

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Coast Sightseeing Tours and Charters, Inc. for authority to add an additional service point in Burbank to scheduled passenger stage corporation service between points in Los Angeles, San Francisco, Oakland and Santa Jose and to extend a Zone of Rate Freedom (PSC 29151).

Application 12-11-013
(Filed November 8, 2012)

D E C I S I O N**Summary**

This decision grants the application of Pacific Coast Sightseeing Tours and Charters, Inc., using the trade name Megabus, a Florida corporation, pursuant to Pub. Util. Code § 1031 et seq., to expand its certificate of public convenience and necessity to operate as a passenger stage corporation (PSC), as defined in Pub. Util. Code § 226.

Authority Requested

Megabus holds a PSC certificate authorizing the transportation of passengers and their baggage between Los Angeles and San Francisco with stops in San Jose and Oakland, and between San Francisco and Sacramento. The certificate was granted by Decision (D.) 12-10-032.

Megabus also holds a PSC certificate authorizing the transportation of passengers and their baggage on a scheduled basis between points in cities of Anaheim, Buena Park, and Garden Grove, on the one hand, and Los Angeles International (LAX) and John Wayne (SNA) Airports, on the other hand. The certificate was granted by D.12-11-042.

Megabus requests authority to expand the PSC authority to add a point of service in Burbank on the Los Angeles-San Francisco via Oakland route and the Los Angeles-San Francisco via San Jose route.

Megabus is wholly owned by Coach USA, Inc., a holding company incorporated in Delaware that owns several bus companies operating in various parts of the United States. Coach USA, Inc. is wholly owned by Stagecoach Group, a public limited company (plc), a large publicly owned entity based in Scotland that owns transportation assets in the United Kingdom, the United States, and elsewhere.

Megabus believes there is a need for the proposed expanded service. The new Burbank stop would simply allow those in the Los Angeles metropolitan area that live closer to Burbank to utilize the Burbank stop rather than the Los Angeles stop. This additional stop would also attract individuals in the Burbank area that may be unwilling to travel to Los Angeles to catch a bus to San Francisco.

Proposed Fare Structure

Megabus proposes standard fares of \$45 between Los Angeles and San Francisco (and intermediate points Oakland and San Jose), \$44 between San Francisco and Burbank (and intermediate points Oakland and San Jose), and \$15 between San Francisco and Sacramento. Proposed fares during holiday peak times will be greater, as shown on Exhibit D, attached to the application. Megabus refers to these fares as “maximum” fares. It proposes to offer fares below the maximum based on the time of ticket sale relative to the date of travel and other factors associated with yield management. A limited number of \$1 fares will be offered on all bus trips. The Commission authorized this fare structure in D.12-10-032.

Zone of Rate Freedom

Megabus requests authority to establish a Zone of Freedom (ZORF) of 30% above and below the proposed maximum fares. It states that at all times it will be constrained by competition from other bus companies, airlines, and private automobiles. In these circumstances, Megabus asserts the proposed ZORF is reasonable and will reduce regulatory burdens should fares need to be adjusted.

Megabus does not have recent financial statement but indicates that it has the financial resources to conduct the service. Any financial support Megabus needs will come from its ultimate parent, Stagecoach Group, plc. Financial statements for Stagecoach Group, plc for the year ending April 30, 2012, are attached to the application as Exhibit F. They disclose revenues of approximately \$4.16 billion and assets of approximately \$2.69 billion.¹

Notice of filing of the application appeared in the Commission's Daily Calendar on November 27, 2012. Megabus served a copy of the application to the public transit operators in the service area and sent a notice of the application to the involved cities and counties.

In Resolution ALJ 176-3305 dated November 29, 2012, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protest has been received. Given this status, public hearing is not necessary, and it is not necessary to alter the preliminary determinations made in Resolution ALJ 176-3305.

¹ The financial statements are shown in UK pounds. The conversion factor used is 1.00 UK pound = 1.61 U.S. dollars.

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

Safety Considerations

In order to be authorized to commence operations as a passenger stage corporation, the applicant must comply with the following requirements in order to protect public safety: Proof of adequate insurance, compliance with the controlled substance and alcohol testing program pursuant to Pub. Util. Code §1032.1 and General Order Series 158, and enrollment in the pull notice system as required by Section 1808.1 of the California Vehicle Code.

