

# Final Application Decision

<b>Application:</b>	<b>X71-09</b>
<b>Applicant:</b>	<b>Greyhound Canada Transportation ULC</b> (formerly Greyhound Canada Transportation Corp.)
<b>Address:</b>	877 Greyhound Way SW, Calgary, AB, T3C 3V8
<b>Principals:</b>	KENDRICK, Stuart J. LEACH, David S.
<b>Current Authorization:</b>	Passenger Transportation Licence 70414. The special authorization of Greyhound Canada Transportation ULC ("GCTU" or "Greyhound Canada") to operate inter-city buses, and the terms and conditions of licence that were approved by the Board on July 16, 2009, can be viewed online at <a href="http://www.th.gov.bc.ca/ptb/bus.htm">http://www.th.gov.bc.ca/ptb/bus.htm</a> .
<b>Type of Application:</b>	<b>Amendment of Licence</b> (Section 31 of the Passenger Transportation Act)
<b>Application "in brief":</b>	Greyhound Canada is applying to the Passenger Transportation Board to amend Part B of its passenger transportation licence respecting 8 inter-city bus routes in British Columbia. Proposed changes are summarized below: <ol style="list-style-type: none"><li>1. Reduce minimum frequency on route <b>B1</b> between <b>Kamloops and Kelowna</b>.<ul style="list-style-type: none"><li>• Reduce service at <b>Kamloops</b> from 3 to 2 trips daily in each direction.</li><li>• Reduce service between <b>Vernon and Kelowna</b> from 4 to 3 trips daily in each direction.</li></ul></li><li>2. Reduce minimum frequency on route <b>D</b> between <b>Kelowna</b> and the <b>Alberta border (Highway 3)</b>.<ul style="list-style-type: none"><li>• Reduce service from 2 to 1 trip daily in each direction.</li></ul></li><li>3. Reduce minimum frequency between <b>Kamloops</b> and <b>Vancouver</b> on route <b>N</b> from the Alberta border (at Highway 16) and Vancouver.<ul style="list-style-type: none"><li>• Reduce service from 2 to 1 trip daily in each direction.</li></ul></li><li>4. On route <b>Q</b>, eliminate <b>Coquitlam</b> as a route point and reduce minimum frequency between <b>Vancouver</b> and <b>Nanaimo</b>.<ul style="list-style-type: none"><li>• Reduce service from 8 to 6 trips daily in each direction.</li></ul></li><li>5. Eliminate <b>Coquitlam</b> as a route point on alternative route <b>QA</b> between Coquitlam/Vancouver and Nanaimo</li><li>6. Eliminate route <b>S2</b> between <b>Coquitlam</b> and <b>Whistler/Pemberton</b>.<ul style="list-style-type: none"><li>• The minimum route frequency is presently 1 trip daily in each direction.</li></ul></li><li>7. Reduce minimum frequency on route <b>T</b> between <b>Victoria</b> and <b>Nanaimo</b>.<ul style="list-style-type: none"><li>• Reduce service from 5 to 4 trips daily in each direction.</li></ul></li><li>8. Reduce minimum frequency on route <b>U</b> between <b>Nanaimo</b> and <b>Campbell River</b>.<ul style="list-style-type: none"><li>• Reduce service from 3 to 2 trips daily in each direction.</li></ul></li></ol>

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**Publication:**

Inter-city bus licensees applying to reduce routes or minimum route frequency must:

- send notice of the application to local governments of communities that are affected by proposed changes,
- post notice of applications at terminals, depots and agents' offices, and
- publish notices in community newspapers.

The Board accepts comments from the public with regard to these applications. The application was published in the PT Board Bulletin on May 6, 2009.

*Route B1*

The initial publication of application X71-09 contained an error with respect to Route B1 as it relates to the community of Falkland. To ensure that the public had an opportunity to comment, the Board required that Greyhound provide public notifications with corrected information for route B1.

Also, the Board re-published route B1 in the September 16, 2009, edition of the Board's Weekly Bulletin. The submission period for route B1 ended October 6, 2009.

*Route D*

With respect to Route D, it was noted in the preliminary decision of October 7, 2009, that the Board was notified on May 29, 2009 that the Nelson depot of Greyhound Canada Transportation ULC (GCTU) did not receive or post notice of the proposed changes respecting Route D. As further noted in that decision, GCTU undertook actions to correct this matter in Nelson and other locales where the notice had not been posted as required. Board staff confirmed, by reviewing "Copies of Newspaper Tear sheets" and "Copies of letters and notices" provided by the applicant, that the applicant met Board requirements with respect to notification of the public.

The Board is satisfied that GCTU has substantively met its public notice requirements as they pertain to the initial publication of application X71-09.

Note: This application was originally published in the name of Greyhound Canada Transportation Corp. Since publication, the applicant's name was changed and registered with the BC Corporate Registry (August 2009). This is a name change only.

