares authorized by this decision ~~are~~^{is} justified and reasonable, ~~also~~^{and} that the proposed fares are justifiable in light of the President's Guidelines for Wage and Price Increases as necessary to ensure the continued viability of this passenger transportation service. A public hearing on this application is not necessary. The application should be granted.

O R D E R

IT IS ORDERED that:

1. Greyhound Lines, Inc. (Greyhound) is hereby authorized to establish the increases in its California intrastate passenger fares and express rates proposed by Application No. 59041 to the extent such increases in fares and rates do not exceed 2.7 percent, and minimum one-way fares applicable between fare points that are eight miles apart do not exceed 70 cents. When computing the increased fares and rates authorized herein, Greyhound's rule for the disposition of fractions shall apply subject to the following modifications:

- a. Passenger Fares: Increased fares to be adjusted to the nearest cent as proposed by Greyhound, except in areas where exact fares are required, increased fares shall be adjusted to the nearest 0 or 5 cents (2.50 cents being considered nearest to the next higher amount ending in 0 or 5 cents).
- b. Express Rates: Increased rates to be adjusted to the nearest 0 or 5 cents (2.50 cents being considered nearest to the next higher amount ending in 0 or 5 cents).

2. Pending establishment of the specific fares authorized in paragraph 1 hereof, Greyhound is authorized to make effective increases in passenger fares published on a point-to-point basis by means of appropriate conversion tables, providing that the resulting increased fares do not exceed the fares authorized in paragraph 1 hereof and that tariffs containing such fares, and all other tariff changes previously authorized by prior orders, are republished within six months after the effective date of this order to eliminate the use of the aforementioned conversion tables.

3. Greyhound and the other applicants named in the heading to this decision and order are authorized to increase their interline express rates by 2.7 percent as set forth in paragraph 1. The requested waiver of Rule 23 of the Commission's Rules of Practice and Procedure by all named applicants herein other than Greyhound is granted.

4. Tariff publications authorized to be made as a result of the order herein may be made effective on not less than five days' notice to the Commission and the public.

5. The authority granted herein shall expire unless exercised within ninety days after the effective date of this order.

6. In addition to the required posting and filing of tariffs, Greyhound shall give notice to the public by posting in its buses and terminals a printed explanation of its fares. Such notice shall be posted not less than five days before the effective date of the fare changes and shall remain posted for a period of not less than thirty days.

7. Applicants, in establishing and maintaining the fares and express rates authorized hereinabove, are hereby authorized to depart from the provisions of Section 460 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding authorization is hereby modified only to the extent necessary to comply with this order; and schedules containing the rates published under this authority shall make reference to the prior orders authorizing long- and short-haul departures and to this order.

The effective date of this order is thirty days from the date hereof.

Dated DEC 18 1979, at San Francisco, California.

John E. Guyon President
Vernon L. Sturgeon
Robert D. Howell
Clair J. Dwyer
Lynette M. King Commissioners