Original

Decision No. 45785

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of Pacific Greyhound Lines, a corporation, for an order authorizing increases in commutation fares. (Marin County and Sonoma County Services)

Application No. 30868

and

Related Applications of Pacific Greyhound Lines, Santa Fe Transportation Company, Gibson Lines, Continental Pacific Lines, Interstate Transit Lines, Burlington Transportation Company and Orange Belt Stages, for authority to increase various passenger fares.

Applications Nos. 30869, 30870, 31425, 31540, 31562, 31597, 31674, 31753 and 31869

Appearances

Douglas Brookman, Allan P. Matthew, Gerald K. Trautman, J. M. Souby, Jr., Reginald L. Vaughan, John G. Lyons, E. C. Renwick, Glanz & Russell by Theodore W. Russell and John D. Maata, for applicants.

Albert E. Bagshaw, Spurgeon Avakian, Fred H. Chesnut, Jerold R. Hillesheim, Robert J. Oliphant, Francis W. Collins, Wakefield Taylor, A. R. Linn, K. S. Spoon, R. C. Kelly, John E. McKirahan, Arthur B. Sullivan, Arthur J. Harzfeld, J. D. Burdick, George F. Allen, Helen Negrin, George H. Ramsdell, Isabelle Clark, H. M. Jones and Everett R. Buckler, for various protestants.

Dion R. Holm, Paul L. Beck, Clarence J. Green, Arthur W. Bowman, Elmer T. Hansen, Harry Foulds, Vance W. Perry, Andrew A. Bergman, E. M. Glenn, D. J. Faustman and Fred G. Olson, for various interested parties.

J. T. Phelps, J. G. Hunter and T. A. Hopkins, for the Commission's Staff.

OPINION

Applicants Burlington Transportation Company, Continental Pacific Lines, Gibson Lines, Interstate Transit Lines, Orange Belt Stages, Santa Fe Transportation Company and Pacific Greyhound Lines are passenger stage corporations engaged in the transportation of passengers. In these proceedings, they seek authority to increase all of their intrastate one-way and round-trip fares. In addition, Gibson Lines and Pacific Greyhound Lines propose to advance their commutation fares.

Applications Nos. 30868 and 30869, as amended, of Pacific Greyhound Lines cover proposed increases in one-way, round-trip and commutation fares between San Francisco and points in Marin-Sonoma

Counties and between San Francisco and points in Contra Costa County, respectively.[1] Application No. 30870, as amended, involves sought advances in Greyhound's commutation fares (but not one-way and round-trip fares) between San Francisco and points in Santa Clara-San Mateo Counties, the so-called Peninsula area. These applications were filed with the Commission some time prior to the filing of the other applications involved herein and public hearings thereon were held. Decision No. 44785 of September 1, 1950, in Applications Nos. 30868, 30869 and 30870, authorized an interim increase of 25 percent in the Marin-Sonoma Counties commutation fares and denied interim relief on the Contra Costa County and Peninsula commutation fares. The interim order also provided for consolidation of the three proceedings with Greyhound's Application No. 31425 for further hearing and decision.[2] Upon petitions thereafter filed by Greyhound and certain protestants, rehearing of the interim decision was granted, submission was set aside and the three proceedings were reopened for further hearing.[3]

The Greyhound applications and those of the other applicants herein were thereupon consolidated for convenience of hearing and decision. The rehearing in question and public hearings of the other applications were held at San Francisco and Sacramento before Commissioner Potter and Examiner Jacopi.[4] Oral argument was held. Briefs were filed in the Greyhound proceedings. Evidence was introduced by

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1 The Contra Costa County proposals include fares as far as Stockton for the reason that some Stockton busses operate through and serve points in Contra Costa County.

2 Application No. 31425 was filed after the hearings in Applications Nos. 30868, 30869 and 30870, supra, had been in progress for some time. It covers increases sought in Greyhound's state-wide one-way and round-trip fares and a few commutation fares, except for those involved in the three aforesaid applications. It does cover, however, the one-way and round-trip fares in the Peninsula area, all of which were not included in Application No. 30870, supra.

3 The petitions for rehearing were not seasonably filed and the effectiveness of the interim order was not stayed. The interim fares became effective September 21, 1950.

4 The hearing held at Sacramento involved only the application of Gibson Lines.

each applicant, by members of the Commission's staff and by a number of protestants. The proceedings involved a total of 31 days of hearing. The record made consists of 3,084 pages of transcript of testimony and 235 exhibits.

Applicants allege that their operating expenses have increased substantially, that the higher costs have been accompanied by a steady drop in traffic volume, that under these conditions revenues under the present fares are insufficient to cover the cost of operation and that additional revenues are needed if applicants are to continue to provide adequate service to the public. Protestants' objections to the sought advances in fares were directed only to certain of those proposed by Gibson Lines and Pacific Greyhound Lines. Their positions in the matters are hereinafter discussed.

The record shows that applicants are the major intercity bus lines operating in California and that as a group they serve virtually every section of the State. The larger carriers operate between many of the points served by the other applicants. Greyhound in particular competes with all other applicants at a substantial number of points on their routes. In view of this, applicants are unable to maintain at the competitive points fares higher than those of their competitors without serious loss of traffic.

