

T/OAP/afm

Decision No. 92975 APR 21 1981

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GREYHOUND LINES,)
 for an order authorizing a state-)
 wide increase in Intrastate)
 passenger fares and express rates)
 and GREYHOUND LINES, INC., LAS)
 VEGAS-TONOPAH-RENO STAGE LINE,)
 INC., ORANGE BELT STAGES, a cor-)
 poration, PEERLESS STAGES, INC.,)
 VACA VALLEY BUS LINES, INC.,)
 DESERT STAGE LINES, and REDWOOD)
 EMPIRE LINES, INC., for an order)
 authorizing a statewide increase)
 in interline express rates.)

Application No. 59899
 (Filed August 25, 1980;
 amended November 4, 1980)

O P I N I O N

General Summary of Requests

By the basic application, Greyhound Lines, Inc., (Greyhound) seeks authority to increase its statewide intrastate passenger fares and express rates by 5.2%. By this same application, those passenger stage corporations which interline express shipments with Greyhound also ask to increase their intrastate express rates by 5.2%.

By the amendment to the application, Greyhound seeks authority, in the computation of its statewide intrastate passenger fares, to change the rounding from the nearest cent to the nearest multiple of five cents.

Greyhound, in both the basic application and the amendment, requests minor procedural exemptions from portions of the Commission's Rules of Practice and Procedure and the Public Utilities Code.

Passenger Stage Operations of Greyhound

Greyhound conducts operations as a passenger stage corporation (PSC-1) statewide. It serves almost all counties and cities, large and small, in California. It also operates statewide as a class A charter-party carrier of passengers (TCP-12A).

Authority For Existing Fares and Rates

The existing Greyhound California intrastate passenger fares and express rates were authorized by Decisions Nos. 91149 and 91179, dated December 18 and 21, respectively, in Application No. 59041 and became effective January 1, 1980.

Present and Proposed Passenger Fares

The following tabulation shows Greyhound's present and proposed one-way distance fares, minimum fares, factors to compute round-trip fares and rounding to nearest coin.

<u>Miles</u>		<u>Rate Per Mile</u>		<u>With No Fare Less Than the Fare For</u>
<u>Over</u>	<u>But Not Over</u>	<u>Present</u>	<u>Proposed</u>	
0	25	\$0.0882	\$0.0928	Minimum Fare
25	50	0.0823	0.0866	25 Miles
50	100	0.0777	0.0817	50 "
100	150	0.0711	0.0748	100 "
150	200	0.0679	0.0714	200 "
200	250	0.0661	0.0695	250 "
250	300	0.0649	0.0683	300 "
300	400	0.0634	0.0667	400 "
400	-	0.0621	0.0653	
Minimum Fare		0.70	0.75	
Round to Nearest Coin		0.01	0.05	
Round Trip		190%	190%	

Greyhound proposed to continue the methods of constructing fares as adopted by prior Commission decisions.

Present and Proposed Express Rates

The present and proposed Greyhound California intrastate express rates are presented on pages 4, 5 and 6 of Exhibit A attached.

to the basic application. The following Table 1 is an example of the rates shown in the exhibit and represents the rates for selected distances for shipments of over 30 pounds but not exceeding 40 pounds:

TABLE 1

<u>Distance Miles</u>		<u>Express Rate</u>	
<u>Over</u>	<u>Not Over</u>	<u>Present</u>	<u>Proposed</u>
0	25	\$ 3.60	\$ 3.80
75	100	5.00	5.25
175	200	6.05	6.35
400	500	7.50	7.90
800	900	10.60	11.15
1100	1150	12.45	13.10
Round to nearest multiple of:		\$ 0.05	\$ 0.05

Interline Express Shipments

The following passenger stage corporations join with Greyhound in seeking to increase by 5.2% the California intrastate joint express rates applicable to shipments moving on an interline basis:

1. Las Vegas-Tonopah-Reno Stage Line, Inc. (PSC - 144)
2. Orange Belt Stages, a corporation (PSC - 385)
3. Peerless Stages, Inc. (PSC - 21)
4. Vaca Valley Bus Lines, Inc. (PSC - 296)
5. Desert Stage Lines (PSC - 927)
6. Redwood Empire Lines, Inc. (PSC - 126)

It is anticipated that the proposed rate increase will not have a significant effect on the revenues of these carriers.

