

ORIGINAL

Decision No. 92740 FEB 18 1981

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
TRAILWAYS, INC., a Delaware cor-)
poration, and AMERICAN BUSLINES,)
INC., a Delaware corporation, for)
authority to increase one-way and)
round-trip intrastate passenger)
fares and express charges pursuant)
to Section 454 and 491 of the)
Public Utilities Code.)

Application No. 59846
(Filed July 30, 1980)

O P I N I O N

General Request

By this application, each of the applicants seeks authority to increase its California intrastate passenger fares and express rates by 17 percent.

Passenger Stage Operations of Applicants

Each applicant is presently conducting operations as a passenger stage corporation. Trailways, Inc. (Trailways) (PSC-838) conducts its operations generally between (i) San Francisco and Los Angeles and intermediate points via Stockton, Fresno and Bakersfield; (ii) Los Angeles and the California/Arizona state line at Needles and Blythe via San Bernardino and Riverside, respectively; (iii) San Francisco and Stockton and the California/Oregon state line generally via U. S. Highways 40 and 99. American Buslines, Inc. (American) (PSC-284) conducts its operations between (i) Los Angeles and

San Diego and most intermediate points via both U.S. Highway 101 and Long Beach; (ii) Sacramento and the California/Nevada state line; (iii) San Diego and the California/Arizona state line via El Centro; and (iv) Calexico and Los Angeles. Both applicants serve most intermediate points along the various routes. There are restrictions against local service within certain of the areas of higher population density along certain authorized routes.

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

American is a wholly owned subsidiary of Trailways.

Authority For Existing Fares and Rates

The existing California intrastate local and joint passenger fares and express rates of the applicants were established December 15, 1977 on authority of Decision No. 88161 dated November 29, 1977 on Application No. 57519.

Existing Proposed and Comparative Passenger Fares

By this application, each of the applicants seeks authority to increase its passenger fares as follows:

1. Increase all passenger fares by 17 percent.

2. Any increased one-way passenger fares resulting in an amount greater than 65 cents would be rounded to the nearest cent (.05 cent being considered nearest to the next higher amount).
3. The minimum one-way passenger fare would be 65 cents.
4. Round-trip passenger fares would be 190 percent of one-way passenger fares.

The following tabulation shows applicants' present and proposed one-way distance fares, minimum fares and round-trip fares and, for comparative purposes, the present Greyhound Lines, Inc. (Greyhound) fares:

ONE-WAY DISTANCE FARES

RATE PER MILE

M I L E S		<u>Trailways & American</u>		<u>Greyhound</u>	
<u>Over</u>	<u>- But Not Over</u>	<u>Present</u>	<u>Proposed</u>	<u>Present</u>	<u>With no Fare Less Than Fare For:</u>
0	25	\$.0743	\$.0869	\$.0882	Minimum Fare
25	50	.0693	.0811	.0823	25 Miles
50	100	.0654	.0765	.0777	50 Miles
100	150	.0598	.0699	.0711	100 Miles
150	200	.0572	.0669	.0679	150 Miles
200	250	.0557	.0652	.0661	200 Miles
250	300	.0547	.0640	.0649	250 Miles
300	400	.0533	.0624	.0634	300 Miles
400	---	.0522	.0611	.0621	400 Miles
Minimum Fare		\$0.60	\$0.65	\$0.70	
Round-Trip Fare		190%	190%	190%	

Prior decisions have authorized applicants to publish fares based on combinations over junction and main line points on the level authorized Greyhound in similar decisions.

Applicants request, in the case of a ticket covering travel over both branch line and main line routes, that the fare will be based on the full combination of fares. Applicants intend to continue all of their present rules and regulations in conjunction with the proposed fare structure set forth herein.

Existing and Proposed Express Rates

By this application, each of the applicants also seeks authority to increase its express rates, said increase to be applied as follows:

1. Increase rates on express shipments by 17 percent.
2. Any increased express rate not ending in "0" or "5" cents would be adjusted to the nearest "0" or "5" cents (2.5| being considered the next higher amount ending in "0" or "5" cents).

