

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Uniform Cover and Calendar Sheet

1. REPORT DATE: September 16, 2004	2. BUREAU AGENDA NO. SEP-2004-TSM-0143 *
3. BUREAU: Transportation & Safety	
4. SECTION(S): M. C. S. & E.	5. PUBLIC MEETING DATE:
6. APPROVED BY: Director: Hoffman: 3-3846 Mgr/Spvr: Keezel: 3-5010 Legal Review:	September 30, 2004
7. PERSONS IN CHARGE: Minder 7-1168	9. EFFECTIVE DATE OF FILING: October 4, 2004
8. DOCKET NO.: A-00107294 R-00049825	

DOCKETED
OCT 15 2004
DOCUMENT FOLDER

- 10. (a) **CAPTION** (abbreviate if more than 4 lines)
- (b) **Short summary of history & facts, documents & briefs**
- (c) **Recommendation**

(a) **BUCKS COUNTY TRANSPORT, INC
INCREASE IN RATES**

(b) Bucks County Transport, Inc. is a Pennsylvania non-profit entity that furnishes paratransit service between points in Bucks County and from points in Bucks County to points in the counties of Northampton, Lehigh, Montgomery and Philadelphia, and vice versa, as more thoroughly described in the official tariff. The carrier has filed Tariff Paratransit Pa. PUC No. 11. The carrier is requesting a 14.3% increase in the charge for a one-way trip between points in Bucks County and not exceeding 20 miles from the point of origin to the point of destination.

(c) The Bureau recommends that the Tariff Paratransit Pa. PUC No. 11 as filed by the carrier be permitted to become effective October 4, 2004.

10. **MOTION BY:** Commissioner Chm. Fitzpatrick

Commissioner Thomas - Yes
Commissioner Pizzingrilli - Yes
Commissioner Holland - Yes

SECONDED: Commissioner Bloom

CONTENT OF MOTION: Staff recommendation adopted.

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

Public Meeting held September 30, 2004

Commissioners Present:

Terrance J. Fitzpatrick, Chairman
Robert K. Bloom, Vice Chairman
Glen R. Thomas
Kim Pizzingrilli
Wendell F. Holland

Pennsylvania Public Utility Commission
v.

Bucks County Transport, Inc.

A-00107294
R-00049825

ORDER

BY THE COMMISSION:

Bucks County Transport, Inc. (Bucks County Transport or carrier), furnishes paratransit service between points in Bucks County and from points in Bucks County to points in the counties of Northampton, Lehigh, Montgomery and Philadelphia, and vice versa, as more thoroughly described in the official tariff.

Bucks County Transport has filed Tariff Paratransit Pa. PUC No. 11 on April 14, 2004, and proposes an increase in total revenues of \$274,432. The current rates have been in effect since June 28, 2002. The proposed rate increase is to cover increased expenses of \$110,112 and to decrease the carrier's deficit from PUC operations by \$164,320. Bucks County Transport, Inc. reported a deficit of \$160,743 for the twelve (12) month period ended March 31, 2004 for its PUC operations.

Bucks County Transport's total revenue for the period ending 3/31/2004 was \$7,508,082. Total PUC revenues were \$3,384,301 and non-PUC revenues were \$4,123,782. Non-PUC revenues are derived from contracts with state and county agencies for medical assistance, MH/MR, and welfare to work programs, and according to the carrier, are restricted revenues that cannot be used to offset other program deficits.

The carrier proposes increasing the rate for one-way trips not exceeding twenty (20) miles, within Bucks County, from \$14.00 to \$16.00 per passenger.

The carrier submitted financial records and other supporting data in support of its request. The carrier currently has no outstanding fines or assessments.

REVENUES AND EXPENDITURES
APRIL 1, 2003 TO MARCH 31, 2004
CARRIER PROJECTED TOTALS
PUC OPERATIONS

	<u>Actual</u>	<u>Adjustments</u>	<u>Projection With</u> <u>Adjustments</u>
<u>Operating Revenues:</u>			
Paratransit Revenues	\$3,384,301	\$274,432	\$3,658,733
<u>Total Revenues:</u>	\$3,384,301	\$274,432	\$3,658,733
<u>Operating Expenses:</u>			
Salaries and Benefits	\$1,003,462	\$26,590	\$1,030,052
Contracted Services	1,539,452	-	1,539,452
Depreciation	103,805	-	103,805
Vehicle Fuels	94,863	15,169	110,032
Insurance	308,904	7,268	316,172
Interest	26,725	3,000	29,725
Professional Fees	53,630	13,000	66,630
Utilities	43,089	2,154	45,243
Materials and Supplies	21,797	2,180	23,977
Rent	70,335	2,839	73,174
Repairs & Maintenance	200,278	30,042	230,320
Other Expenses	78,704	7,870	86,574
<u>Total Expenditures:</u>	\$3,545,044	\$110,112	\$3,655,156
<u>Total Income (loss):</u>	(\$160,743)	\$164,320	\$3,577
<u>Operating Ratio Before Taxes:</u>	104.75%		99.90%