Assignment of Proceeding

Emory J. Hagan, III is the assigned Examiner in this proceeding.

Findings of Fact

1. Megabus holds a PSC certificate granted by D.12-10-032 that authorizes the transportation of passengers and their baggage between Los Angeles and San Francisco with stops in San Jose and Oakland, and between San Francisco and Sacramento.

2. Megabus holds a PSC certificate granted by D.12-11-042 that authorizes the transportation of passengers and their baggage in scheduled service between points in the Cities of Anaheim, Buena Park, and Garden Grove, on the one hand, and LAX and SNA, on the other hand.

3. Megabus requests authority to expand the PSC authority to add an additional point of service in Burbank on the Los Angeles-San Francisco via Oakland route and the Los Angeles-San Francisco via San Jose route.

4. No protest to the application has been filed.

5. A public hearing is not necessary.

Conclusions of Law

1. Public convenience and necessity has been demonstrated and the request to expand the PSC certificate should be granted.
2. Since the matter is uncontested, the decision should be effective on the date it is signed.

O R D E R

IT IS ORDERED that:

1. The certificate of public convenience and necessity (CPCN) granted to Pacific Coast Sightseeing Tours and Charters, Inc. (Applicant), a Florida corporation, using the trade name Megabus, authorizing it to operate as a passenger stage corporation (PSC), as defined in Pub. Util. Code § 226, to transport passengers and their baggage between the points and over the routes set forth in Appendix PSC-29151 of Decision (D.) 12-11-042 is revised by replacing Revised Page 2 with Second Revised Page 2, subject to the conditions contained in the following paragraphs.
2. Megabus shall:
 - a. File a written acceptance of this certificate within 30 days after this decision is effective.
 - b. Establish the authorized expanded service and file tariffs and timetables within 120 days after this decision is effective.
 - c. File tariffs on or after the effective date of this decision. They shall become effective ten days or more after the effective date of this decision, provided that the Commission and the public are given not less than ten days' notice.
 - d. Comply with General Orders Series 101 and 158, and the California Highway Patrol (CHP) safety rules.

- e. Comply with the Commission's controlled substance and alcohol testing certification program pursuant to Pub. Util. Code § 1032.1 and Commission General Order Series 158.
- f. Remit to the Commission the Transportation Reimbursement Fee required by Pub. Util. Code § 423 when notified to do so.
- g. Comply with Pub. Util. Code §§ 460.7 and 1043, relating to the Workers' Compensation laws of this state.
- h. Enroll all drivers in the pull notice system as required by Vehicle Code § 1808.1.

3. Megabus is authorized to begin operations on the date that the Commission's Safety and Enforcement Division mails a notice to Megabus that its evidence of insurance and other documents required by Ordering Paragraph 2 have been filed with the Commission and that the CHP has approved the use of its vehicles for service.

4. Before beginning service to any airport, Applicant shall notify the airport's governing body. Applicant shall not operate into or on airport property unless such operations are authorized by the airport's governing body.

5. The revised CPCN to operate as PSC-29151, granted herein, shall expire unless exercised within 120 days after the effective date of this decision.

6. The Application is granted as set forth above.

7. This proceeding is closed.

This decision is effective today.

Dated _____, at San Francisco, California.

SECTION II. SERVICE AREAS.

- A. Cities of Los Angeles, Burbank, San Francisco, Oakland, San Jose, and Sacramento.
- B. Cities of Anaheim, Buena Park, and Garden Grove.
- C. Los Angeles International Airport (LAX).
John Wayne Airport (SNA).

SECTION III. ROUTE DESCRIPTION.

Route 1 - Commencing from San Francisco, then over the most convenient streets and highways to Sacramento.

Route 2 - Commencing from Los Angeles/Burbank, then over the most convenient streets and highways to San Francisco. Service may be provided via Oakland and/or San Jose.

Route 3 - Commencing from any point described in Section IIB, then over the most convenient streets and highways to either airport described in Section IIC.