With certain exceptions, the present one-way fares of all applicants are based upon a mileage scale of rates ranging from 2.0 cents per mile for distances of 50 miles and under to 1.375 cents per mile for distances over 400 miles. The proposed one-way fares are equal to mileage rates ranging from 2.5 cents per mile for distances of 25 miles and under to 1.44 cents per mile for distances over 400 miles.[5] The present and proposed bases for constructing these fares

[5] Gibson Lines also maintains one-way fares that range from 10 cents to 50 cents according to zones maintained for local service between Sacramento and North Sacramento, West Sacramento and other nearby points. It is proposed to increase each zone fare by five cents. Orange Belt Stages maintains, as a result of prior increases, a number of fares at various noncompetitive points that are on levels higher than those of the other applicants for comparable distances.

are shown in the margin.[6] Applicants propose to deviate from the basic mileage scale as they have in the past to the extent necessary to meet railroad competition. Pacific Greyhound Lines and Santa Fe Transportation Company in particular would maintain fares between a substantial number of rail points that are slightly lower than the rail fares. This would result in nominal increases in many of the present bus fares between rail points and no change in others. In addition, Gibson Lines' 30-ride commutation fares which are now equal to 1.75 cents per mile would be raised to 2.0 cents per mile and its 12-ride school commutation fares would be increased from the level of 83 percent to that of 90 percent of the one-way fares. Ten-ride fares now maintained by Greyhound between all points it serves in California on the basis of 95 percent of the present one-way fares would be adjusted to 90 percent of the proposed one-way fares. These 10-ride fares would also replace a small number of commutation fares as indicated in the margin.[7] Other adjustments proposed by Greyhound in fares for substantial commutation

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[6] The present and proposed bases for one-way and round-trip fares are as follows:

One-way Fares For Distances		Rates in Cents Per Mile, except as shown	
Over	But Not Over	Present	Proposed
0 Miles	25 Miles	2.0	2.5
25	50	2.0	2.35
50	100	1.88	2.25
100	150	1.70	2.0
150	250	1.65	1.815
250	300	1.65	1.733
300	350	1.54	1.617
350	400	1.43	1.502
400	-	1.375	1.444
Round-trip Fares		180 percent of present one-way fares	180 percent of proposed one-way fares
Minimum Rate		15 cents	15 cents

[7] Various types of commutation fares between Sacramento and Woodland, between Long Beach, San Pedro and Santa Monica and intermediate points and between Mare Island, Vallejo and San Francisco, Oakland and other points would be canceled and the 10-ride fares in question would be available between such points.

services performed between San Francisco and points in Contra Costa, Marin and Sonoma Counties and the Peninsula area are hereinafter separately discussed.[8]

Financial Results of Operations

The operating results under the present and proposed fares were exhaustively dealt with by applicants' officials and by engineers from the Commission's Transportation Department. They submitted and explained exhibits generally consisting of balance sheets, statements of revenues and expenses for past periods, studies of traffic trends, forecasts of future traffic volume, depreciation studies and estimates of revenues and expenses for future 12-month periods. An accountant from the Commission's Department of Finance and Accounts introduced studies of applicants' financial position and of revenues and expenses for various past periods. Evidence was also introduced by a consulting engineer retained by the County of Marin and the Federation of Marin County Commuter Clubs, protestants against certain fare increases sought by Greyhound. This engineer introduced exhibits designed to disclose infirmities in the estimates and calculations offered by the other witnesses in connection with Greyhound's operations.

The exhibits dealing with applicants' over-all California intrastate operating results under the present fares will first be considered. Most of the exhibits cover different periods and are not entirely comparable in other respects. Applicants' exhibits portrayed actual revenues and expenses for operations in the latest available 12-month periods preceding the hearings in these matters.[9] The book

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8 The Marin-Sonoma County operations involved herein include local service between San Francisco and points in Marin County and service operated through Marin County and into Sonoma County as far north as Santa Rosa. For convenience, these operations are hereinafter referred to as the Marin County service.

9 Burlington Transportation Company did not submit statements of past operating results. Its intrastate operations from and to San Francisco were not commenced until the month of August, 1950, and it, therefore, has had but little operating experience under the present fares.

figures included the effect of increases experienced in operating expenses only for the portions of the periods when they prevailed. On the other hand, the Commission engineers' figures reflected the forecasts of revenues and operating expenses for the year 1951.[10] In these calculations, all known advances in expenses were given effect on an annual basis. The operating results as indicated in the exhibits are summarized in Table No. 1 below.

