

Decision No. 91754 MAY 6 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of Application of Mark IV Charter Lines, Inc. for the authority to increase commuter passenger rates.	}	Application No. 59218 (Filed October 18, 1979)
--	---	---

O P I N I O N

Mark IV Charter Lines, Inc., a corporation, is operating as a passenger stage corporation (PSC-889) in home to work service between certain points in Los Angeles County on the one hand and the McDonnell-Douglas Huntington Beach Plant on the other hand and in ski bus service between certain points in Los Angeles, San Bernardino, Orange and Ventura Counties on the one hand and Mammoth Mountain Ski Resort on the other hand. Applicant also conducts charter bus service under Class "A" Certificate No. TCP-171-A.

By this application, Mark IV seeks to increase passenger fares by an average of approximately 53 percent on its ski bus transportation service as set forth in Application 59218.

The present fares were established by Decision No. 83346, dated August 27, 1974 in Application No. 54747.

In support of the application, applicant states that the inflation has risen astronomically during the past six years. The operating costs such as fuel and insurance have more than doubled. Maintenance parts and labor and wages have increased well over fifty percent. The applicant also alleges that when the present fares were established the promotional expenditures were not considered. Through the years of operation it has become evident that a great deal of advertising is very essential to increase patronage. Promotional costs are very high. The results of the promotional costs will partially offset expenses and the fare increase is necessary to offset the remainder.

Applicant further alleges that the requested fares are in parity with the fares of other carriers for the similar services.

Kopechy Lines operates a similar service from San Diego and the round trip fare authorized in 1975 is \$34.00. Greyhound Lines' round trip fare from Los Angeles to Mammoth Lake is \$37.75. Applicant's requested round trip fare of \$29.00 from Los Angeles to Mammoth Lake is considerably less than the fare charged by Greyhound.

The staff of the Transportation Division has made an analysis of the applicant's operations and has prepared an estimated results of operations based on the 1980-1981 Ski Season operation under both present and proposed fares, which is summarized as follows:

<u>Item</u>	<u>Present Fares</u>	<u>Proposed Fares</u>
Revenue	\$ 25,300	\$38,900
Expenses	35,000	36,800
Operating Income (Loss)		
Before Taxes	(9,700)	2,100
Operating Ratio		
Before Taxes -%	138.3	94.6

As indicated by the above table, the carrier's operation under the present fares will result in an operating ratio of 138.3 percent, with a net operating loss of \$9,700 before taxes. The requested fare increase will result in an operating ratio of 94.6 percent, with a net operating income of \$2,100 before taxes. The fare increase herein sought will produce an additional annual gross revenue of \$13,600.

It has been nearly six years since applicant last received a fare increase. The requested 53 percent fare increase represents an average of approximately 8.8 percent increase per year.

The proposed fares comply with the President's Guidelines for Wage and Price Increases and are necessary to ensure the continued viability of this transportation service.

Notice of this application appeared in the Commission's Daily Calendar. Additionally, the Commission staff notified affected public transit operators and planning agencies of the filing of the application, pursuant to California Public Utilities Code Sections 730.3 and 730.5. No protests have been received. A public hearing is not necessary.

F I N D I N G S

After consideration, the Commission finds that:

1. Since the applicant's present rates were established August 27, 1974, it has experienced increases in operating expenses the most significant being fuel, salaries and wages, insurance, maintenance parts and labor, and advertising.
2. The requested fare increase will result in an additional annual gross revenue of approximately \$13,600.
3. The fare increase requested in Application No. 59218 is justified.
4. The proposed fares comply with the President's Guidelines for Wage and Price Increases.
5. A public hearing is not necessary.

The Commission concludes that the application should be granted.

O R D E R

IT IS ORDERED that:

1. Mark IV Charter Lines, Inc. is authorized to establish the increased fares proposed in Application No. 59218. Tariff publications authorized to be made as a result of this order may be made effective not earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and to the public.
2. Since this fare increase pertains to the Winter Ski Season, this authority shall expire unless exercised prior to December 31, 1980.
3. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in its operating vehicles 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.

The effective date of this order shall be thirty days after the date hereof.

Dated MAY 6 1980, at San Francisco, California.

John S. Bryson
President

William L. Sturgeon

Richard W. Kavalik

Clare J. DeSantis

Samuel W. Pennington
Commissioners