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Decision No. 92429 NOV 18 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of the Gray Line Tours	)	
Company for an Order authorizing	)	Application No. 59865
application of a 1.5 percent	)	(Filed August 8, 1980)
surcharge to offset increases	)	
in the cost of diesel fuel.	)	

O P I N I O N

The Gray Line Tours Company (Gray Line), a California corporation, operates as a passenger stage corporation (PSC-522), conducting sightseeing and special event bus services over various routes and tours in Southern California.

By this application, Gray Line seeks authority to impose a surcharge of an average of 1.5 percent on all presently existing adult and child fares, as reflected in applicant's local Passenger Tariff No. 24, to offset the increased cost of diesel fuel.

The practical effect of the proposed surcharge will be to increase fares as shown below:

<u>Duration of Tour</u>	<u>Increase in Fares</u>	
	<u>Adult</u>	<u>Child</u>
Three quarters and all day	\$0.25	\$0.30
One-half day or less	0.10	0.10

Discussion

Gray Line's last fare increase to offset cost of fuel was granted by Decision No. 91150, dated December 18, 1979, as amended by Decision No. 91180, dated December 21, 1979.

Decision No. 91150 authorized Gray Line to increase its fares by 45 cents per adult for all-day tours, and by 25 cents per adult for one-half day tours.

As noted, applicant did not seek nor was it granted increases in child fares in connection with the above identified

fuel offset proceeding. This omission explains why the proposed increases provide for an increase in child fares in an amount equal to or greater than the proposed increases in adult fares.

The fare increase requested herein, coupled with increased authorized by Decision No. 91150, would produce combined fuel offset increases in the following amounts:

<u>Duration of Tour</u>	<u>Increase in Fares</u>	
	<u>Adult</u>	<u>Child</u>
Three quarters and all day	\$0.70	\$0.30
One-half day or less	0.35	0.10

Applicant alleges that in January of 1980, its fuel cost was at 72.8 cents per gallon. As of June 24, 1980, such cost escalated to 95.2 cents per gallon.

During the 12-month period ended March 31, 1980, applicant consumed 607,038 gallons of diesel fuel in conducting its passenger stage services, resulting in an annual fuel cost increase of \$135,977 (607,038 gallons at 22.4 cents per gallon). Such increase of \$135,977 represents 1.5 percent of applicant's gross sightseeing revenues of \$9,037,644 for the same 12-month period. By contrast, applicant estimates that the requested fare increase, if in effect during the same period, would have generated an additional net revenue of \$135,528 (after deductions for commissions and association dues it pays based on its gross revenues) which is virtually identical to the fuel cost increase of \$135,977.

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Application<sup>nt</sup> requests that any rate increase authorized by the Commission be made effective January 1, 1981 in order to avoid additional printing costs associated with sales brochures, agent tickets and the International Gray Line Sightseeing Sales and Tour Guide, all of which have historically been revised effective the first day of each year.

This application was listed on the Commission's Daily Calendar. 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. No protests to this application were received.

The proposed fares comply with the President's Guidelines for Wage and Price Stability and are necessary to ensure the continued viability Gray Line's transportation service.

Findings of Fact

1. Gray Line seeks authority to increase sightseeing passenger fares by an average of 1.5 percent to offset the increased cost of diesel fuel. ✓ SS
2. Applicant's fuel cost increased by 22.4 cents per gallon from January 1, 1980 to June 24, 1980, or an annual fuel cost increase of \$135,977, based on the 12-month fuel consumption ended March 31, 1980.
3. The requested fares would have produced an additional annual revenue of \$135,528, based on the 12-month operations ended March 31, 1980.
4. The relief herein sought would not have resulted in revenues in excess of the increased fuel cost.
5. The proposed fares are necessary to ensure the viability of Gray Line's services.
6. The fare increase requested in Application 59865 is justified.
7. No protests have been received concerning this application.
8. A public hearing is not necessary.

Conclusion of Law

The fare increase requested in Application No. 59865, is just and reasonable and should be granted.

O R D E R

IT IS ORDERED that:

1. The Gray Line Tours Company is hereby authorized to establish the increased fares as proposed by Application No. 59865, filed August 8, 1980. Tariff publications authorized to be made as a result of this order may be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and to the public. ✓

2. This authority shall expire unless exercised within ninety days after the effective date of this order.

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 NOV 18 1980, at San Francisco, California.

Jal E. Byrne President  
James L. Sturgeon  
Richard D. Howell  
Clayton J. ...  
Samuel ... Commissioners