In considering the estimated operating results for Greyhound shown in Table No. 1 below, as well as those hereinafter appearing in Tables Nos. 2 and 3, it should be borne in mind that they do not include the effect of sharp increases experienced in wages paid by Greyhound to its drivers and station employees and in the costs of tires and tubes amounting to $340,800 and $200,400 per year, respectively, for the entire California intrastate operations, including the local commutation services. These advances occurred after the estimated operating results of record were submitted. In fact, the wages were adjusted during a strike of Greyhound's employees that caused discontinuance of the operations. In view of the fact that there are sharp differences in the estimated operating results of record that must be reconciled, the advances in wages and in the costs of tires and tubes will be more particularly discussed and dealt with in connection with the necessary revisions of the estimates. Likewise, the estimated interim increase of $140,000 in Marin County commutation fares, which was not included in the witnesses' estimates under the present fares, will be dealt with in the revisions.

[10] With respect to the estimates covering Greyhound's operations, exhibits were presented at the original hearings in Applications Nos. 30868, 30869 and 30870 dealing with the operating results for the Marin County, Contra Costa County and Peninsula services. Revised estimates for these operations were subsequently submitted at the further hearings in the matters. The revised exhibits included the effect of changes in traffic trends and other operating conditions that occurred after the original exhibits were introduced in evidence. Since the revised exhibits covered the latest available operating data, the figures shown therein are used for the purpose of this decision.

TABLE NO. 1

Operating Results Under Present Fares for Each Applicant's Entire Intrastate Operations for the Periods Indicated

Applicants		Revenues	Operating Expenses	Operating Income	(1) Operating Ratio (Percent)
Continental Pacific Lines					
Applicant	(2)	$ 26,064	$ 35,564	$(9,500)	136.4
Engineer	(2)	26,064	35,564	(9,500)	136.4
Interstate Transit Lines					
Applicant	(3)	58,007	81,870	(23,863)	141.1
Engineer	(2)	55,550	80,390	(24,840)	144.7
Burlington Transportation Co.					
Engineer	(2)	143,593	195,746	(52,153)	136.3
Orange Belt Stages					
Applicant	(4)	188,966	166,865	22,101	88.3
	(2)	153,350	157,800	(4,450)	102.9
Engineer	(2)	154,590	162,860	(8,270)	105.3
Gibson Lines					
Applicant	(5)	739,826	787,589	(47,763)	106.5
Engineer	(2)	508,468	573,166	(64,698)	112.7
Santa Fe Transportation Co.					
Applicant	(3)(6)	1,191,760	1,395,763	(204,047)	117.1
Engineer	(2)	1,265,000	1,504,850	(239,850)	118.9
Pacific Greyhound Lines					
Applicant	(4)	18,254,412	18,375,385	(120,973)	100.7
	(7)	16,820,500	18,343,900	(1,523,400)	109.1
Engineer	(2)	17,900,300	17,868,300	32,000	99.8

(_______) - Indicates loss.

(1) Before provision for income taxes.
(2) Forecast of operating results for the year 1951.
(3) Based on book figures for 12 months ended August 31, 1950.
(4) Based on book figures for 12 months ended September 30, 1950.
(5) Based on book figures for 12 months ended July 31, 1950.
(6) The witness for the company explained that a substantial amount of the loss was attributable to the effects of an employee strike. The witness and a Commission engineer calculated that the loss would have amounted to only $83,000 had the strike not occurred.
(7) Forecast of operating results for 12 months ending September 30, 1951.

The figures shown in Table No. 1 covering past operations under the present fares offered by witnesses for Gibson Lines, Orange Belt Stages and Santa Fe Transportation Company were in substantial agreement with those introduced by an accountant from the Commission's Department of Finance and Accounts. For the other applicants, the accountant had available to him only the results of system operations which involve interstate traffic and intrastate traffic in other states as well as California traffic. These figures are not comparable with the California intrastate figures shown in the table.

The estimated results of future intrastate operations in California under the proposed fares as calculated by the witnesses for applicants and by Commission engineers are set forth in Table No. 2 below. In these estimates, the witnesses gave effect to advances in operating expenses that were known when the figures were prepared and to the anticipated drop in traffic volume. It should be noted, however, that the estimates covering the operations of Interstate Transit Lines, Pacific Greyhound Lines and Santa Fe Transportation Company do not cover identical periods.

TABLE NO. 2

Estimated Results of Operations Under Proposed Fares
for Each Applicant's Entire Intrastate Operations
for the Year 1951, Except As Shown

Applicants	Revenues	Operating Expenses	Operating Income Before Taxes	Net Income After Taxes	(1) Operating Ratio (Percent)	Rate of Return
Continental Pacific						
Applicant	$ 29,664	$ 36,212	$ (6,548)	—	122.1	—
Engineer	29,664	36,212	(6,548)	—	122.1	—
Interstate						
Applicant (2)	70,158	82,235	(12,077)	—	117.2	—
Engineer	65,390	80,680	(15,290)	—	123.4	—
Burlington						
Applicant	161,950	201,644	(39,694)	—	124.5	—
Engineer	154,445	197,086	(42,641)	—	127.6	—
Orange Belt						
Applicant	163,250	158,990	4,260	$ 3,067	98.1	(5)
Engineer	164,470	163,150	1,320	950	99.4	1.5%
Gibson						
Applicant	599,932	592,842	7,090	5,105	99.2	(5)
Engineer	598,698	579,986	18,712	11,880	98.01	4.2%
(7)	583,141	579,519	3,622	2,608	99.6	0.93%
Santa Fe						
Applicant (3)	1,263,172	1,309,341	(46,169)	—	103.7	—
Engineer	1,328,810	1,506,760	(177,950)	—	113.4	—
Greyhound						
Applicant (4)	18,791,000	18,200,900	590,100	312,200	98.3	(5)
Engineer	20,175,500	17,792,300	2,383,200	1,263,100	93.7	(6)12.6%

(______) - Indicates loss.