**Amended  
Proposal: Route D**

After the Board published application X71-09, and before the Board decided to hold public meetings into the Greyhound Canada proposal to reduce service frequency on route D, Greyhound Canada wrote to the Board with a proposal to modify its application for the Kelowna – Nelson portion of route D. Instead of proposing a reduction from 28 to 14 trips per week, Greyhound Canada is proposing 20 trips per week. On October 7, 2009, these details were posted on the Board web page for bus applications. They were also communicated through public notices for 5 public meetings held in the Kootenays and at the public meetings themselves.

**Preliminary  
Decisions**

The Board considered the evidence in support of the MRF reductions presented by GCTU and all of the information submitted by other interested parties. On October 7, 2009, the Board issued a Preliminary Application Decision application X-71. On October 14, 2009, the Board issued another Preliminary Application Decision with respect to Route B1. Five of the route frequency reductions requested were approved in these preliminary decisions. The Board approved the elimination of Coquitlam as a route point. The Board approved the elimination of the route between Coquitlam and Whistler; however, it increased the minimum route frequency between Squamish and

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Whistler on its Vancouver-Whistler route.

The decisions included the caveat that the decisions on these routes were preliminary and subject to review should any matter arise in the Board's review of the whole application that related to any of the orders in the Preliminary Decision. We understand that GCTU is implementing the approved changes and we affirm these preliminary decisions.

**Board Decisions: The minimum route frequency reductions on route D are approved as set out in this decision.**

**This decision affirms the preliminary decisions of October 7, 2009, and October 14, 2009, with respect to application X71-09, and they are approved as set out in those decisions.**

#### *Route D*

This is our final decision on application X71-09. The outstanding matter for determination is: "Route D" from Kelowna to Alberta via Highways 3 and 33. We are making this decision after holding public meetings at 5 locations in the Kootenays on October 28 and 29, 2009.

#### *Submissions on Route D*

The deadline for public comments and submissions was June 17, 2009. Submissions continued to arrive at the Board offices after this deadline. Each submission received after June 17 was date stamped with the date they were received, and all submissions received by July 8, 2009 were forwarded to the applicant for review and comment. The panel decided that all comments and submissions received up to and including July 8 would be considered in this decision.

The Board received a considerable number of submissions with respect to Route D. In summary, these submissions included: 12 from municipal governments; 12 from organizations such as Chambers of Commerce, health and social agencies, and social groups; three from Regional Districts; and one from a federal Member of Parliament. In addition, the submissions from individuals included: from Nelson, 76 personal letters or e-mails, a petition with 96 names, and three form letters; from the Fernie/Elkford/Sparwood area, three personal letters or e-mails and petitions with 132 signatures; from the Trail/Rossland/Fruitvale area, eight letters or e-mails from individuals, a petition with 10 signatures, and 372 form letters; from Castlegar, nine letters or e-mails from individuals and 12 form letters; from Grand Forks, 10 letters or e-mails from individuals and three form letters. As well, another 20 letters or e-mails from individuals and approximately 47 form letters were received, mainly from people at other locations throughout the Kootenays.

It is Board policy to provide the applicant with an opportunity to review all submissions and to make written comments to the panel. After reviewing the submissions, GCTU modified the route D portion of its application. Originally, GCTU had proposed to reduce the Kelowna – Alberta service from twice daily in each direction to once daily in each direction. GCTU stated that, in response to the submissions, it would, in addition to once daily in each direction for route D as a whole, provide a service in each direction between Nelson and Kelowna, on Mondays, Thursdays and Fridays.

As the panel, we decided to hold meetings in five communities in the Kootenays to obtain more information from the public before making a decision. We were of the view that the public had not had an opportunity to comment on GCTU's modified proposal. Further, the large number of submissions from interested parties along Route D convinced us that more investigation was necessary before we would feel sufficiently informed to make a decision.

#### *Public Meetings*

After considering the quantity and nature of the submissions received with respect to Route D, we scheduled public meetings for October 28, 2009, in Fernie and Creston, and for October 29, 2009, in Nelson, Castlegar and Trail. In our view, this would optimize the opportunity for the public, in areas that

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had shown the most interest in the application, to attend meetings and provide further comment on the revised GCTU application.

Notification of the meetings was provided to local governments and was advertised in local newspapers. Speakers from the public were asked to register in advance however, at each meeting, anyone present who wished to speak was provided with that opportunity.

I, Dennis Day, Chair of the Passenger Transportation Board, chaired each meeting. Bill Bell, Board Member, and I served as members of the panel that considered the oral and written information and made the decisions respecting this application.

Meeting participants included Tobin Robbins, counsel for GCTU; Steven Hutchings, Director of Passenger Services, Western Canada; Grant Odsen, Regional Manager, British Columbia; Kevin Cluett, Agency Manager for Southern British Columbia.

