

Decision No. 92840 MAR 17 1981**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SOUTHERN CALIFORNIA COMMUTER BUS)
 SERVICE, INC., doing business as)
 COM-BUS, for authority to increase)
 rates on certain commuter routes,)
 Applicant.)

Application No. 60020
 (Filed October 22, 1980;
 amended December 10, 1980)

O P I N I O N

Southern California Commuter Bus Service, Inc., a California corporation, doing business as COM-BUS (PSC-943), is a passenger stage corporation transporting commuter passengers between various residential areas in Los Angeles and Orange Counties and employment centers in the Los Angeles Airport Area, the Los Angeles Civic Center, the Century City/Westwood area, and the Huntington Beach area.

The applicant seeks authority to increase its passenger stage fares as follows:

<u>R O U T E</u>	<u>PRESENT RATE \$/Week</u>	<u>PROPOSED RATE \$/Week</u>	<u>(%) INCREASE percentage</u>
1, WLA#2, WLA#3, WLA#4, WLA#6, CC-11, CC-12, NA-1, NA-2, NA-3, NA-4, NA-4a, NA-7, NA-7a, NA-8, SB-4, SB-4a, SB-4b, SB-7, SB-7a, SB-8, SB-8a, WLA#7: ALL STOPS EXCEPT AS NOTED BELOW.	19.00	23.00	21.1
WLA#9, SB-9: ALL STOPS	16.00	19.00	18.8
1, WLA#6, NA-1: ALL STOPS PRIOR TO CULVER DRIVE	22.00	26.00	18.2
NA-7, SB-7, WLA#7: ALL STOPS PRIOR TO VALLEY CIRCLE	22.00	26.00	18.2

<u>R O U T E</u>	<u>PRESENT RATE \$/Week</u>	<u>PROPOSED RATE \$/Week</u>	<u>(%) INCREASE percentage</u>
NA-7a: ALL STOPS PRIOR TO MALIBU CANYON ROAD	22.00	25.00	13.6
MDAC-1: ALL STOPS	18.00	21.50	19.4
MDAC-3,4: ALL STOPS	20.00	24.00	20.0
MDAC-5: ALL STOPS	17.00	20.00	17.6

The present fares were established by the Commission by Decision No. 90454, dated June 19, 1979.

A protest was filed with the Commission on January 8, 1981, by Robert Kale, a passenger on COM-BUS route MDAC-4. We have considered the protest in its entirety and find it unpersuasive. The merits of the protest are discussed below.

Applicant is a passenger stage corporation engaged in the operation of home-to-work commuter bus services, pursuant to a certificate of public convenience and necessity originally granted by the Commission by Decision No. 83120 in 1974, and as extended and/or modified in several subsequent proceedings. Commuter bus services such as applicant's play an important role in providing transportation and in helping to relieve the energy shortage facing this nation. This Commission is on record to encourage the development and expansion of passenger transportation services of all types in an effort to help solve the current energy crisis and fulfill the public's increasing needs for such services. In furtherance of this objective, the Commission's Bus Service Development Program staff is actively engaged in helping both new and existing carriers to design and develop passenger transportation services for the public to ride. Also, our regulatory processes are streamlined, especially for the certification of new commuter routes which can now be accomplished through the use of an expedited procedure involving a simple "fill-in-the-blanks" application form.

Nevertheless, operating costs are rising rapidly, particularly for such basic expenses as labor, fuel, equipment purchase, lease and/or charter. These costs should be held as low as possible consistent with reasonable service standards. Also, carriers should have the opportunity to earn a reasonable profit. Recovering expenses and having a reasonable profit must be covered by the revenues if existing passenger services are to remain viable, and to provide incentive for the development of new needed services. The pleadings in this proceeding and the Commission's public records (e.g., carrier's annual report) support the need for the requested rate relief. A summary of the estimated results of operations for applicant is as follows:

ESTIMATED RESULTS OF OPERATIONS

	<u>Historical Year</u>	<u>Rate Year (4/1/81 to 3/31/82)</u>	
	(1979) /1	<u>Present Fares</u>	<u>Proposed Fares</u>
Total Revenue	\$237,146	\$368,784 /2	\$443,664 /2
Total Operating Expenses	236,776	401,960 /3	401,960 /3
Operating Income	367	(33,176)	41,704
Income Taxes (est.)	200	200	10,794
Net Income	167	(33,376)	30,910
Operating Ratio (after taxes)	99.9%	109.1%	92.9%

/1 Reference: Applicant's 1979 Annual Report.