(1) After provision for income taxes except where operating loss is shown.
(2) Based on 12 months ended August 31, 1950, adjusted for additional revenues under proposed fares and increases in operating expenses.
(3) Based on year 1950 with adjustments for increased revenues and operating expenses.
(4) For the 12 months ending September 30, 1951.
(5) Rate base and rate of return not submitted.
(6) Computed on an estimated intrastate rate base amounting to $10,047,900.
(7) Revenues and expenses under an alternate fare plan submitted by the Commission engineer.

As shown in Table No. 1 above, Greyhound's exhibits indicated that a loss of $1,523,400 would be experienced on its state-wide operations if the present fares were continued in effect for the 12 months ending September 30, 1951. Greyhound's vice-president testified that about $851,000 or 56 percent of this loss was experienced on the local operations conducted between San Francisco and points in Contra Costa County, Marin County and the Peninsula area, which operations include substantial commutation services. He offered exhibits showing estimates of the revenues and expenses for these local operations under the present and proposed fares for the period above indicated. Similar estimates for the year 1951 were submitted by a Commission engineer. The calculations of the witnesses as shown in the exhibits are summarized in Table No. 3 below.

TABLE NO. 3

Estimated Annual Results of Operations Under Present and Proposed Fares for Pacific Greyhound Lines' Local Services in the San Francisco Bay Area

Present Fares

	Revenues	Operating Expenses	Operating Income	Operating Ratio (Percent)
Marin County				
Greyhound	$1,555,100	$2,114,900	$(599,800)	136.0
Engineer	1,492,800	1,855,100	(362,300)	124.3
Peninsula Area				
Greyhound	1,760,100	1,954,300	(194,200)	111.03
Engineer	1,716,400	1,821,100	(104,700)	106.1
Contra Costa County				
Greyhound	689,900	786,900	(97,000)	114.06
Engineer	675,500	769,300	(93,800)	113.9

Proposed Fares

	Revenues	Operating Expenses	Operating Income Before Taxes	Net Income After Taxes	Operating Ratio After Taxes (Percent)
Marin County					
Greyhound	$1,961,300	$2,023,600	$(62,300)	—	*103.1
Engineer	1,954,400	1,817,500	136,900	$ 72,600	96.3
Peninsula Area					
Greyhound	2,067,200	1,935,700	131,500	69,700	96.6
Engineer	2,048,600	1,790,800	257,800	136,600	93.3
Contra Costa County					
Greyhound	817,200	786,100	31,100	16,500	97.9
Engineer	801,400	764,500	36,900	19,600	97.6

(______) - Indicates loss.

* Operating loss and no income tax involved.

NOTE.—Greyhound's figures cover the 12-month period ending September 30, 1951. The Commission engineer's figures are for the calendar year 1951.

Estimates of revenues and expenses for the Marin County and Peninsula local services under the present fares were also submitted by a consulting engineer retained by the County of Marin and the Federation of Marin County Commuter Clubs, protestants. His calculations were based upon the operating results for the period February 1, 1949 to January 31, 1950, with adjustments in the operating expenses for current levels. On cross-examination, however, infirmities in the calculations were disclosed that resulted in understatement of the operating expenses and otherwise rendered the estimates of little value in solving the problems involved in these proceedings.[11]

Before undertaking to deal with the sharp differences in the estimates covering Greyhound's operations, it is necessary to consider the objections to the calculations of the witnesses that were raised in the brief of the County of Marin, the Federation of Marin County Commuter Clubs and the Contra Costa Commuters Association, protestants. An explanation of the methods employed in the calculations is necessary for a clear understanding of the estimates and of protestants' position relative thereto.

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11 The revenues for one 12-month period were used and various operating expenses applicable in conjunction therewith were calculated on the lesser number of bus miles to be operated in a future and different period. Maintenance expenses were based upon historical costs for a number of years with adjustments for past increases. This method resulted in costs for equipment of average age of 3.7 years whereas the actual average was 7.4 years. The lower estimates of personnel required for supervision of transportation service were not based upon surveys of the actual operations. Although depreciation expense was calculated on 20-year life involving operation of 800,000 miles per bus, the consulting engineer did not know of any operation where such a depreciation schedule was used. In some instances, various unit costs derived from expenses for the year 1948 were used in the calculations without adjustment for increased current cost levels.

Pacific Greyhound Lines operates within and between seven western states, including California. These operations are referred to herein as the system. In California, the operations consist of main line services over interstate routes and routes wholly within California and also local services principally in metropolitan areas. Many of the main line operations involve the handling of both interstate and intrastate traffic in the same busses. The company's book records are maintained on a system basis but various operating data dealing with interstate and intrastate operations in California are developed on the books for tax and other purposes.