Attached to the application as exhibits are tables of applicants' existing express rates applicable to California intrastate express shipments, a table of applicants' proposed express rates applicable to

California intrastate express shipments, giving effect to the increase in express rates herein proposed and a table showing existing and proposed express rates applicable to daily shipments handled on a prepaid monthly basis when such shipments meet certain specifications.

Applicants intend to continue all of their present rules and regulations in connection with the express rates proposed herein.

Request to use Conversion Tables

If the fare increases herein requested are authorized, approximately six months will be required to rework all of the point-to-point fares within the State of California over the lines of applicants. Applicants hereby request that at such time as the Commission may authorize an increase in fares as requested herein, the Commission also authorize applicants to place said fares into effect by means of a conversion table, setting forth in the parallel columns, with appropriate notes and explanation in dollars and cents, the fares under the newly authorized rates.

Reasons for the Increases Herein Proposed

The applicants allege that the passenger fare and express rate increases herein proposed are required for the following reasons:

A. Applicants' presently effective passenger fares and express rates were established in December, 1977 and since then applicants have encountered substantial increases in their costs of operation and especially in such major direct operating costs as wages and fuel. Fuel costs have increased 4.7 percent, drivers' wages increased by approximately 13 percent, wages of mechanics and other maintenance employees went up over 20 percent, and wages of station employees increased approximately 22 percent.

B. Applicants' passenger fares and express rates authorized in Decision No. 88161 were set at the same level as those authorized for Greyhound in Decision No. 87632 which became effective August 8, 1977. Since said date, by several Decisions, Greyhound has been authorized to increase its rates a total of 18.06 percent. Applicants have encountered increases in costs in their California intrastate operations comparable to those of Greyhound. However, in the belief that by holding their fares and rates to existing levels, persons using private automobiles and encountering similar fuel and other increases in their transportation costs could be attracted to passenger stage travel, the applicants elected not to seek fare and rate increases concurrently with Greyhound. Applicants have had a significant increase in their California intrastate revenues over those initially projected at current effective fare and rate levels. But said revenue increases have not been sufficient to offset applicants' increases in costs.

Estimated Results of Operations

An estimated consolidated results of operations was prepared by applicants and attached as an exhibit to the application. The Commission's Transportation Division staff adjusted the estimate to include imputed charter revenue and to exclude nonoperating income and expenses. The adjusted estimate is as follows:

CONSOLIDATED TRAILWAYS & AMERICAN
CALIFORNIA INTRASTATE
RESULTS OF OPERATIONS FOR A TEST YEAR

<u>Item or Account</u>		<u>At Present Fares & Rates</u>	<u>At Proposed Fares & Rates</u>
<u>No</u>	<u>Description</u>		
<u>Revenues</u>			
3200	Passenger	\$2,710,700	\$3,171,600
3210	Charter	2,084,700	2,084,700
3400	Express	511,800	598,300
3900	Other	40,500	40,500
	Total Revenues	<u>\$5,347,700</u>	<u>\$5,895,100</u>
<u>Expenses</u>			
4100	Maintenance	\$ 829,500	\$ 829,500
4200	Transportation	2,206,400	2,206,400
4300	Station & Commissions	834,900	871,000
4400	Traffic & Advertising	218,300	218,300
4500	Insurance	216,100	216,100
4600	Administration & General	631,800	631,800
5000	Depreciation	205,100	205,100
5200	Operating Taxes	316,000	316,000
5300	Operating Rents	144,200	144,200
	Total Expenses	<u>\$5,602,300</u>	<u>\$5,638,400</u>
	Operating Income (loss)	<u>\$ (254,600)</u>	<u>\$ 256,700</u>
8000	Income Taxes	<u>(37,000)</u>	<u>37,300</u>
	Net Income (loss)	<u>\$ (217,600)</u>	<u>\$ 219,400</u>
	Operating Ratio	105.5%	96.3%
	(Negative Value)		

Notice to Public

This application was published on the Commission's Calendar on August 4, 1980.