The format for each meeting included initial introductions of Board participants and GCTU participants. I outlined the process for the meeting and the role of the Board with respect to the application. This included a clarification that the Board's jurisdiction covers passenger transportation and does not extend to the regulation of freight. People were invited to express any concerns that they have with respect to freight directly to GCTU, but that the Board could not consider freight in its decision. Further, the situation concerning the perception that GCTU had been "granted" a monopoly was clarified. We explained that the Board's jurisdiction is restricted to responding to applications and anyone is free to make an application for all, or any part of, the service that GCTU provides. The Board would assess each application on its individual merits under Section 28 of the Act. In some cases, on some routes, others have applied for and had been granted licenses that provide competition to GCTU.

GCTU then made a brief presentation on its application. The power point presentation had been made available online in advance of the meeting, and hard copies were handed out to meeting attendees. Questions to GCTU and/or the panel were accepted from the floor, and then speakers were provided with an opportunity to address the panel and GCTU.

When all speakers had concluded, I provided a brief outline of the Board's expected decision making timelines and how the results would be communicated to the public.

*GCTU Presentation*

GCTU provided an overview of its business in Canada in general and BC in particular. It pointed out subsidies and/or regulatory exemptions that competing passenger transportation providers in Canada receive. Examples included: BC Transit; the airline industry; VIA Rail; and GO Transit in Ontario. The presentation also included an outline of subsidies to the passenger transportation industry in the US. GCTU stated that the regulatory framework for inter-city buses in Canada and in BC prevented the company from reacting in a timely manner to the changes that occur in its markets.

GCTU provided historic revenue and profit and loss data for the past four fiscal years. GCTU stated that its 2009 fiscal year loss was \$13.4 million, of which approximately \$5.5 million was attributed to its British Columbia operations. It noted that this represented its largest provincial loss. These losses, it said, prevented it from re-investing in new equipment. As a result, its aging fleet was more expensive to maintain.

GCTU explained that due to regulatory provisions it cannot expedite modifications of its unprofitable routes and react quickly to unfavourable market conditions.

GCTU stated that, without subsidies, its "only option is to reduce miles". The presentation outlined the various applications, including the preliminary decisions on this application (X71-09), that the Board has approved for minimum route frequency (MRF) reductions over the period 2005 to 2009. They totaled a reduction of 1,854,074 annual miles to date. None of these reductions have impacted the Kootenay region. The Route "D" portion of application X71-09, the first in the Kootenays, seeks a further 264,562 annual mile reduction for BC as a whole.

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GCTU also outlined the history, for the past five fiscal years, of its passenger volumes, average loads and passenger revenue per mile on the four scheduled runs that comprise Route D. It explained the trends in each of these categories over that period of time. It noted that its break-even passenger revenue per mile is \$3.86. For the period July 2008 to June 2009, its Schedule 5163 westbound from the Alberta border to Kelowna generated \$3.05 in revenue, and its schedule 5026 eastbound from Kelowna to the Alberta border generated \$3.35 in revenue. Passenger volume trends, average load trends and revenue per mile trends for each of these two schedules have been downward in each of the past two 12 month periods.

GCTU reviewed its current and proposed schedules. In the meetings in Fernie and Creston, GCTU also outlined the schedule of Sun City Coach Lines, another bus company that operates a connecting (interline) scheduled service between Cranbrook and Golden. At the meeting in Trail, GCTU also outlined the interline arrangement and connections that exist between the services of Greyhound Canada and Silver City Stage.

In some communities, agents who run the local depot for GCTU were in the audience as an observer. In some cases, they participated in the question and answer portion of the meeting regarding the information that GCTU included in its presentation, or with respect to public meeting procedures that were outlined by the Board. The agents were seen as members of the local business community. Although the agents understood many of the operational matters discussed at the public meetings, their participation was viewed as being independent of GCTU, which is the applicant in this case.

#### *Fernie Meeting*

There were nine people at the Fernie meeting. Mayor Cindy Corrigan spoke about the impact of the economic downturn on the City of Fernie. She acknowledged the financial difficulty that GCTU was experiencing and the likely need for MRF reductions. She did, however, ask for consideration of reducing the nighttime service as opposed to the daytime service. She noted the particular importance of the day service as related to water sample analyses required by the community and about the lack of suitable depot facilities, particularly at night and in winter conditions.

Sandy Mason, Human Resources Manager for Fernie Alpine Resort outlined two areas of particular concern. The proposed night schedule is not attractive to people who would travel to the resort by bus and does not complement the airport schedules connecting Cranbrook with Calgary and Vancouver. For staff, the service is a cost-effective alternative but if the frequency is reduced it will be a less attractive option. As a representative of a private company, she acknowledged the economic concerns GCTU faces.

Mike Sosnooski, representing the Regional District of East Kootenay spoke in favour of maintaining daytime service. He noted that dropping passengers off in the middle of the night at -20 degrees is not conducive to encouraging greater ridership. Mr. Sosnooski also questioned the cost figures used by GCTU for some maintenance items such as an engine rebuild.

#### *Creston Meeting*

There were 11 people at the meeting. Following the GCTU presentation, when we invited people to ask Greyhound about its presentation, a speaker from the floor spoke about his issues getting to necessary medical appointments in Cranbrook. He stated his doctor there will not adjust appointments to fit the Health Connections schedule and that sometimes he has to overnight in Cranbrook. He noted that with both GCTU and Health Connections services he had greater options for travel.