The precise amount of additional revenue which will accrue to above applicants from the proposed increase in interline express can only be determined by detailed studies. However, based upon available information, applicants believe that this application will increase total gross revenues of the six carriers named immediately above by approximately \$10,400 annually.

Since the increased revenues to be derived by all applicants from an increase in interline express rates is not significant, applicants other than Greyhound respectfully request that pursuant to Rule 87 of its Rules of Practice and Procedure, this Commission waive the informational requirements of Rule 23 to the extent such information was not included in the application.

Request to use Conversion Tables

Greyhound requests authority to put the proposed mainline, transit and commuter passenger fares into effect by means of filing appropriate conversion tables applicable to the tariffs presently filed with the Commission.

A summary of tariff and conversion table filings is as follows:

TABLE 2

<u>Decision</u>			<u>Application</u>			<u>Remarks</u>
<u>Number</u>	<u>Dates</u>		<u>Number</u>	<u>Date Filed</u>	<u>Date to replace Conversion Tables</u>	
	<u>Signed</u>	<u>Effective</u>				
87632	7/17/77	8/6/77	56073	1/28/77	4/8/78	Tariffs on File
90740	8/28/79	8/28/79	58347	9/11/78	4/28/80	Superseded by D91149
91149	12/18/79	1/17/80	59041	8/3/79	7/17/80	Conversion tables on file pending A59899

Reasons for the Proposed Increase in Fares and Rates

Greyhound has experienced an increase in its California intrastate operating expenses. The purpose of Greyhound's application to increase its California intrastate fares and rates is to provide Greyhound with additional revenues to meet the increased expenses so as to maintain an appropriate financial operating ratio.

In prior decisions the Commission has found that an operating ratio of 95% was not unreasonable for the Greyhound intrastate operations. The present fares and rates were found to be reasonable when related to, among other things, the expense levels of 1979. Since 1979 Greyhound has experienced increases in most of its expenses.

The unit expenses, dollars per mile, hour, gallon, etc. for the rate year (September 1, 1980 - August 31, 1981) of this application have increased since 1979. During that time interval unit costs have increased 16.5% for labor, 11.3% for tires and 126.6% for fuel. Materials and supplies have experienced similar increases. Labor-related expenses, such as pensions, health and welfare benefits and workers' compensation insurance have increased. Social Security and sales tax expenses have also increased.

As a result of these expense increases, at the present fares and rates Greyhound alleges it has been unable to maintain adequate earnings or an appropriate operating ratio.

Estimated Results of Operations

Greyhound has attached to this application and provided the Commission staff exhibits, workpapers and information concerning results of operations. The estimated results of operations found to be reasonable for the rate year 1979 by Decision No. 90740 in Application No. 58347 were used as a base year in the development for this application. The results of Decision No. 90740 were adjusted for changes in traffic and service, authorized fare and rate increases, and expenses. The charter revenues include the effect of a 25.5% increase in the per mile charter rates over those of 1979; this increase is more than the cumulative Commission authorized fare and rate increases of the same period.

Both the Commission staff and Greyhound made studies to determine the effect of a change in the rounding of fares from the nearest penny to the nearest nickel. Both studies concluded there would be no measurable change in the revenue to Greyhound or in the effect on the passengers.

The increases proposed in this application would provide \$2,708,000 in additional revenue.

A summary of the estimated results of operations is presented in Table 3.

