

Decision 93751 NOV 13 1981

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GREYHOUND LINES,)
 INC. for an order authorizing a)
 statewide 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 60704
(Filed July 2, 1981)

O P I N I O N

In this application, Greyhound Lines, Inc. (Greyhound) seeks authority to increase its passenger fares and local and interline express rates by 7.5%. Minimum fare is proposed to be \$0.80 instead of \$0.75. Greyhound requests that it be permitted to apply the percentage increase to its present fares instead of to its present rates per mile, its historical method of increasing fares. No change is proposed with the method used in constructing round-trip fares or in rounding or in the mileage scale method of construction for express rates. By this application, those passenger stage corporations which interline express shipments with Greyhound also ask to increase their intrastate express rates by 7.5%.

The existing Greyhound California intrastate passenger fares and express rates were authorized by Decision (D.) 92975, issued April 21, 1981 in Application (A.) 59899, as amended, and made effective on May 4, 1981.

Greyhound states that it seeks passenger fare and express rate increases to recover increased operating costs and to provide revenue levels sufficient to produce a more reasonable rate of return. It estimates that passenger and express revenues generated by the proposed increases will amount to \$4,695,856 annually. It also estimates that the increased revenues of the six passenger stage corporations which interline express shipments with Greyhound will amount to approximately \$13,177 annually. The six passenger stage corporations are Las Vegas-Tonopah-Reno Stage Line, Inc., Orange Belt Stages, a corporation, Peerless Stages, Inc., Vaca Valley Bus Lines, Inc., Desert Stage Lines, and Redwood Empire Lines, Inc. Since the increased revenues to be derived from an increase in interline express rates is not significant, applicants other than Greyhound request that, under Rule 87 of the Rules of Practice and Procedure, the Commission waive the informational requirements of Rule 23 to the extent such information is not included in the application.

For 1980, Greyhound's California net income after taxes was \$1,429,000, and its intrastate operating ratio after taxes was 98.3%. It estimates that, at present fares and rates, its net income after taxes will be \$361,000 and its operating ratio will be 99.6%. At proposed fares it estimates that its net income after taxes will be \$3,164,000 and its operating ratio will be 96.5%. Estimated results of operations are shown in Table 1.

Greyhound has provided exhibits, worktables, and information concerning results of operations. Its books of account are maintained in accordance with Interstate Commerce Commission requirements, and adjustments for ratemaking purposes were made consistent with procedures adopted by the staff in prior rate cases. The separation and allocation of revenues and expenses from the system to state and intrastate operations are based on procedures prescribed by the "California Separations Manual", which was adopted by the Commission in prior proceedings. Operating expenses for the historical year 1980 were adjusted for known increases in wages, pension costs, health and welfare costs, federal Social Security taxes, fuel, income taxes, and other expenses to produce an operating statement for the rate year 1981.

In the continental United States, except California, Greyhound's tariffs have been revised from a manual to a computerized form of construction. Because of the magnitude of Greyhound's operation in California, in D.92975, the Commission granted Greyhound eight months or until December 21, 1981 to reissue its passenger tariffs. Proposed fares based on increasing present fares by 7.5% result in minor differences from fares obtained by increasing present rates per mile by 7.5%. Greyhound states that its program to computerize tariff revisions is well beyond the experimental stage and that it requests authority to put the proposed main line, transit, and commuter passenger fares into effect by means of conversion tables pending the revision of its California tariff structure to conform to a computerized program.

This application was published in the Commission's Daily Calendar on July 7, 1981.

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 (PU Code) Section 730.3, all affected state and local public agencies corporations operating passenger transit systems were notified of the application and were asked to analyze the effect of the proposed fare increase on the transportation in their territories.

No protests have been received by the Commission.

In accordance with PU Code Section 730.5, the Commission determined that 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.

Since there is a demonstrated need for a rate increase, the following order should be effective today.

Findings of Fact

1. Greyhound seeks a 7.5% 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 7.5%.
3. Greyhound seeks exemptions from procedural rules which, related to this application, are minor in nature.
4. Estimated results of intrastate operations are based upon a 1981 test year.
5. At present fares and rates Greyhound will have a 99.6% operating ratio, after income taxes.

6. At the proposed fares and rates Greyhound will have a 96.5% operating ratio, after income taxes. In the last decision which granted Greyhound a fare increase, D.92975, dated April 21, 1981, in A.59899 as amended, the estimated and adopted operating ratio, after income taxes, was 97.0%.