Mr. John Kettle, Director for Area B of the Regional District of Central Kootenay, stated that he is also a Director of the regional health authority. He agreed with GCTU's contention that the regional health transportation system had been opened up to people who were not in need of health care, to the extent that capacity was available beyond what was needed to transport those seeking health care. He expressed the view that this was done because that system needed to increase ridership and revenue. He commented that, to his knowledge, GCTU had never been involved in any discussions on the subject of regional transit. GCTU acknowledged that no such discussions had taken place. He invited GCTU's participation on this matter. Mr. Kettle expressed concern that if GCTC continued to reduce service, it

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would eventually find itself out of the passenger transportation business, and that rural Canada would suffer as a result. He acknowledged GCTU's financial difficulty and stated that he understood the need for the company to be profitable. He also indicated that GCTU should portray itself as an environmentally friendly service by painting their buses green and that there was an opportunity to find ways to obtain carbon credits. He further argued that GCTU needed to be part of, and help work on, a solution and was missing an opportunity given its focus on long distance travel.

Ms. Florence Geyer raised several questions with respect to freight, and the revenue generated by the transportation of freight and passengers. She also questioned the GCTU policy regarding unaccompanied minors traveling on the bus service.

Ms. Peggy Ayre and Mr. Jack Ayre spoke of the dependence of seniors and those with minor disabilities on the GCTU service, particularly to attend medical appointments in larger centers such as Kelowna and Vancouver. They offered their thanks for past service of the drivers, the ticket agents and GCTU generally, and expressed hope that the service would not be cancelled. They noted that Creston is increasingly a retirement location and that seniors rely upon GCTU.

During a question and answer portion of the meeting, an unnamed member of the audience acknowledged that the Board does not have jurisdiction to make decisions relating to the transportation of freight. She presented the view that 'not all freight is considered equal' and spoke of the human need for the Canadian Blood Services to have more than one delivery option each day. She noted that, at times, the blood supply is depleted overnight and delivery of a new supply from Calgary is essential. We note that the written submission received from the Town of Creston in response to the initial application publication mentions the blood supply issue as well.

The panel questioned why GCTU had modified its position with respect to the Nelson to Kelowna portion of the route, but not the Nelson to Alberta portion. GCTU responded that the submissions in response to the application from the West Kootenays had been significantly higher than those from the East Kootenays, and the population of the West Kootenays is higher. Further, the company said that the West Kootenays rely upon Kelowna as their regional hospital center, whereas the East Kootenays rely upon the Cranbrook hospital for that purpose. GCTU also stated that the proposed higher service level between Nelson and Kelowna would be monitored and West Kootenay residents should understand that if the application is approved and ridership is still not sufficient, GCTU would apply to further reduce the frequency of service.

#### *Nelson meeting*

There were 21 people at the Nelson meeting.

In response to a question from the floor relating to the GCTU presentation, Mr. Odsen stated that the reason that a second daily service was to be provided on Mondays, Thursdays and Fridays, is that these are consistently the most heavily travelled days on nearly all GCTU routes.

Mr. Andy Shadrack, elected Rural Director for Area D, Regional District of Central Kootenay and a Board member of the Association of Kootenay Boundary Local Governments, provided his comments verbally and in writing. Mr. Shadrack noted that BC Transit and various local governments, school districts and Selkirk College have been exploring the option of creating a single regional public transportation system. He stated that GCTU has not been a party to these discussions and that the move to reduce service is contrary to his understanding of what the public is seeking. He noted that he has been involved in local and regional government since 2005 and is not aware of any attempt by GCTU to work with these governments or the public to enhance service or revenue. Mr. Shadrack also noted the provincial government's drive for carbon neutrality by 2012, and questioned whether the Board should grant GCTU's application before it made some attempt to work with local agencies to improve its situation. He stated that he understands the fact that delivering service in rural areas is more expensive and that private companies cannot be expected to lose money indefinitely. Mr. Shadrack also made the point that GCTU's \$3.86 revenue per mile breakeven figure it claims as a saving for reducing mileage in this application needs to be offset by the at least some portion of the revenues it achieves on Route D. He

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contended that GCTU has not done a sufficient job of advertising its service and its special promotions such as 21 day discounts and use of Air Miles for fares.

Ms. Pegasus McGauley, of the Nelson Area Society for Health, stated that both of the GCTU daily trips are needed to accommodate travel for medical purposes to Kelowna and Vancouver. She stated that route frequency reductions would hurt those who can least afford it by requiring them to spend nights in hotels to arrange their travel. She noted that of the three daily BC Transit service trips to Trail, only one was suitable for health appointments.

Ms. Joan Reichardt, Chair of the Seniors Coordinating Society and a representative of various other organizations, expressed concern for seniors, disabled, youth, poor and ill persons who rely on public transport, particularly for medical appointments. She noted that there is no air service between Castlegar and Kelowna, even if a person could afford to fly. She suggested that a possible solution to some of the financial problems might be smaller buses.