TABLE 3

ESTIMATED RESULTS OF OPERATIONS
FOR
GREYHOUND INTRASTATE SERVICES

Dollar Amounts in Thousands

No.	Item or Account		Historical Year	Rate Year	
	No. (1)	Description (2)	1979 (D90740) Present Fares (3)	Sept. 1, 1980 - Aug. 31, 1981 Present Fares (4)	Proposed Fares (5)
<u>Revenues</u>					
1	3200	Passenger	\$38,666	\$47,539	\$49,820
	3210	Charter	8,502	10,926	10,926
	3400	Express	7,991	8,206	8,633
4	3900	Other	<u>1,259</u>	<u>1,259</u>	<u>1,259</u>
5	3000	Total Revenues	\$56,418	\$67,930	\$70,638
<u>Expenses</u>					
6	4100	Maintenance	\$ 7,135	\$ 8,261	\$ 8,261
7	4200	Transportation	19,390	27,292	27,292
8	4300	Station & Commissions	10,086	12,727	12,888
9	4400	Traffic & Advertising	1,114	1,159	1,159
10	4500	Insurance	1,741	1,880	1,880
11	4600	Administration & General	8,148	9,664	9,664
12	5000	Depreciation	2,125	2,125	2,125
13	5200	Operating Taxes	3,274	3,969	3,969
14	5300	Operating Rents	(204)	(204)	(204)
15	4&500	Total Expenses	<u>\$52,809</u>	<u>\$66,873</u>	<u>\$67,034</u>
16		Operating Income	<u>\$3,609</u>	<u>\$1,057</u>	<u>\$3,604</u>
17	8000	Income Taxes	1,517	444	1,515
18		Net Income	<u>\$2,092</u>	<u>\$613</u>	<u>\$2,089</u>
19		Operating Ratio, %	96.3%	99.1%	97.0%

(Red Figure)

Notice to Public

This application was published in the Commission's Daily Calendar on August 28, 1980; the amendment was published November 10, 1980.

The applicant notified the State of California, counties and cities as required by Rule 24 of the Commission's Rules of Practice and Procedure. As required by Public Utilities Code Section 730.3, applicant also notified all affected state and local public agencies and corporations operating passenger transit systems of the application and asked them to analyze the effect of the proposed fare increase on the transportation in their territories.

In accordance with Public Utilities Code Section 730.5, the Commission determines the proposed fare increase will result in an insignificant decrease in patronage. The fare increase will not affect transit plans prepared under Chapter 2.5 of Title 7 of the Government Code.

Only four statements concerning the proposed fares were received by the Commission. The City of South Lake Tahoe reported it was taking no action on the fares but expressed concern about excessive exhaust smoke from buses. The County of Inyo reported the fares as being in order. The City of Santa Rosa reported the fares would cause no impact on it's Municipal Transit. The City of Montebello reported no objection.

Findings of Fact

1. Greyhound seeks a 5.2% increase to its California intrastate passenger fares and express rates.

2. Greyhound conducts interline express services with six other passenger stage corporations and by this application Greyhound seeks to increase those intrastate interline express rates by 5.2%.

3. Greyhound seeks authority to change from rounding to the nearest one cent to rounding to the nearest multiple of five cents.

4. Greyhound seeks exemptions from procedural rules as related to this application which are minor in nature.

5. Estimated Results of Intrastate Operations are based upon a test or rate year of September 1, 1980 through August 31, 1981.

6. At present fares and rates Greyhound will have a 99.1% Operating Ratio, after Income Taxes.

7. At the proposed fares and rates Greyhound will have a 97.0% Operating Ratio, after Income Taxes.

8. The present fares and rates were authorized with consideration that a 96.3% Operating Ratio, after Income Taxes, was appropriate.

9. The proposed fares and rates will provide \$2,708,000 additional interstate revenue.

10. The change to rounding to the nearest multiple of five cents will not increase overall revenue to Greyhound or charges to patrons.

11. It takes several months to prepare Greyhound's tariffs.

12. A public hearing is not necessary.

Conclusions of Law

1. An increase of 5.2% in Greyhound's intrastate passenger fares and express rates is justified. The proposed fares are just and reasonable.

2. The change in rounding of intrastate passenger fares to the nearest multiple of five cents is justified.

3. The requested exemptions from procedural rules are minor and are justified.

4. 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.

5. The following order should become effective on the date of signature as Greyhound's California intrastate operations have been further eroded by continuing increases in costs since the time of filing.

O R D E R

IT IS ORDERED that:

1. Greyhound Lines, Inc., (Greyhound) is authorized to establish the increased passenger fares and express rates proposed in Application No. 59899, as amended, and is authorized to apply the tariff rules proposed in Application No. 59899, as amended.

2. Greyhound is authorized to round its intrastate passenger fares to multiples of five cents; \$0.075 to next \$0.024 to be rounded to a multiple ending in \$0.00 or \$0.10, \$0.025 to \$0.074 to be rounded to a multiple ending in \$0.05.

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

4. 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.

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

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

7. Greyhound, in establishing and maintaining the passenger fares and express rates authorized hereinabove, is 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. Schedules containing the rates published under this authorization 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 APR 21 1981, at San Francisco, California.

John E. Byron
President
Richard D. Howell
Samuel M. Smith
Victor Cabot
Frederic C. Knew
Commissioners