In accordance with Public Utilities Code Section 730.3 the Commission staff notified all affected state and local agencies and corporations operating passenger transit systems of the application and asked them to analyze the effect of the proposed rate increase on transportation in their territories.

Only the City of Delano and the Tulare County Association of Governments (TCAG) responded to the notices. The City of Delano opposed the requested increases without presenting any reasons. TCAG wrote it would respond to the requested increases but no further response came forward.

This fare increase will not result in a significant decrease in patronage. The fare increase will not affect transit system plans prepared under Chapter 2.5 of Title 7 of the Government Code.

Findings of Fact

1. Applicants seek a general 17 percent increase in the California intrastate passenger fares and express rates.
2. Applicants' California intrastate passenger stage operations are being conducted at a loss on a consolidated basis.

3. The requested increase would result in additional annual revenue in the amount of \$574,400.

4. Applicants and Greyhound are competitive at substantially all common points of service.

5. The historical relationship between applicants' and Greyhound's passenger fares and express rates has been long established.

6. Applicants heretofore have been authorized to maintain their local and joint one-way and round-trip passenger fares and express rates on the same level as that authorized Greyhound. Present passenger fares and express rates are approximately 16 percent below the levels charged by Greyhound. The proposed fares and rates are approximately 1.5 percent below the levels charged by Greyhound.

7. It will require six months to revise applicants' tariffs.

8. A public hearing is not necessary.

9. Applicants' consolidated California intrastate passenger operations are operated at a financial loss.

Conclusions of Law

1. An increase of 17 percent in applicants' local and joint passenger fares and express rates is justified.

2. Pending the amendment of tariffs to reflect the increased passenger fares, the publication of the increased fares by means of a conversion table is justified.

3. The order herein should become effective on the date of issuance inasmuch as applicants' California intrastate operations are being conducted at a loss.

O R D E R

IT IS ORDERED that:

1. Continental Trailways, Inc., and American Buslines, Inc., are authorized to establish the increased passenger fares and express rates proposed in Application No. 59846 and are authorized to apply the tariff rules proposed in Application No. 59846.

2. Pending the filing of tariffs to reflect the increases authorized in Paragraph 1 hereof, 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 six months after the effective date of this order to eliminate the use of conversion tables.

3. 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.

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

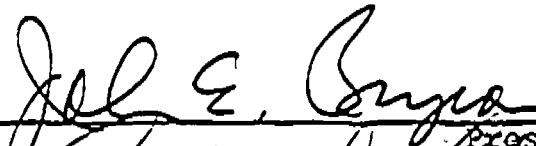
5. In addition to the required posting and filing of tariffs, applicants shall give notice to the public by posting in their buses and terminals a printed explanation of their fares. Such notices

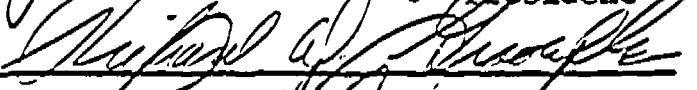
shall be posted not less than five days before the effective date of the fare changes and shall remain posted for a period of not less than thirty days.

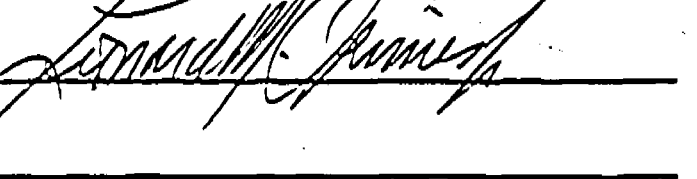
6. Applicants, in establishing and maintaining the passenger fares and express rates authorized hereinabove, are hereby authorized to depart from the provisions of Section 460 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorization; 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 the date hereof.

Dated FEB 18 1981, at San Francisco, California.



President




Commissioners