COMPANY CLAIMED ADJUSTMENTS TO REVENUES

Bucks County Transport provided computations for projecting revenues which included a reduction in the number of trips for shared ride passengers of 5% and a reduction in the number of trips for the general public of 3%. The projected decline in rider ship for shared ride trips was supported by historical data showing a decline in the number of rides from 2002 to 2003 (9.8%)

and from 2003 to 2004 (6.32%). The trend analysis submitted by the carrier supports a decrease of 5% for shared ride trips, but not for general public trips.

COMPANY CLAIMED ADJUSTMENTS TO EXPENDITURES

Bucks County Transport allocates costs between PUC and non-PUC funds. Direct costs are allocated directly to the affected program. Indirect costs are allocated based upon miles logged, hours logged, or number of trips depending on the type of expense.

Salaries and Benefits – are projected to increase by \$26,590, or 2.65%, due to a three (3%) percent across the board wage and salary increase effective July 1, 2004. In addition, employee benefits are anticipated to increase and two (2) full time positions are being eliminated. The carrier provided the computations necessary to support the overall projected increase.

Vehicle Fuels – Carrier projects that fuel expenses will increase by 15%. This projection was based upon prior years run rates and fuel cost surveys. Carrier's fuel expense for the test year is very low (\$207,033) for the mileage logged (2,824,833 miles). Carrier's officers stated that the vehicles are mostly diesel, which are more fuel efficient than gasoline vehicles, and that the carrier obtains fuel at lower cost through bulk purchases and by using state contracts when available.

Insurance – Carrier projects that insurance will increase by \$7,268, or 2.35% due to increases in vehicle insurance premiums and workman's compensation insurance.

Interest – Carrier projects an increase in interest expense of \$3,000, or 10%, due to anticipated increase in the prime rate. This projection is not adequately supported.

Professional Fees – Carrier provided a list of special initiatives and projects, including amounts budgeted for the projects. These include the development of an employee handbook, development of an internet site, increase in audit fees, and the formation of a vehicle accident review committee.

Utilities – Carrier projects a 5% increase in utilities due to inflation and high number of calls to the carrier's 1-800 telephone number. The projected increase is not supported.

Materials and Supplies – Carrier projects the cost of materials and supplies to increase by 3% due to inflation. This projection is not supported.

Rent – will increase in 2004 by 4% due to an increase in the rate per square foot from \$20.61 per SQFT to \$21.41 per SQFT.

Repairs and Maintenance – Carrier projects an increase of 15% due to the age of the fleet and the high mileage of the vehicles. We questioned the basis of the projection and requested some historical data to support the projection. Carrier provided support showing that repairs and maintenance have increased during the four (4) month period ending 7/31/2004 by 12.41% over the same period last year. Carrier claims that the increase will be higher in the winter months. The carrier has justified a 12.41% increase in repairs and maintenance expense.

Other Expenses – Carrier projected an increase of 10% due to current run rate. This increase is unsupported.

REVENUES AND EXPENDITURES
APRIL 1, 2003 TO MARCH 31, 2004
BTS ADJUSTMENTS

	<u>Actual</u>	<u>Adjustments</u>	<u>Projection With</u> <u>Adjustments</u>
<u>Operating Revenues:</u>			
Paratransit Revenues	\$3,384,301	\$278,624	\$3,662,925
<u>Total Revenues:</u>	\$3,384,301	\$278,624	\$3,662,925
<u>Operating Expenses:</u>			
Salaries and Benefits	\$1,003,462	\$26,590	\$1,030,052
Contracted Services	1,539,452	-	1,539,452
Depreciation	103,805	-	103,805
Vehicle Fuels	94,863	15,169	110,032
Insurance	308,904	7,268	316,172
Interest	26,725	-	26,725
Professional Fees	53,630	13,000	66,630
Utilities	43,089	-	43,089
Materials and Supplies	21,797	-	21,797
Rent	70,335	2,839	73,174
Repairs & Maintenance	200,278	24,854	225,132
Other Expenses	78,704		78,704
<u>Total Expenditures:</u>	\$3,545,044	\$ 89,720	\$3,634,764
<u>Total Income (loss):</u>	(\$160,743)	\$188,904	\$28,161
<u>Operating Ratio Before Taxes:</u>	104.75%		99.23%