Ms. Donna McDonald, who is a City Councilor for Nelson, spoke as a citizen and not as a representative of Council. She noted the recent launch of Greyhound service in Britain with new buses, free wireless internet, power plug-ins, free newspapers and more legroom. This, she stated, was in contrast to a "worn and weary" GCTU fleet in Canada. She expressed the view that the public in Europe seems to value mass transit and support it as individuals and as governments. She acknowledged differences in population densities and distance that make the BC situation more challenging, but asked what GCTU was doing to increase its ridership and mitigate its losses. Ms. McDonald stated that it is important to maintain the viability of affordable and accessible transportation, in order to reduce the carbon footprint, particularly in rural areas.

Ms. Mitzi Hufty noted that she regularly uses the GCTU service to and from Kelowna. She states that the buses are unclean and worn. She feels there is little advertising to promote the service or special fares. She states that she sold her vehicle in an attempt to "go green" and, as a senior on a fixed income, will find it hard to meet her needs if the service is reduced. She noted the need of the GCTU service for lower or fixed income people who cannot afford cars.

Ms. June Johnson states that she and her family have used the GCTU service regularly for the past 30 years. She noted the high cancellation rate for flights from Castlegar, which result in the need to rely upon the GCTU service for travel. She expressed concern about the reduction of service and the overburdening of drivers who must deal with passengers, freight and other issues such as unaccompanied minors. She provided a specific example of her experience on a recent trip, outlining concerns with respect to driver stress from "multi-tasking". She pointed out that GCTU should seek other alternatives to revitalize itself.

Mr. Walter Laurie provided his experience with a flight cancellation out of the Castlegar airport that resulted in him and his wife traveling by GCTU service to make connections for another flight out of Vancouver. He noted that the unavailability of GCTU service would have result in his forfeiture of a \$6,000 prepaid vacation. Mr. Laurie uses the bus service to Kelowna for medical appointments and would support subsidization of the service if necessary.

Ms. Vivian Stogrin noted she, and her daughter who lives in New Westminster, rely on the GCTU service as a cost-effective means of transportation. It is important to them to maintain the service, as they rarely are able to get together and any reduction in service may make visits impossible.

#### *Castlegar Meeting*

There were 10 attendees at the meeting. There were no formal presentations from the public at the meeting. However, there was a question and answer session. During the discussions, Ms. Laura Walton identified herself as a staff member for Federal Member of Parliament Alex Atamenenko. She expressed concerns with respect to the high flight cancellation rate in Castlegar, the centralization of medical facilities and the impact of service cuts to rural residents in the area. She questioned the cost savings stated by GCTU as compared to lost revenue that would offset at least some portion of this cost saving.

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### *Trail Meeting*

There were 25 attendees at the meeting. Prior to the GCTU presentation, Mr. Kevin Cluett of GCTU explained the arrangement between the commissioned agent in Trail, GCTU and the interline carrier, Silver City Stage. This interline carrier uses a sprinter-type van to take passengers from Trail to Castlegar and back to make connections with GCTU schedules.

Mr. Al Graham, a City of Trail Councilor, expressed a willingness to work with GCTU in trying to improve their ridership and financial results. He outlined his concerns with respect to those wishing to travel east from Trail, as the proposed schedule would result in additional lodging requirements and expenses for many travelers. He noted that some seniors are in care facilities to the east of Trail, and those wishing to visit them would be unable to return the same day with the lower frequency of trips proposed. He also emphasized the unreliability of air service out of the Castlegar airport, and the need for service eastbound to Calgary to offset this problem. Mr. Graham reiterated the theme of the positive environmental potential of bus travel, and stated a willingness to lobby on behalf of GCTU to assist in finding ways to maintain service levels. He stated that local ski hills were concerned about the loss of revenue if bus travel was reduced. He noted that if the GCTU service is not convenient, it will encourage others to step in to compete and the result will be further erosion of GCTU ridership.

Ms. Hanne Smith, Councilor for Rossland, echoed many of Mr. Graham's concerns. She made particular mention of the need for bus service for university students and the skiing public to travel conveniently between the area and Vancouver, Kelowna and Calgary. She stated that many repeat visitors to the area are familiar with the unreliability of the air travel from Castlegar, and have come to rely upon the bus service. She reiterated the concerns with respect to the environmental impact of having fewer bus services available as options for the traveling public. She also stated Rossland's support for any initiative by Trail to find ways or lobby for the maintenance of GCTU service levels.

Ms. Caren McAndrew raised issues of safety at bus depots, particularly after hours when the depots are not always open. She provided two specific examples of her experience in this regard.

### **Board Considerations**

The Board may approve an application forwarded to it by the Registrar of Passenger Transportation if the Board considers, as set out in section 28(1) of the Passenger Transportation Act, that:

- (a) there is a public need for the service the applicant proposed to provide under any special authorization.
- (b) the applicant is a fit and proper person to provide that service and is capable of providing that service, and
- (c) the application, if granted, would promote sound economic conditions in the passenger transportation business in British Columbia.

