

[LTFRB ORDER, March 25, 2011]

**PETITION FOR ADJUSTMENT OF FARE FOR PUB ORDINARY AND
AIR-CONDITIONED SERVICE**

**INTEGRATED METRO BUS
OPERATORS ASSOCIATION,
INC. (IMBOA)**

Case No. 2007-3235

**METRO MANILA BUS
OPERATORS ASSOCIATION,
INC. (MMBOA)**

**INTER-CITY BUS OPERATORS
ASSOCIATION, (INTERBOA)**

**NORTH-EAST MANILA BUS
OPERATORS GROUP (NEMBOG)**

Movants.

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**INTER-CITY BUS
OPERATORS ASSOCIATION,
(INTERBOA)**

Case No. 2011-0141

Petitioner

x

x

ORDER

Pending resolution before this Board is a Petition for Adjustment of Fare for PUB Ordinary and Air-Conditioned Service with prayer for Provisional Increase Pending Main Petition filed by INTERBOA, as well as an Urgent Motion to Revoke the November 8, 2008 and the December 4, 2008 Orders issued by this Board concerning the provisional reduction of fare rates of public utility buses (PUB) in

Mega Manila Area, Region 3, and Region 4 filed by herein Movants IMBOA, MMBOA, INTERBOA, and NEMBOG.

Movants IMBOA et. al., in their Urgent Motion allege the following as grounds to support their motion:

1. That on July 10, 2008, this Board rendered as Decision under consolidated case nos. 2007-3235 and 2007-194, approving fare rate adjustment for PUB services from the previous rate of Php9.00 to the approved rate of Php10.00 for the first five (5) kilometers. Accordingly, Movants paid the fare rate adjustments and Fare Matrix Fees.
2. That on November 4, 2008, this Board issued Provisional Order, reducing the fare rates from Php10.00 to Php9.50.
3. That on December 4, 2008, another Provisional Order was issued further reducing the said fare rate from Php9.50 to Php9.00.
4. That no other order, ruling, decision, or resolution has been issued by this Board relating to PUB fares thereafter.
5. That the last two (2) Provisional Orders did not revoke or cancel the July 10, 2008 Decision under case Nos. 2007-3235 and 2007-1941, considering the fact that the subsequent orders were merely provisional and valid only until "full and final disposition" of the petition it addresses, or unless modified, revoked, or cancelled by this Board.
6. That the return of the ten peso (P10.00) fare rate "is just, fair and equitable to the public and the transport sector" considering that the oil price in the world market is at around \$93.48/barrel, or a pump price of about Php41.60/liter, whereas when the November 4, 2008 Order was issued, the oil price in the world market then was only at around \$50.00/barrel, or a pump price of about Php35.00/liter in the local market.
7. That the commuting public could very well afford the practical increase in fare rates considering that it was able to do so in 2008 when the minimum wage was only Three Hundred Eighty Two Pesos (Php382.00), and which has increased to its present rate of Four Hundred Four Pesos (Php404.00), or an equivalent of five and eight-tenth percent (5.8%) raise.

Petitioner INTERBOA on the other hand contends that "supervening events have, since the subject decision granting fare increase was rendered, occurred collectively mandating review of and, consequently a revision of an increase in the public transportation scheme" such as: the increase in toll prices for all classes of vehicles by the South Luzon Expressway; the dramatic increase in diesel prices, a cumulative increase amounting to 56% in the price of local and imported spare parts, and a

relatively higher cost of capitalization in acquiring brand new units for Public Utility Buses.

A brief discussion of the above-mentioned Orders is warranted before this Board decides to resolve the issues raised by herein Movants/Petitioners:

On July 10, 2008, when the pump price of diesel in local markets was at Fifty Two pesos (Php52.00) per liter, this Board issued a Consolidated ORDER granting Provisional Authority to adjust the fare rates of PUB services operating with the Mega Manila area. Accordingly, this Board maintained that the then existing fare rates "were not responsive to the basic needs of PUB operators in Mega Manila in pursuit of reliable and safe transport business, as well as the daily needs of the drivers." The dispositive portion thereof provides, to wit:

IN VIEW OF ALL THE FOREGOING, and by virtue of Sec. 16(c) of CA 1456, otherwise known as the Public Service Act, as amended, and finding that public service and convenience will be best served, the board hereby resolved to ISSUE this PROVISIONAL AUTHORITY to increase/adjust fare rates, subject to the following terms and conditions:

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1. Public Utility Bus (PUB) Regular/Ordinary Service operating within the Mega Manila area are **provisionally authorized to adjust fare in the amount of TWO PESOS (P2.00) for the first five (5) kilometers, and Twenty Centavos (P0.20) increase for the succeeding kilometer/s.** Thus, resulting in the provisionally authorized fare of Ten Pesos (P10.00) for the first five (5) kilometers, and One Peso and Ninety Five centavos (P1.95) for every succeeding kilometer.

2. Public Utility Bus (PUB) Airconditioned Service operating within the Mega Manila area are **provisionally authorized to adjust fare in the amount of Two Pesos (P2.00) for the first five (5) kilometers, and Sixty Centavos (P0.60) increase for the succeeding kilometer/s.** Thus, resulting in the provisionally authorized fare Twelve Pesos (P12.00) for the first five (5) kilometers, and Two Pesos and Thirty Five Centavos (P2.35) for every succeeding kilometer.

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On November 4, 2008 however, prompted by the sudden and dramatic drop of oil prices in the world market, this Board issued an Order in LTFRB Case No. 2008-1654 granting a provisional reduction of fare rates on Public Utility Bus (PUB) Regular/Ordinary Service operating within the Mega Manila area, Region III (Central Luzon) and IV (Southern Luzon) in the amount of fifty centavos (Php0.50), thus resulting in a provisionally authorized fare of Nine Pesos and Fifty Centavos (Php9.50) for the first five (5) kilometers with no provisional reduction on the succeeding kilometers. The prevailing pump prices of diesel fuel at that time was