/2 Based on recorded patronage data in August, September, and October, 1980 (Application Exhibit D).

/3 Based on recorded expense data at January, 1981 service levels, and reflecting the replacement of a fulltime professional driver by a parttime commuter driver on route MDAC-4.

It is apparent that applicant is incurring a loss at the present fare levels, and a reasonable operating ratio will be achieved with the requested rate relief. In the absence

of the requested relief, applicant could not continue to provide these passenger stage services. Also, it is the total intrastate revenues and expenses of a utility service that determine its results of operations. An engineering economics separation and allocation of revenues and expenses on a route-by-route basis, as requested by protestant, would involve considerable additional staff time beyond that which is available. More importantly, it would not change the need for a fare increase in this proceeding. Such a detailed analysis is not indicated by the facts of record; protestant is a passenger on route MDAC-4 with a fare of \$20 per week. All of applicant's routes are similar, with similar fares. A detailed separations study could not, therefore, result in any significant shift in operating expenses from protestant's route to other COM-BUS routes. Revenues and expenses fluctuate from month to month on the several routes, and it is only through consideration of the service as a whole on a long-term basis that a meaningful picture of its revenue needs is discernible. Protestant is not being overcharged relative to other passengers for the service he receives.

Finally, protestant would have us rely on the apparently lower fares of another passenger stage corporation, not a party to this proceeding, for a home-to-work service on a route operated by that carrier. Fares may vary from one carrier to another due to a multitude of possible factors, including the type of equipment operated, the route distances, each carrier's labor costs, costs of insurance, patronage, and so forth. COM-BUS is the applicant in this proceeding and it is therefore the revenues, expenses, and routes of COM-BUS which are properly before us.

We are, of course, familiar with the service operated by the non-party carrier cited by protestant, and note that its equipment list on file with the Commission includes generally older operating equipment; also, it has a fare increase application pending before us at this time. In any event, the Commission's

public records include tariffs of many other passenger stage corporations' services, several of which include commuter bus routes at fares higher than those charged by applicant under either its present or proposed fares. The comparisons, while interesting, are not persuasive, and applicant's present and proposed fares are not unreasonable when viewed from such a perspective.

Notice of filing of this application and its amendment appeared in the Commission's Daily Calendars on October 29, 1980 and December 15, 1980, respectively; 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 were received except for that of Mr. Kale, which has been considered in its entirety and found unpersuasive.

The increases authorized herein are necessary to ensure the continuation of this transportation service.

Because the applicant is currently operating at a loss, the effective date of this order should be the date of signature.

Findings of Fact

1. Applicant is a passenger stage corporation seeking authority to increase passenger fares on several commuter bus routes in the greater Los Angeles area by 17.6% to 21.1%.
2. The requested fare increase would result in additional annual revenue to approximately \$74,880.
3. The proposed fare increases are justified.
4. A public hearing is not necessary.

Conclusion of Law

The requested passenger fare increases are just, reasonable, and nondiscriminatory, and the requested fares should be authorized.

O R D E R

IT IS ORDERED that:

1. Southern California Commuter Bus Service, Inc. is authorized to establish the increased passenger fares proposed in Application No. 60020. 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 passenger fares. Such notice shall be posted not less than five days before the effective date of the passenger 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 MAR 17 1981, at San Francisco, California.

John E. Byrne
President
Richard D. Lavelle
Thomas J. ...
Victor ...

Commissioners