In calculating the estimated operating results of record, the witness for the company and the Commission engineer employed generally similar approaches. The individual revenues and operating expenses for the Marin County, Contra Costa County, Peninsula and all other local services under the present and proposed fares were first determined. The various items of operating expenses were calculated from actual recorded costs in every instance where they were ascertainable, with adjustments for known increases. Other actual expenses were not readily ascertainable from book records because the recorded costs also reflected those incurred in connection with other local or local and main line services. In these instances, the witnesses calculated the proportions of the expenses assignable to each of the local services in accordance with related bases as developed by them or with special studies.

The calculations of the revenues and operating expenses for the main line services involved complicated procedures. In brief, the witnesses developed estimated results of operation for the system and deducted therefrom the revenues and expenses for the local operations hereinabove discussed. From the remainder of the system figures, calculations were made of the amounts of revenues and expenses assignable to the California main line operations as a whole consisting of both interstate and intrastate services. In so doing, the amounts of system revenues for each group of interstate routes assignable to the operations in California were determined in accordance with percentages ranging from 39.01 percent to 80.06 percent developed in the company's books. For the routes wholly within the State, all of the revenues were assigned to the total California operations. The system operating expenses were allocated to California on the basis of related service units comprised of bus miles, passenger revenue or number of passengers handled, except that in some instances the separations were made in accordance with special studies. These calculations produced estimates of the total interstate and intrastate main line revenue earned in California and of the operating expenses assignable thereto.

The California intrastate main line revenues and operating expenses were then separated from the total California figures just discussed. The intrastate revenues were developed for each group of routes from a special study of the actual main line traffic for a one-day period. The intrastate operating expenses were calculated under formulae developed by the witnesses. In the main, service units consisting of the number of passengers handled and the passenger revenue were employed in the formulae. For the purpose of the calculations, the percentage relationships between the service units for the total California and for the California intrastate main line operations were developed. The witnesses then assigned percentage weights to be given each service unit in calculating the composite allocation factors for the various classes of operating expenses. For example, the company witness determined that the number of passengers handled in and the passenger revenue for the intrastate main line services amounted to 83.42 percent and 63.9 percent, respectively, of those for the total California operations.

In calculating the proportion of the cost of equipment maintenance that should be assigned to the intrastate operations, he gave 60 percent weight to the passengers and 40 percent weight to the revenue. The foregoing percentages produced a composite allocation factor of 76 percent which was used in apportioning the maintenance costs to the intrastate main line operations.

On brief, the County of Marin, the Federation of Marin Commuter Clubs and the Contra Costa Commuters Association contended that the estimates of revenues and operating expenses submitted by the witness for Greyhound and by the Commission engineer were not reliable. It was claimed that the methods of allocation used by the witnesses produced a distorted relationship between the interstate and intrastate operations within California and that this resulted in excessive assignment of operating expenses to the intrastate main line service and, in some instances, to the local operations. Protestants attempted to illustrate this contention by considering a hypothetical trip of a bus from Salt Lake City to San Francisco. Assertedly, such a bus handling one interstate passenger from and to these points, one intrastate passenger from the California-Nevada line to Sacramento and one intrastate passenger from Sacramento to San Francisco was being used one half in interstate and one half in intrastate service. It was claimed that under the bases used by the witnesses more than one half of the expenses would be assigned to the intrastate movement. It was urged that the bases in question were invalid to the extent that the average length of haul for interstate passengers exceeded that for intrastate passengers and to the extent that the revenue per passenger mile differed.

The actual operating conditions dealt with by the witnesses in allocating the operating expenses materially differed from those assumed by protestants in the foregoing illustration. The record shows that five groups of routes wholly within California produced about 45 percent of the total interstate and intrastate revenue earned in this State and that the intrastate portion of the total revenue for these routes ranged from 83.2 percent to 98.7 percent. The other seven groups of routes generally involve interstate operations between points in California and points in other states. However, California intrastate traffic is also handled in these services. The record shows that from 47 percent to 71 percent of the total revenue earned in this State on the majority of these routes is derived from California intrastate traffic. It is apparent from the foregoing that the allocations of operating expenses in question dealt with not only the costs assignable to the movement of intrastate traffic on interstate routes but also with the expenses associated with the substantial volume of intrastate traffic handled on routes wholly within California. Protestants' illustration does not portray these operating conditions. Under the foregoing circumstances, the record shows that the operating expenses assigned to the California operations are reasonable.

Protestants also contended that the Marin County, Contra Costa County and Peninsula services should be considered as a single operation for the purpose of measuring the reasonableness of the fares. It was claimed that accurate determination of the operating expenses for each service was difficult. The operations in question are well defined from both geographical and service standpoints. The bulk of the expenses incurred in these operations were ascertainable from Greyhound's records. No good reason appears why these services should not be separately viewed for the purpose of determining whether the fares now charged are sufficient.

