

Decision

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Megabus West, LLC (PSC-30650) for authority to add additional service points and rates within Orange County to existing scheduled passenger stage corporation service between points in Los Angeles, Burbank, Oakland, San Jose, San Francisco and Sacramento and to extend a Zone of Rate Freedom.

Application 14-03-015
(Filed March 21, 2014)

D E C I S I O N G R A N T I N G A P P L I C A T I O N**Summary**

This decision grants the application of Megabus West, LLC, (PSC-30650) dba Megabus, a Nebraska limited liability company, pursuant to Pub. Util. Code §§ 1031 et seq., to expand its Certificate of Public Convenience and Necessity to operate as a Passenger Stage Corporation, as defined in Pub. Util. Code § 226, and to establish a new Zone of Rate Freedom, pursuant to Pub. Util. Code § 454.2.

Discussion

Megabus West, LLC, (PSC-30650) dba Megabus (Applicant), provides a scheduled Passenger Stage Corporation (PSC) service under a certificate granted by Decision (D.) 13-09-010. The certificate authorizes the Applicant to operate as a scheduled Passenger Stage Corporation (PSC) to transport passengers and their baggage between Los Angeles and San Francisco with intermediate stops in Burbank, San Jose and Oakland, and between San Francisco and Sacramento. The application requests authority to add service points within Orange County,

including the cities of Fullerton and Anaheim. The application also proposes increased fares for the Orange County stops as well as authority to extend its existing Zone of Rate Freedom (ZORF) to the proposed Orange County fares.

Applicant states there is a need by the public for the proposed expanded service. The addition of stops in Fullerton and Anaheim will allow those in the Los Angeles metropolitan area who live closer to Fullerton and Anaheim to utilize those stops.

Applicant proposes a temporary stop in Anaheim at 2025 S. Manchester Avenue until the opening of the Anaheim Regional Transportation Intermodal Center (ARTIC) in late 2014 at 1750 S. Douglass Road. ARTIC will be the future Anaheim stop. Applicant requests authority to add the Fullerton Stop and temporary Anaheim stop within 120 days of the granting of this application. Applicant requests authority to add the future Anaheim stop within one year as opposed to 120 days. We find this request to be reasonable.

Applicant indicates it has the financial resources to initiate and sustain the proposed service. Attached to the application as Exhibit D is Applicant's parent's (Coach USA's) balance sheet as of February 28, 2014, which discloses assets of \$761,099,000, liabilities of \$473,278,000, and net worth of \$287,821,000.

The proposed fares for the expanded service, listed in Exhibit E of the application, are \$10 higher than the other route fares due to the longer distance. The existing ZORF of plus and minus 30% approved in D.13-09-010 will be extended to the proposed fares. The minimum fare will be \$1. Applicant will compete with other PSCs, taxicabs, charter sedans and limousines, public transit, and private automobiles in their operations. This highly competitive environment should result in Applicant pricing its services at a reasonable level.

Notice of filing of the application appeared in the Commission's Daily Calendar on March 27, 2014. Applicant served a notice of the application to the affected cities, and counties, and transit authorities.

In Resolution ALJ 176-3333, dated March 27, 2014, 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 176-3333.

A California Environmental Quality Act review is not required because approval of the application will not have a significant adverse effect on the environment.

Safety Considerations

In order to be authorized to commence operations as a PSC, the Applicant must comply with the following requirements in order to protect public safety: Proof of insurance pursuant to General Order Series 101, 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 Vehicle Code.

Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

Assignment of Proceeding

Denise Tyrrell is the assigned Examiner in this proceeding.

Findings of Fact

1. Applicant operates as a scheduled PSC pursuant to D. 13-09-010 between Los Angeles and San Francisco, with intermediate stops in Burbank, San Jose and Oakland, and between San Francisco and Sacramento.

2. The application requests authority to expand Applicant's PSC certificate to include additional stops in Fullerton and Anaheim in Orange County. The Fullerton and a temporary Anaheim stop will be added within 120 days after this order is approved. The future Anaheim stop will be added within one year after this order is approved

3. D.13-09-010 authorized the Applicant to establish a ZORF of plus and minus 30% to its rates.

4. Applicant requests to extend the 30% ZORF to its proposed rates for Fullerton and Anaheim. The minimum fare will be \$1.