BTS ADJUSTMENTS TO REVENUES

Carrier projected that general public trips would decline by 3% in 2004 from 9,262 trips to 9,000 trips. The carrier did not provide support verifying its projected decrease in the number of general public trips. Therefore, we adjusted the carrier's projected 9,000 trips to 9,262 trips. 9,262 represents the number of general public trips in 2004. This resulted in a \$4,192 adjustment (the additional 262 trips at \$16 per trip).

BTS ADJUSTMENTS TO EXPENDITURES

Interest – Carrier projects an increase in insurance expense of \$3,000 or 10% due to anticipated increase in the prime rate. This projection was not supported.

Utilities – Carrier projects a 5% increase in utilities due to inflation and the high number of calls to the carrier’s 1-800 telephone number. The projection is not supported.

Materials and Supplies – Carrier projects the cost of materials and supplies to increase by 3% due to inflation. This projection is not supported.

Repairs and Maintenance – Carrier projects an increase of 15%, and provided support for a 12.5% increase. BTS adjusted the projected increase to 12.41%

Other Expenses – Carrier projected an increase of 10% due to current run rate. This increase is unsupported. BTS eliminated this projection.

ANALYSIS

The carrier proposes a \$274,432 increase in revenue to offset increased expenditures of \$110,112 and to eliminate the deficit by \$164,320. After the Bureau of Transportation and Safety (Bureau) adjusted the carrier’s revenue projections, the Bureau projects the rate increase to generate \$278,624 in new revenues. The Bureau also projects that expenditures will increase by \$89,720, based upon documentation provided by the carrier in support of its request.

In 2003, the carrier reported a deficit of \$160,743 and an operating ratio of 104.75%. Under the proposed rates, after applying the Bureau’s adjustments for unsupported increases, the deficit would be eliminated and the carrier would report a surplus of \$28,161.

The adjustment to revenue made by the Bureau does not materially impact the amount of revenues projected from the rate increase. Additionally, the adjustments to the revenues and expenditures made by the Bureau do not materially impact the carrier’s projected surplus or their operating ratio.

The analysis of projected revenues did not include any impact from the fuel surcharge approved by the Commission under Special Permission No. 28208. The carrier’s proposed tariff includes a rule in which the carrier will not charge the fuel surcharge.

Our analysis included a review of the methodology used to allocate expenditures between PUC and non-PUC sources. The carrier demonstrated that it uses a fair and reasonable methodology to allocate expenditures. Direct costs are allocated directly to the related programs. Indirect costs are allocated on the basis of number of trips, number of hours, or mileage, depending on the nature of the expenditure.

Below is a summary of the rate change proposed by the carrier:

Per passenger charge between points in Bucks County not to exceed 20 miles from point of origin to point of destination.

Present Proposed

\$14.00

\$16.00

The proposed rate of \$16.00 per trip will increase revenues by \$2.00 per trip or \$278,624 for projected 139,312 trips

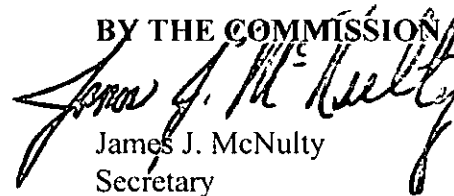
In regard to PA Public Utility Commission Special Permission No. 28208, Bucks County Transport, Inc. will forego the application of a fuel surcharge approved by the Commission.

CONCLUSION

We have determined that Bucks County Transport, Inc., has submitted the documentary justification to support the proposed increase of \$278,624, and that the increase is not of an excessive amount based on the operating ratio and net surplus. The carrier has no outstanding fines or assessments. The carrier avers that the increase will be sufficient to provide safe, dependable and continuous service to the public: THEREFORE,

IT IS ORDERED:

1. That Tariff Paratransit Pa. PUC No. 11, be approved to become effective October 4, 2004.
2. That a copy of this order be served upon the carrier.

BY THE COMMISSION

James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: September 30, 2004

ORDER ENTERED: September 30, 2004