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ORIGINAL

Decision 93243 JUN 16 1981

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE GRAY LINE TOURS)
COMPANY for authority to increase }
fares as set forth in Local Pas- }
senger Tariff, Cal. P. U. C. 24. }

Application 60585
(Filed May 21, 1981)

O P I N I O N

The Gray Line Tours Company (Gray Lines), a corporation, conducts operations as a passenger stage corporation (PSC-522), engaging in sightseeing and special event bus services between points in Southern California, such area being geographically bounded by Santa Barbara on the north and the California-Mexico international boundary on the south. Gray Lines also offers general charter service under authority of the Commission (TCP-58A).

By Application (A.) 60585 applicant seeks a 15% increase in selected existing adult and child fares as reflected in its Local Passenger Tariff No. 24, and as shown on Exhibit C of the application.

Applicant's fares were last increased under Decision 92483, dated December 2, 1980, in A.60026.

Applicant alleges that there has been a serious drop in the number of passengers carried during the past months. Applicant attributes this downturn to the two following factors:

1. Within the recent past there has been a proliferation of newly certificated sightseeing carriers in areas where applicant once was the sole carrier.

2. There has been a dramatic decline in air travel into Southern California airports, as shown in Exhibit F of the application. As a substantial percentage of applicant's passengers consists of travelers arriving by airplane, a downturn in the number of such visitors also reduces applicant's business.

Applicant alleges that the requested fares are essential to make up for the loss of revenue because of the decrease in the number of sightseeing passengers.

Based on financial data contained in the application, the following table sets forth a summary of results of operations under present and proposed fares for a test year ending December 31, 1981.

	<u>Test Year Ending December 31, 1981</u>	
	<u>Present Fares</u>	<u>Proposed Fares</u>
Revenues	\$22,211,000	\$23,376,000
Expenses	21,282,000	21,418,000
Operating Income Before Income Taxes	929,000	1,958,000
Operating Ratio Before Income Taxes	95.8%	91.6%

As indicated by the above table, Gray Lines' operation in the test year ending December 31, 1981, under the present fares will produce an annual gross revenue of \$22,211,000, operating expenses of \$21,282,000, a net operating income of \$929,000, with an operating ratio of 95.8% before income taxes. The proposed fares will result in an annual gross revenue of \$23,376,000, an annual gross revenue increase of \$1,165,000, and an operating ratio of 91.6% before income taxes.

Notice of the filing of this application appeared on the Commission's Daily Calendar of May 26, 1981. No protests or request for public hearing have been received.

The Commission notified affected public transit district operators of the application under Public Utilities (PU) Code §§ 730.3 and 730.5, and the Commission requested the public agency to prepare an analysis of the effect of the fare increase on overall transportation problems within the territory served by the public transit system. No response has been received from any public transit district. 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. Applicant seeks a 15% increase in its California intrastate sightseeing fares to make up for the loss of revenue due to the drop in the number of sightseeing passengers.
2. Under the present fare structure during the test year ending December 31, 1981, Gray Lines will be operating at an operating ratio of 95.8% before income taxes.
3. The requested fare increase will result in an additional annual gross revenue of \$1,165,000, with an operating ratio of 91.6% before income taxes.
4. A 91.6% operating ratio before taxes for Gray Lines is reasonable for granting the requested fare increase.
5. The fare increase requested in A.60585 is justified.
6. No protests have been received, and a public hearing is not necessary.
7. Since the fare increase is necessary to ensure applicant's continued operations, the effective date of this order should be the date of signature.

Conclusion of Law

The increased fares are reasonable and justified and should be authorized.

ORDER

IT IS ORDERED that:

1. The Gray Line Tours Company is authorized to establish the increased fares proposed in Application 60585. Tariffs shall be filed not earlier than the effective date of this order. They may go into effect five days or more after the effective date of this order on not less than five days' notice to the Commission and to the public.

2. The authority shall expire unless exercised within 90 days after the effective date of this order.

3. In addition to posting and filing tariffs, applicant shall post a printed explanation of its fares in its buses and terminals. The notice shall be posted at least five days before the effective date of the fare changes and shall remain posted for at least 30 days.

This order is effective today.

Dated JUN 10 1981 , at San Francisco, California.

John E. Byron
President
Robert C. ...
James W. ...
Robert ...
Priscilla C. Green
Commissioners