5. Applicant will compete with other PSCs, taxicabs, charter sedans and limousines, public transit, and private automobiles in their operations.

6. Applicant served a notice of the application to the affected cities, counties, and transit authorities.

7. No protest to the application has been filed.

8. A public hearing is not necessary.

9. A California Environmental Quality Act review is not required for this decision because it can be seen with certainty that there is no possibility that the activity in question may have a significant adverse effect on the environment.

Conclusions of Law

1. Public convenience and necessity has been demonstrated and the application should be granted.

2. The request for ZORF extension to the new stops should be granted because the ZORF is fair and reasonable.

3. Before Applicant changes any fares under the authorized ZORF, Applicant should be required to give this Commission at least ten days' notice. The tariff should show the high and low ends of the ZORF and the then currently effective fare between each pair of service points.

4. Because 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 granted to Megabus West, LLC, (PSC-30650) dba Megabus, a Nebraska limited liability company, 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-30650 below. Appendix PSC-30650 of Decision 13-09-010 is revised by replacing Original Page 3 with First Revised Page 3 shown on the last page of this decision, subject to the conditions contained in the following Ordering Paragraphs.

2. Megabus West, LLC, (PSC-30650) dba Megabus, shall:

- a. File a written acceptance of the revised certificate within 30 days after this decision is effective.
- b. Establish the authorized expanded service and file tariffs and timetables within one year after this decision is effective.
- c. File tariffs on or after the effective date of this decision. The tariff shall become effective ten days after the Commission and the public are given notice.
- d. Comply with General Orders Series 101 and 158, and the California Highway Patrol (CHP) safety rules.

- e. Comply with the controlled substance and alcohol testing certification program pursuant to Pub. Util. Code § 1032.1 and General Order Series 158.
- f. Remit to the Commission the Transportation Reimbursement Fee required by Pub. Util. Code § 423 when notified by the Commission to do so. Failure to comply with this filing will result in suspension and/or revocation of authority.
- 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 Section 1808.1 of the Vehicle Code.

3. Megabus West, LLC, (PSC-30650) dba Megabus, is authorized to extend its plus and minus 30% Zone of Rate Freedom to the new stops in Fullerton and Anaheim. The minimum fare is \$1.

4. Megabus West, LLC, (PSC-30650) dba Megabus, shall file a Zone of Rate Freedom (ZORF) tariff with the Commission and the public in accordance with the application at least ten days before the effective date of the tariff. The ZORF shall expire unless exercised within one year after the effective date of this decision.

5. Megabus West, LLC, (PSC-30650) dba Megabus, may make changes within the Zone of Rate Freedom by filing amended tariffs on not less than ten days' notice to the Commission and to the public. The tariff shall include the authorized maximum and minimum fares and the fare to be charged between each pair of service points.

6. Megabus West, LLC, (PSC-30650) dba Megabus, shall post notices explaining fare changes at all locations (online and on printed material) where their fares are posted. The notices shall be the same font type and font size as

those used for the fares. Such notices shall be posted at least ten days before the effective date of the fare changes and shall remain posted for at least 30 days.

7. Megabus West, LLC, (PSC-30650) dba Megabus (Applicant), is authorized to begin operating the expanded service on the date that the Safety and Enforcement Division mails a notice to Applicant that its evidence of insurance and other documents required by Ordering Paragraph 2 have been filed with the Commission and that the California Highway Patrol has approved the use of Applicant's vehicles for service.

8. The revised Certificate of Public Convenience and Necessity to operate as Passenger Stage Corporation (PSC-30650), granted herein, expires unless exercised within one year after the effective date of this decision.

9. The Application is granted as set forth above.

10. This proceeding is closed.

This decision is effective today.

Dated _____, at San Francisco, California.

SED/rff

Appendix PSC-30650 Megabus West, LLC dba Megabus First Revised Page 3
(a Nebraska limited liability company) cancels
Original Page 3

* SECTION II. SERVICE AREA.

Cities of Los Angeles, Burbank, Fullerton, Anaheim, San
Francisco, Oakland, San Jose, and Sacramento

SECTION III. ROUTE DESCRIPTIONS.

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

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