*The Board may approve a special authorization if all three provisions are answered in the affirmative. The Board may refuse a licence if any one provision is answered in the negative.*

### **Reasons:**

- I. *Is there a public need for the service that the applicant proposes to provide under special authorization?*

In minimum route frequency reduction (MRF) applications, the Board must decide what level of service meets the public need. If the Board determines that the proposed level of MRF will meet the public need, it may grant the application. If the Board determines that the proposed level of MRF will not meet the public need, then it may refuse the application or grant the application in part in a manner that meets the public need.

The panel notes that the volume of submissions received with respect to the application for minimum route frequency reduction on Route D is unprecedented in the history of the Board. As outlined above,



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the submissions took the form of personal letters and e-mails, letters from local governments along the entire route, letters from organizations and societies from communities along the route, form letters and petitions. The majority of these submissions originated in the West Kootenays.

In response to these submissions, GCTU modified its original reduction proposal by adding, in addition to one trip per day in each direction, another three trips weekly in each direction. The modified proposal only affects trips between Kelowna and Nelson. GCTU stated that these trips would operate at the current times for each of schedule 5163 and 5026, on Monday, Thursday and Friday of each week. GCTU stated that this modification to its original application was in response to the volume and content of submissions from the West Kootenay region. This would accommodate many of the concerns with respect to accessing medical services in Kelowna, a regional hospital offering specialized medical facilities and appointments. GCTU said that Monday, Thursday and Friday are the busiest travel days on nearly all of its schedules.

While the greatest number of submissions came from the West Kootenays, a very significant number also came from the Central and East Kootenays. In addition, the panel notes that while many of the West Kootenay submissions were not specific about which particular direction of travel was of greatest concern, at least 20 of the West or Central Kootenay submissions specifically raised issues of travel east of Nelson.

All three of the speakers in Fernie mentioned the inconvenience of the proposed schedule there. The issue of pick up and drop off at around 03:00 hours when the depot is not open is a concern, particularly in winter conditions which can be cold and snowy. GCTU responded that the "interconnectivity" of its schedules is important. This was explained as the need for a schedule to connect at key points, in this case such points as Calgary and Kelowna, so that passengers would be able to conveniently connect to other schedules going beyond those points. GCTU stated that, on long routes such as Route D, it is inevitable that the service would pass through some locations at inconvenient times. The panel notes, as was stated by Mayor Corrigan, that a service along Route D currently passes through Fernie during the afternoon hours, and still makes the appropriate connections in Calgary and Kelowna.

Many of the submissions mentioned the need to travel to medical appointments. While Cranbrook is deemed to be a Regional Hospital for the East Kootenays, it does not provide the same range of services available in Kelowna or Vancouver. Many people throughout the Kootenays must travel to these larger centres for treatment. Ms. Ayre, in Creston, noted the need to travel to Vancouver for her husband's medical requirements. Further, as noted by another speaker in Creston, the limited schedules of the BC Transit health services trips and the fewer available alternatives with only 1 schedule by GCTU would limit his options to schedule necessary medical appointments in Cranbrook.

Several of the written submissions expressed concern about the unreliable air service in and out of the Castlegar airport. This was reiterated at several of the meetings, particularly in the West Kootenays. This situation is exacerbated by extreme driving conditions in the winter months. Road travel in any direction throughout most of the Kootenays involves encountering one or more mountain passes. This is particularly true for travel eastward from the West Kootenays or westward from the East Kootenays. Many written submissions also raised this issue.

Several of the written submissions, and many of the speakers, spoke of the need for "green" transportation alternatives. Concern for the environmental impact of personal travel and the use of automobiles is increasingly becoming a concern and consideration for the public. In principle, the Board agrees with this as an aspect of public need. The Board has taken action within its mandate to meet this need by developing policies that encourage and require the use of energy-efficient vehicles in the taxi industry in particular. The availability of a reasonably convenient bus service, as an alternative to the use of personal vehicles, is one way to encourage a "greening" of passenger transportation.

The panel acknowledges GCTU's response to the initial submissions. The amendment to the original application, to add three trips per week in each direction between Nelson and Kelowna, certainly addresses some of the public need for inter-city bus service. However, in our view, it does not go far enough to meet the public need along Route D.

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The public need for travel between Nelson and the Alberta border, and to points along this portion of Route D, is considerable. In the concluding section of Mr. Robbins' final submission of November 5, 2009, in reference to the number of submissions from the West Kootenays and the number of attendees at the West Kootenay meetings, he states that GCTU's Route D ridership information "shows a high ridership in the West Kootenays." The Board has no evidence before it to support this claim. In fact, in response to questions at two of the meetings seeking more detailed analysis of passenger loads or revenues for points within the Kootenays, the GCTU response was that information to that level of detail was not readily available.