Objection was also raised by protestants to calculation of revenues on the basis of forecasts of traffic volume for the future. The downward trends in traffic that had continued for reasonable periods in the past were taken into consideration in the revenue estimates submitted by the witnesses. When such trends are indicated in operations for a past period, they should be given effect if the estimated revenue figures are to be related to the operating conditions as they are found to exist. This Commission has a responsibility to the public to see that earnings are sufficient to assure the maintenance of adequate services and it must necessarily avoid unwarranted optimism concerning patronage of the utility.

We turn now to the sharp differences in the estimates of the revenues and expenses for Greyhound's intrastate operations. The Commission engineer's revenue figures exceed those of the company witness by $1,079,800 under the present fares and by $1,384,000 under the proposed fares. On the other hand, the estimated operating expenses as calculated by the company witness under the present and proposed fares are greater than the engineer's figures by $475,600 and $408,600, respectively. These differences resulted from variations in treatment of many of the major items of revenue and operating expenses. Reconciliation of the estimates is an extremely important matter. Most of the items involved exert substantial effect upon the final results by which Greyhound's intrastate revenue needs may be judged.

With respect to the revenue estimates, the witnesses' calculations do not cover identical periods and are not entirely comparable in other respects. However, differences of opinion relative to treatment of basic factors materially contributed to the sharp differences in the estimates. It is apparent from the evidence that the downward trends in traffic calculated by the witness for Greyhound were largely based upon the last two or three months of the past periods studied. The Commission has repeatedly pointed out in passenger fare proceedings that estimates that are developed from comparatively narrow bases fail to give appropriate effect to fluctuations in traffic flows and are not acceptable. The Commission engineer's trend figures were based upon analyses of more substantial past periods and took into consideration improved traffic levels on some operations as indicated by the company's traffic statistics. His estimates embraced consideration of more current actual data than those used by the company witness and appear to give reasonable recognition to the declining traffic trends.

In addition to the traffic trends, the witness for Greyhound gave effect to downward trends in revenue per passenger mile earned in the main line services. The Commission engineer did not take such trends into account because he considered the company's records in this respect inadequate for developing reliable estimates. He asserted that the company's figures were based upon infrequent tests which he believed were too limited to produce representative results.[12] The engineer also offered exhibits and testimony thereon indicating that the trends used in the company's figures were based upon the last two months of the 12-month totals considered.

Passenger travel often fluctuates considerably from month to month. The traffic volume is smaller in some months and comparatively heavier in others and the average length of haul may vary anywhere from short distances to long distances. Revenue per passenger mile is sensitive to and varies upward or downward with changes in the average length of haul. In order to be reasonably reliable, calculations of revenue per passenger mile should be

[12] Greyhound does not maintain complete factual data showing revenue per passenger mile. The available records consist of test checks made by the accounting department from two to four times per year. The tests involve analyses of the actual traffic and revenues on main line routes for a selected weekday, Saturday and Sunday. The results are assumed to be representative of the particular month involved and they are also applied to succeeding months until another test is made.

founded upon traffic and revenue analyses that reflect actual conditions and embrace a substantial period of time. Greyhound's estimates do not meet these requirements. They are not acceptable as being representative of the actual revenue per passenger mile and the trends determined thereunder should not be used herein.

In forecasting the amount of traffic that would be lost as a result of the proposed increases in fares, the witness for Greyhound estimated that the traffic deflection would be equal to 25 percent of the amount of the fare increases. The Commission engineer used 20 percent in his calculations. The company's estimate of the probable traffic deflection is excessive. The record shows that Greyhound proposes to lower the basis for constructing its state-wide 10-ride fares from the present level of 95 percent to that of 90 percent of the one-way fares. The more favorable new basis should operate to lessen the impact on an appreciable amount of traffic that would be affected by the advances proposed in one-way and round-trip fares.[13] The record also shows that on certain local services the company's estimate of traffic deflection was based upon only one month's experience. The evidence is persuasive that a traffic deflection factor of 20 percent is reasonable.

Estimated revenues from charter and race track services amounting to $525,600 and $225,000, respectively, which were included in the Commission engineer's intrastate revenue estimates, were omitted from Greyhound's figures. On brief, the company contended that the charter operations were not "by law" subject to the Commission's jurisdiction. As to the operations to and from race

[13] The new basis would result in per-trip charges equal to those obtainable under the round-trip fares, whereas the present basis results in per-trip charges somewhat higher than the round-trip level. The 10-ride fares are valid for use within thirty days after the date of sale and apply between all points in California served by Greyhound where the one-way fare is not less than 25 cents nor more than $1.00.

tracks, it was urged that these were special services performed under fares higher than regular fares and that the earnings should not be considered in judging the adequacy or inadequacy of the regular fare structure.