7. In D.83777, dated November 26, 1974, in A.54653, an operating ratio of 95.0% after taxes was found reasonable for Greyhound's California intrastate operations.

8. Greyhound seeks to apply the 7.5% increase to the present passenger fares instead of using the historical mile scale method of construction.

9. Proposed fares based on increasing present fares by 7.5% result in minor differences than if present rates per mile were increased by 7.5%.

10. Greyhound requests authority to put the proposed main line, transit, and commuter passenger fares into effect by means of conversion tables pending the revision of its California tariff structure to conform to a computerized program.

11. The proposed fares are reasonable and the rate increase is justified.

12. A public hearing is not necessary.

Conclusions of Law

1. An increase of 7.5% in Greyhound's intrastate passenger fares and express rates is just and reasonable.

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

3. Applying the 7.5% increase to the present passenger fares is justified.

4. Placing the proposed main line, transit, and commuter passenger fares into effect by means of conversion tables pending the revision of its California tariff structure to conform to the computerized program is reasonable.

O R D E R

IT IS ORDERED that:

1. Applicant Greyhound Lines, Inc. (Greyhound) is authorized to establish the increased rates proposed in A.60704. Tariffs shall be filed not earlier than the effective date of this order. They may go into effect 10 days or more after the effective date of this order on not less than 20 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 10 days before the effective date of the fare changes and shall remain posted for at least 30 days.

4. Pending the filing of tariffs to reflect the increases authorized in Ordering Paragraph 1, 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.

5. Greyhound, in establishing and maintaining the passenger fares and express rates, is authorized to depart from the provisions of PU Code Section 460 to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorization. Such outstanding authorization is 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.

This order is effective today.

Dated NOV 13 1981, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. CREW
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.

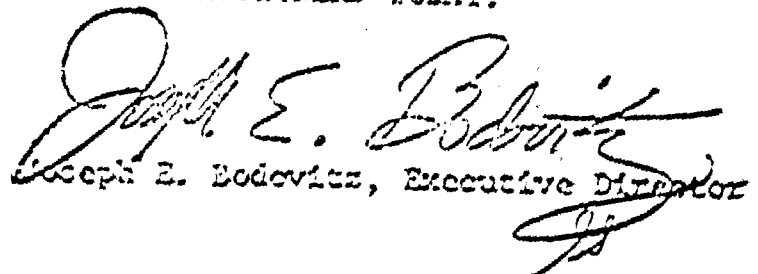

Joseph E. Bodovitz, Executive Director

TABLE 1

ESTIMATED RESULTS OF OPERATIONS
FOR
GREYHOUND INTRASTATE SERVICES

Line	Item or Account		Historical Year	Rate Year	Proposed
	No.	Description	1980	1981	
	(1)	(2)	Present Fares (3)	Present Fares (4)	Fares (5)
(Dollar Amounts in Thousands)					
<u>Revenues</u>					
1	3200	Passenger	\$61,286	\$64,014	\$68,110
2	3210	Charter	10,645	10,955	10,955
3	3400	Express	8,141	8,564	9,164
4	3900	Other	1,887	2,409	2,409
5	3000	Total Revenues	<u>\$81,959</u>	<u>\$85,942</u>	<u>\$90,638</u>
<u>Expenses</u>					
6	4100	Maintenance	\$ 9,948	\$10,480	\$10,480
7	4200	Transportation	32,164	35,199	35,199
8	4300	Station & Commissions	14,280	15,332	15,608
9	4400	Traffic & Advertising	2,558	2,591	2,591
10	4500	Insurance	2,369	2,381	2,381
11	4600	Admin. & General	10,950	11,536	11,536
12	5000	Depreciation	2,991	2,991	2,991
13	5200	Operating Taxes	4,534	4,951	4,951
14	5300	Operating Rents	(88)	(88)	(88)
15	4&500	Total Expenses	<u>\$79,706</u>	<u>\$85,373</u>	<u>\$85,649</u>
16		Operating Income	<u>2,253</u>	<u>\$ 569</u>	<u>\$ 4,989</u>
17	8000	Income Taxes	824	208	1,825
18		Net Income	<u>\$ 1,429</u>	<u>\$ 361</u>	<u>\$ 3,164</u>
19		Operating Ratio	98.3%	99.6%	96.5%

(Red Figure)