GCTU's proposed service between Nelson and Kelowna is in direct contrast to its argument that "interconnectivity" is an important attribute of its overall scheduling system. Nelson does not provide a hub for connections, as is the case with Kelowna or Calgary. Beginning and terminating service in Nelson does not promote "interconnectivity" and does not meet the needs of passengers traveling from points west of Nelson eastward, nor passengers traveling from points east of Nelson westward. There is no evidence before us as to what passenger volumes, average loads or revenues per mile have been on that portion of Route D.

We note that GCTU pointed out that the service of Sun City Coachlines between Cranbrook and Golden provides an option for travelers from the East Kootenays to such points as Calgary and Vancouver. We recognize that, for people in Cranbrook, this option may be viable, even though the service to Vancouver takes an additional hour and 45 minutes compared to the Route D schedules. However, for people traveling within the Kootenays, and from points outside Cranbrook, this is not a practical alternative. Further, service to points such as Kelowna would require even more travel time and further connections. We do not consider this a realistic alternative for many of the people we heard from in the East Kootenays.

On balance, the panel finds that one trip daily in each direction plus another 3 times per week in each direction along the whole of Route D would meet the public need. This is a total of 20 trips per week, 10 in each direction. The public interest and need would best be served by the operation of this service on the busiest travel days, Monday, Thursday and Friday of each week. This should align with GCTU's best interest in operational terms and continued viability while maintaining a schedule that preserves "interconnectivity" with its other schedules.

II. *Is the applicant a fit and proper person to provide that service and is the applicant capable of providing that service?*

In dealing with an application for MRF reduction, the Board is likely to apply the logic that a licensee seeking a reduction is a fit and proper person to provide the service proposed unless there is compelling evidence to the contrary. We find that GCTU is fit, proper and capable of providing the service.

III. *Would the application, if granted, promote sound economic conditions in the passenger transportation business in British Columbia?*

The Board must consider the promotion of sound economic conditions in the passenger transportation business in British Columbia. This includes, but is not limited to, the financial health of the applicant seeking a reduction in MRF. This could include the overall financial health of the applicant or the financial health of specific routes.

GCTU is experiencing considerable financial losses on its operations in British Columbia in recent years. For fiscal 2009, GCTU reported a loss of \$13.4 million for Canada, \$5.475 million of which was attributable to British Columbia operations. Thus far, it has been unsuccessful in obtaining any subsidies from any level of government that might offset some or all of these losses. The panel's view is that these losses are not sustainable, and that the passenger transportation business in British Columbia will not be well-served by the further financial erosion of a major licensee like GCTU.

Since 2005, the Board has considered five applications from GCTU for minimum route frequency reductions on 22 separate routes or portions of routes. This includes the present application. To date, prior to this decision on "Route D", GCTU has been granted relief on approximately 1,854,000 miles

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annually. As some of this relief results from preliminary decisions on this application, all reductions may not yet have been fully implemented, nor has the impact of these decisions reached GCTU's bottom line. Nonetheless, GCTU forecasts a greater loss for the next fiscal year.

In the case of Route D, GCTU has raised the argument that its ridership has been eroded, at least to some extent, by competition from lower priced fares offered by operators who receive public subsidies. These operators are not subject to regulation under the *Passenger Transportation Act* or *Regulations*. We believe that the evidence supports this view. The competition created by subsidized operations is having a negative impact on GCTU ridership and profitability.

It is clear from our investigation through the public meeting process that no meaningful dialogue has previously taken place between the parties who are involved in delivering different passenger transportation services to the public in the Kootenays. These parties include: GCTU; BC Transit; the Interior Health Authority; and the Regional Districts of West, Central and East Kootenay. As well, many municipalities, school districts and post-secondary educational facilities have an interest in this broad matter of passenger transportation. We clearly saw willingness, on the part of some elected representatives and many members of the public, to work toward solutions that would support service levels for GCTU along Route D. While the Board has no specific mandate to facilitate these discussions, we believe it is in the public interest for this dialogue to occur. These discussions could lead to more efficient use of resources and perhaps, by employing the skills and knowledge of the various parties, schedules could be developed that complement GCTU's long haul services.

Optimization of both public and private sector resources in passenger transportation, whether regulated by the Act or not, will contribute to sound economic conditions in the industry.

GCTU, in their presentation at page 10, states: "Without Federal and BC government financial support for unprofitable routes to maintain services to small-town BC, Greyhound Canada's **only** option is to reduce miles." (*emphasis added*) The panel is concerned that GCTU appears to be focusing solely on reduction of service, and costs associated with this reduction. There is little evidence before us that GCTU is making substantial effort to improve the revenue portion of its business. For example: exploring the possibility of new route connections and networks; improving marketing and community relations; and developing partnerships with local and regional authorities. These are changes that could potentially attract both passenger and revenue growth. The panel is concerned that reductions in service, absent significant efforts to improve revenue, will lead to a continuing downward business spiral.

GCTU claims that the proposed MRF on Route D will eliminate 264,562 miles annually, at a savings of \$3.86 per mile. This is about \$1.02 million per year. In order for this to be true, GCTU would have to eliminate all of the miles and lose none of the revenue currently generated on those miles. This issue was raised several times in the various public meetings. GCTU did not provide any specific response in terms of lost revenue assumptions related to the MRF reductions.

