



DECISION

**IN THE MATTER OF an application by Trius Inc.,
for and Order allowing Trius to increase its rates on
the Chipman-Minto-Fredericton Commuter Bus
Run.**

January 7, 2009

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

IN THE MATTER of an application dated October 21, 2008 by Trius Inc., for an Order allowing Trius to increase its rates on the Chipman-Minto-Fredericton Commuter Bus Run.

Applicant:

Trius Inc.

Mr. Robert Harrison, Comptroller

Mr. David Lockhart, Manager – Trius Charters

Ms. Cecelia Wheaton, Executive Assistant to the President

Intervenors

None

New Brunswick Energy and Utilities Board:

Mr. Cyril Johnston, Vice-Chairman

Mr. Don Barnett, Member

Ms. Connie Morrison, Member

Ms. Lorraine R. Légère, Board Secretary

Ms. Ellen Desmond, Board Counsel

Mr. David Keenan, Advisor

DECISION

This matter arises out of an application filed by Trius Inc. (the “Applicant” or “Trius”) on October 21, 2008 for an order allowing Trius to increase the rates on its Chipman to Fredericton commuter service. The matter was heard in Fredericton on December 16, 2008. The Board reserved decision at that time to consider several issues raised at the hearing. The Applicant was advised that a written decision would follow.

The Applicant operates the twice-daily line run service between Chipman and Fredericton. The service consists of a single morning run from Chipman to Fredericton (with stops in Minto and Noonan) each business day, with a return run each evening. The Applicant has been operating this service on the current rates for the past three years. The Applicant indicated that the current rates on the run are uneconomical owing to three factors:

1. a 40% increase in the cost of fuel
2. an 18% increase in insurance rates
3. higher capital costs caused by the purchase of a new commuter bus to service the run

In its petition the Applicant asked that the following rates be approved by the Board:

	<u>Monthly Pass</u>	<u>Weekly</u>	<u>One Way</u>
Chipman	\$207.00	\$63.00	\$13.00
Minto	\$192.00	\$58.00	\$12.00
Noonan	\$92.00	n/a	\$7.00

The Applicant was ordered to publish notice of this hearing in the Grand Lake Mirror, but this did not occur due to an error by the paper. On December 8th the Board decided to waive the requirement to publish in the paper. At the outset of the hearing, the Applicant filed affidavits certifying that notice of the application had been served to the mayors of the affected communities and that notice of the application had been posted on the bus for commuters to read. Prior to the hearing, the Applicant filed Income and Cash Flow statements for the line run operation

At the start of the hearing the Applicant noted that the new rates were, in part, based on the high fuel costs experienced in 2008 and that, as fuel prices had fallen significantly since the summer, these might not be appropriate going forward. To that end, the Applicant suggested that the Board could grant the proposed increase in rates but stay its effect for several months, possibly as late as the summer of 2009. The Board finds there is insufficient evidence to consider such an order.

Since the rates on this service were last increased, the Board notes that the Applicant has effectively received two interim increases in rates as a result of tax changes. On July 1, 2006, the Harmonized Sales Tax was decreased by 1%, with a second 1% decrease coming into effect on January 1, 2008. As the Applicant's rates are tax-inclusive, the net effect of these changes was to increase the Applicant's revenues by 2% since 2006. Despite that, based on the evidence, the Board finds that an increase in the rates charged to riders on this line run operation is *fair and reasonable*, based only on the increase in insurance costs and the higher capital costs associated with the purchase of a new bus for the route. On the matter of fuel costs, however, the Board agrees that the average fuel cost experienced by the Applicant in 2008 would be a poor indicator of future fuel costs, given the precipitous decline in fuel prices since July 2008. That being the case, the Board does not approve

any increase to the rates based on higher fuel costs. However, considering the increases in other costs, the Board has determined that weekly and monthly fares should be increased. The Board, thereby, approves the following rates for Trius Inc's Chipman-Minto-Fredericton commuter service:

	<u>Monthly Pass</u>	<u>Weekly</u>	<u>One Way</u>
Chipman	\$203.00	\$58.00	\$12.00
Minto	\$187.00	\$53.00	\$11.00
Noonan	\$85.00	n/a	\$6.00

Although it did not approve any increase in the rates based on fuel prices, the Board is aware that fuel prices remain quite volatile and could rise again in the near future. That being the case, should prices rise precipitously in the near future, the applicant may file another application based on higher fuel prices. Should such an application be filed the Applicant may request that the hearing be conducted by way of a written process.

The Applicant is directed to inform riders of the new rates on or before Friday, January 16, 2009. The new rates are to be published as follows:

- a) posted on the commuter bus; and,
- b) posted on the Trius website: www.triusgroup.ca.

The new rates, indicated above, are effective February 1, 2009.

Dated in Saint John, New Brunswick this 7th day of January 2009.

Original Signed By

Cyril W. Johnston, Vice-Chairman

Original Signed By

Donald Barnett, Member

Original Signed By

Connie Morrison, Member