Greyhound submitted no evidence bearing upon the details of the charter operations upon which the question of jurisdiction may be determined.[14] Moreover, the record shows that the charter operations are closely intermingled with Greyhound's common carrier services. The busses used are those that are not needed at the time for common carrier operations. This is also true of the drivers. Use is also made of other common carrier facilities. The charter revenues are readily ascertainable but the operating expenses are commingled with those incurred in the other passenger services. Greyhound's vice-president testified that he had not included both the charter revenues and expenses in his estimates of the intrastate operating results. He did not, however, submit the calculations involved. In such instances, it is particularly important that the Commission have complete data for passing upon the reasonableness of the results. Greyhound has not sustained the burden of proof. In the circumstances shown here, it has been the practice of the Commission in rate proceedings to take the revenues and expenses into consideration. Greyhound's contention that the earnings from race track operations should not be considered because the services are performed under fares higher than the regular level has little merit. For the purpose of meeting the competition of rail passenger fares, the company intends to continue to maintain in a substantial amount

[14] In this connection, see Decision No. 26504 of November 6, 1933, in Application No. 18973 (unreported), in re California Charter Car Corp.; et al., and Decision No. 34359 of July 1, 1941, in Application No. 24171 (unreported), in re B. W. McLeran. In the latter decision, the Commission pointed out that it had not, in the California Charter Car case nor in any other that had been brought to its attention, declined to exercise jurisdiction over operations merely because they involved charter service.

of territory in California intrastate fares that are on a basis lower than the regular state-wide level. It was not contended that the revenues and expenses associated therewith should not be considered herein. The revenues and expenses for the race track services will be taken into account.[15]

The differences in the estimates of operating expenses for the test year submitted by the witnesses will now be considered. The estimates do not cover identical periods and this accounts for some substantial variations in the figures. For example, the company witness considered the actual system expenses for the 12-month period ended June 30, 1950, whereas the Commission engineer used those for the 12-month period ended August 31, 1950. The expenses for the later period used by the engineer amounted to about $400,000 less than those for the base period relied upon by the company witness. Another difference in the estimates resulted from a wage increase effective January 1, 1951, granted to supervisory personnel and general office employees not covered by labor agreements, which was included in the engineer's figures but not in the company estimate. There are also sharp differences in the bases employed in calculating the major operating expenses which will now be discussed.

The number of bus miles operated directly affects most of the operating expenses and is therefore an important factor in the calculations of the witnesses. The company estimates, which substantially exceed those of the Commission engineer, were predicated upon past operations adjusted on the basis that each one percent decline in traffic volume would permit reductions in bus mileage of one quarter of one percent on branch lines and one half of one percent on all other services. The Commission engineer calculated that bus mileage could be reduced by amounts ranging from one half of one

[15] The record shows that through inadvertence race track revenue was increased by 35 percent. An appropriate adjustment will be made.

percent to one percent, depending upon the routes, for each one percent drop in traffic. The company witness asserted that his estimates were largely predicated upon his view that bus mileage could no longer be reduced at the rate heretofore prevailing without impairing the service to a point where it might become "traffic rejecting." He did not, however, submit specific studies in support of his views. On brief, it is urged by Greyhound that the judgment of its experienced officer who is responsible for the adequacy of the service should receive preponderant weight. The Commission engineer based his estimates on studies of the reductions in bus mileage actually made for the various groups of routes in relation to traffic declines over a two-year period. Consideration was given to the service requirements of the different territories and on some of the routes the bus mileage was reduced by amounts smaller than those theretofore indicated by the studies. The record shows that about one half of the total bus mileage operated on main lines is accounted for by a few groups of routes where a substantial amount of service is provided. Careful consideration of the evidence leads to the conclusion that the Commission engineer's estimates were founded upon more appropriate bases which give reasonable recognition to the adequacy of the service. The evidence shows, however, that 5,000 bus miles should be added to his estimate for the Half Moon Bay service.

In regard to the maintenance of revenue equipment, Greyhound challenged the propriety of the Commission engineer's estimated maintenance cost of 1.5 cents per bus mile for 100 new busses to be placed in main line service early in the year 1951.[16]

[16] The company witness did not give effect in his calculations to the lower costs associated with the new busses. He contended, however, that this omission was offset by his failure to provide for the higher costs resulting from the increased age of the rest of the fleet. The Commission engineer took both factors into consideration in his figures.

The company's superintendent of maintenance claimed that the cost would average from 2.25 cents to 2.5 cents per bus mile for the first year under present conditions. Subsequently, it was asserted that the company's past experience indicated that the cost would amount to 2.21 cents per bus mile and that the mileage assumed by the engineer could not be realized in the service where the new equipment would be used. The figures forming the bases for these estimates were not submitted. The average amounts claimed by the company indicate that maintenance costs on that basis would amount to from 3.0 cents to 3.5 cents per bus mile at the end of the first year. These cost levels are too high for new busses. On the other hand, the engineer's estimate appears to be a little low. An appropriate adjustment will be made.