The opposite extreme would be to make the assumption that, if the miles are eliminated, all of the revenue would be lost. According to GCTU's presentation, the revenue per mile was \$3.05 on schedule 5163 and \$3.35 on schedule 5026, an average of \$3.20. The assumption that all of this revenue would be lost represents a saving of  $\$3.86 - \$3.20 = \$0.66$  per mile, or about \$175,000 per year.

While the panel does not have the information before it to make an accurate estimation of actual savings, it is our view that the figure would lie somewhere between the two extremes outlined above.

The panel has no information about the actual passengers, trip loads or revenue by day of the week or by specific location. However, GCTU states that Monday, Thursday and Friday are the most heavily traveled days of the week on most of its schedules. If this is so, it seems likely that schedules 5163 and 5026 on those days of the week are already operating close to or even possibly above break-even. If the schedules are eliminated on the other four days of the week, and even a few riders opt for the remaining Monday, Thursday and Friday schedules, these schedules could be profitable. If the GCTU assumption is true, that all of the \$3.86 per mile in costs would be saved, then it follows that all of the revenue will be retained on the remaining schedules.

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This position is further supported by GCTU's contention that "interconnectivity" is an important feature of its service. By extending the schedules for 5163 and 5026 along the full length of Route D, rather than just the Nelson to Kelowna portion, the principle of "interconnectivity" is maintained, and the service is most likely to be more attractive to long distance travelers and sustain a greater level of continued viability.

Elimination of schedules 5163 and 5026 on the least traveled days, Tuesday, Wednesday, Saturday and Sunday would allow GCTU to reduce its mileage by about 185,000 miles annually. This would provide the needed service on the days that are most heavily traveled by the public and most lucrative to GCTU. This would be an efficient and effective means for GCTU to reduce costs, maintain revenues and provide service to the public. This would contribute to sound economic conditions in the passenger transportation business in British Columbia.

**Activation:** *Direction to the Applicant: (Re: Route "D")*

At least 21 days before implementing schedule changes, GCTU must publish notice of the change and the effective date in newspapers of affected communities. Copies of such notices must be provided to the Registrar, Passenger Transportation before an amended licence may be obtained.

A Passenger Transportation Licence must be issued by the Registrar of Passenger Transportation under section 29 or renewed under section 34 of the Passenger Transportation Act before the special authorization approved in this decision may be exercised.

*Direction to the Registrar of Passenger Transportation:*

The Registrar may amend the GCTU licence to incorporate the changes in inter-city bus routes and minimum route frequencies as set out in the terms and conditions below. An amended licence may only be issued after GCTU has given the Registrar copies of newspaper notices that were published in affected communities. The newspaper notices must meet the requirements set out under "Direction to the Applicant."

**Special  
Authorization:**

**Inter-City Bus (ICB)**

**Terms & Conditions:** *The following terms and conditions represent only those that are relevant to Route "D".*

**Route Number D**

Terminating Point 1: City of Kelowna

Terminating Point 2: Alberta Border & Highway 3

Authorized Route:	Route Points	Daily Minimum (each direction)	Weekly Minimum (each direction <sup>1</sup> )
	City of Kelowna	1	10
	Beaverdell	1	10
	Rock Creek	1	10
	Village of Midway	1	10
	City of Greenwood	1	10
	City of Grand Forks	1	10
	Christina Lake	0	14 fd weekly total
	City of Castlegar	1	10
	City of Trail	alt	alt
	South Slokan Junction	0	7 fd weekly total
	City of Nelson	1	10
	Village of Salmo	1	10
	Junction 3 & 6	1 fd	10 fd
	Summit	1 fd	10 fd
	Town of Creston	1	10
	Kitchener Junction	1 fd	10 fd
	Yahk	1	10
	Moyie	1 fd	10 fd
	City of Cranbrook	1	10
	Jaffray	1 fd	14 fd weekly total
	Elko	1 fd	10 fd
	City of Fernie	1	10
	Hosmer	1 fd	10 fd
	District of Sparwood	1	10
	Natal	1 fd	10 fd
	Michel	1 fd	10 fd
	Crowsnest Junction	1 fd	10 fd
	Alberta Border & Highway 1	n/a	n/a

<sup>1</sup> Unless specified as a weekly total

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**Board Panel Chair:**

Dennis Day

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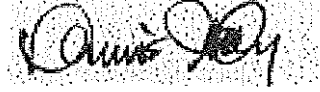
**Panel Member:**

William Bell

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**Signature of Panel Chair:**

*Panel Members Concurring*

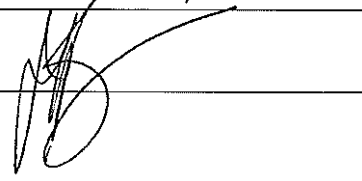


**Decision Date:**

December 3, 2009

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**Entered by the Director and  
Secretary to the Board:**



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