

Decision No. 92561

DEC 30 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of ANTELOPE VALLEY BUS, INC., a corporation, for authority to increase fares and change certain tariff rules for the transportation of passengers between points in Los Angeles, Kern, and Orange Counties, to offset increases in operating costs.

Application No. 59771
(Filed June 27, 1980)

O P I N I O N

Antelope Valley Bus, Inc. (applicant) is a passenger stage corporation (PSC-639) engaged in the transportation of passengers, baggage, mail, and express over various routes authorized by the Commission, including home-to-work commuter bus routes to Edwards Air Force Base and downtown Los Angeles, local transit routes in the Lancaster area, and excursion routes from the Lancaster area to various other points in Southern California. In addition, applicant operates charter bus service pursuant to Commission certificate TCP-13A.

By this application, applicant seeks authority to increase its passenger stage fares and change certain rules and regulations. The proposed fares are set forth in Exhibit B of the application. The fares sought to be increased by this application were last adjusted by the Commission in its Decision 84656, dated July 8, 1975. Applicant states that since the last general fare adjustment, it has incurred increases in operating expenses; especially fuel, which has increased from 36.7¢/gallon in 1975 to 90.5¢/gallon today, not including taxes. Other operating expenses, including mechanics' wages, drivers' wages, worker's compensation, and payroll taxes, have also increased.

The Transportation Division staff has performed an engineering-economics analysis of the carrier's operations as set forth in the application. The carrier's separation and allocation of expenses to these routes is reasonable. Based on these calculations, the Edwards commuter routes, which are the subject of this application, operated in

the historic year 1979 with revenue of \$415,055 and expenses of \$492,272, for a net loss (after taxes) of \$74,542. For a rate year of July 1, 1980 through June 30, 1981, this loss would increase to \$96,233 in the absence of any rate relief. This figure reflects a tax credit adjustment by the staff. With the requested fare increase, however, the loss would be eliminated and these important commuter bus services would be restored to a viable operation.

A summary of these data follows:

	<u>HISTORIC YEAR 1979</u>		<u>TEST YEAR 7/1/80 - 6/30/81</u>			
			<u>: At Present Fares</u>		<u>:At Proposed Fares</u>	
	<u>Total Company</u>	<u>:Commuter</u>	<u>: Total Company</u>	<u>:Commuter</u>	<u>:Total Company</u>	<u>:Commuter</u>
	<u>(incl.Charter)</u>	<u>:Routes</u>	<u>(incl.Charter)</u>	<u>:Routes</u>	<u>(incl.Charter)</u>	<u>:Routes</u>
Revenues	\$1,832,539	\$415,055	\$1,997,446	\$415,055	\$2,359,869	\$586,938
Expenses	1,688,530	492,272	1,881,533	557,416	1,881,533	557,416
Income Before Taxes	144,009	(77,217)	115,913	(142,361)	478,336	29,522
Income Taxes, est.	4,989	(2,675)	40,078	(46,128)	225,581	7,422
Income After Taxes \$	139,020	\$(74,542)	\$ 75,835	\$(96,233)	\$ 252,755	\$ 22,100
Operating Ratio - %	92.4	118.7	96.2	111.1	89.3	96.2

(Red Figure)

The resulting passenger fares are also reasonable when viewed in light of the fares other passenger stage corporations are currently authorized to charge for similar services.

In addition to the requested fare increases, applicant originally requested authority to file revised tariff rules that would replace its ten-ride commutation ticket with a weekly fare good for the week purchased with no refunds. A new economical four-week passenger fare would also be inaugurated, and one-way fares would continue to be offered, but subject to seating availability. Applicant explained that these rule changes are designed to provide a better service to its regular commuter passengers by enabling the carrier to determine in advance what number of coaches must be operated in any given week to ensure passengers proper seating. By a further communication to the Commission staff, applicant agrees to modify this proposal to allow credit for unused tickets when the passengers purchase tickets for the following week.

The Transportation Division recommends that, in the absence of protest, the application be granted by exparte order. Copies of this application were served on interested parties and the application was listed in the Commission's Daily Calendar. Additionally, the Commission staff notified affected public transit operators and planning agencies of the filing of this application pursuant to California Public Utilities Code Sections 730.3 and 730.5. Protest letters dated July 15 and August 11, 1980 were received from an attorney for the Hugh L. Dryden Flight Research Center at Edwards. However, this protest was withdrawn by letter dated October 24, 1980. One additional letter, questioning only the tariff rule change, was received from a passenger on one of the routes in question. We have considered the matter and are of the view that the proposed rule changes, as now modified by applicant, are reasonable in that they are calculated to enable the carrier to know how many coaches must be deployed on these routes to provide a seat for each passenger. Also, one way-fares, while not discounted, will still be offered. No other protests have been received.

While the fare increase authorized herein is an exception to the President's Guidelines for Wage and Price Stability, the proposed fares are reasonable and necessary to ensure the continued viability of this transportation service. Because these routes are currently being operated at a substantial loss, the effective date of this order should be the date hereof.

Finding of Fact

1. Since the present fares were established in 1975 applicant has experienced increases in operating expenses.
2. The proposed tariff rule changes will enable applicant to better allocate equipment and reserve space for passengers.
3. The requested fare increases, would result in an additional annual revenue of \$171,833, and an operating ratio of 96.2 percent.
4. The proposed fare increase is justified.

Conclusions of Law

1. The proposed tariff rule changes, as modified, are reasonable.
2. A public hearing is unnecessary.
3. The increased rates proposed by applicant are just and reasonable.

O R D E R

IT IS ORDERED that:

1. Antelope Valley Bus, Inc., is authorized to establish the increased passenger stage fares proposed in Application 59771 and to file the tariff rule changes as modified by applicant in this proceeding. Tariff publications authorized to be made as a result of this order shall be filed not earlier than the effective date of this order and 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.

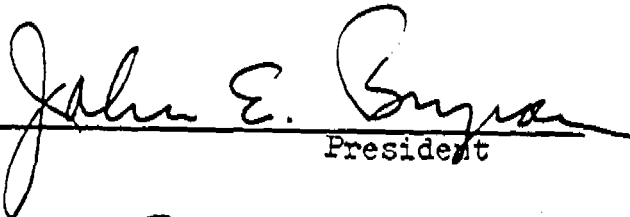
2. The authority shall expire unless exercised within ninety days after the effective date of this order.

3. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in its buses and terminals a printed explanation of its fares. Such notice shall be posted not less than ten 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 is the date hereof.

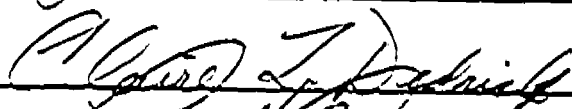
Dated DEC 30 1980, at San Francisco, California.

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.



President







Commissioners