The witness for Greyhound contended that the Commission engineer's estimate of drivers' wages did not reflect actual conditions and was too low. Both the company witness and the Commission engineer first developed the driver costs for the local services through special studies. There were only slight differences in these estimates. Their figures for the main line operations, however, differed materially. For the system main line operations, the company witness based his estimate upon the average costs experienced in the first six months of the year 1950. The engineer's figures were developed for each group of main line routes on the basis of detailed study of these operations. The company witness pointed out that the engineer's figures were equal to 8.69 cents per bus mile whereas the actual experience on the system for the first ten months of 1950 reflected the higher cost of 8.81 cents per bus mile. The engineer asserted that the period in question was not an appropriate measure of the wage costs. He stated that the annual vacations of the majority of the drivers were customarily concentrated in the months of September and October with the result that driver costs for those months were weighted by an unusual amount of vacation expense. To avoid this abnormal influence, the engineer based his calculations on the actual main line costs experienced in the period February 1 to July 31, 1950, with upward adjustments to compensate for vacations and sick leave, rather than the costs for the first ten months of the year. The engineer considered the period used to be reasonably representative.

The engineer's method of calculating the driver costs in accordance with the results of analyses of the various groups of routes gives effect to variations in the services in relation to traffic flows and appears to produce more representative results than the approach employed by the company witness. The record lends support to the engineer's views relative to the effect of concentration of vacations in the months of September and October. The evidence indicates, however, that the allowance made in the engineer's figures for the added costs of vacations is too low. An upward adjustment will be made.

The costs incurred in the supervision of transportation are common to the various transportation services performed. The company witness apportioned these costs for the local services in accordance with a study made to determine the actual amount of supervision exercised over the operations through each supervisory position. The bases so developed produce results that are more accurately related to actual conditions than the prorate based on drivers' wages used by the engineer and will be adopted.

Fuel costs for revenue equipment used in the local services were calculated by the witnesses from studies of actual consumption. Only small differences were involved in these estimates. For the other operations, the company witness based his calculations on the average cost per bus mile experienced in the system operations for the first six months of 1950. The Commission engineer's calculations were founded upon detailed studies of equipment service assignments and fuel consumption. Fuel costs determined on this basis are directly related to the various actual operations. The engineer's estimates appear to be proper and will be used.

The amount allowed for depreciation expense by the company witness materially exceeded that calculated by the Commission engineer. Most of the difference resulted from variations in treatment of depreciation on revenue equipment. For main line busses, the company witness calculated depreciation expense in accordance with the company's book basis. This provides for 9-year service life with depreciation expense taken at the rate of 14 percent for each of the first five years and 6.5 percent for each of the next four years. No depreciation expense was allowed for main line busses that were fully depreciated on the books. The Commission engineer did not use the book basis. Instead, his calculations were made upon a straight line basis for 10-year service life. For the purposes of these proceedings, the tapering depreciation schedule used by the company witness reflects differences in the percentage bases for the different years that are too great. On this record, a straight line method based on 10-year service life is appropriate and will be used.

Depreciation expense for the local services was calculated by the witnesses under a straight line method based on 10-year life, which is the basis used in the company's books. The company witness, however, allowed depreciation expense on fully depreciated busses as well as those not fully depreciated. The witness testified that most of the busses used in the local services were either fully or substantially depreciated on the books. He asserted that the local services had been operated at substantial losses for many years, that the depreciation charges had never been recovered and that the company had lost its investment in many of the busses in question. Assertedly, the depreciation allowance made was no greater than necessary to enable the company now to recover its investment over a 10-year period. Protestants challenged the propriety of the allowance. On brief, counsel for these parties pointed out that the depreciation charges in question had been included in the operating expenses shown each year in the company's tax returns and annual reports. He argued that depreciation expense for past years should not be charged as operating expenses for subsequent annual periods.

Should it be, as contended by Greyhound, that it has failed to earn depreciation charges on the local busses and that this was attributable to inadequate fares, the resulting situation is fundamentally similar to that which would obtain had insufficient provision been made for depreciation expense or had the operating property been inadequately maintained. On this record, it appears that no allowance should be made in the estimates of the operating expenses for depreciation expense on equipment that is fully depreciated on the books.

Protestants argued on brief that depreciation expenses for busses used in the local services should be based upon a service life greater than the 10-year period used in the calculations of the witnesses. In support thereof, it was asserted that much of the equipment was now about ten years old, that it was in good condition and modern in appearance and that, admittedly, Greyhound was not planning to replace it with new equipment in the near future. Based on experience, Greyhound and many other bus companies operating in California have long based depreciation charges upon service lives of from 8 to 10 years, depending upon the operations. However, it has sometimes been possible to retain equipment in service for longer periods that would not result in excessive maintenance costs nor in public complaint that the busses were too old and outmoded for the fares charged. Careful consideration of the evidence, including the service requirements for the local operations, leads to the conclusion that 10-year service life is reasonable for the purpose of depreciating the busses used in the operations in question.

With respect to operating taxes, the lower estimate submitted by the Commission engineer covering real estate and personal property taxes will be adopted. His figures were based upon the tax bills for the 1950-1951 tax year which were then available, whereas the company witness used the tax charges for the preceding period as increased by 10 percent to compensate for anticipated advances in tax rates. However, the evidence indicates that an upward adjustment is necessary in the engineer's estimates of California transportation tax.

Station expenses were prorated in accordance with the number of bus arrivals and departures for the various services. Protestants claimed that the costs assigned to the local services under this basis were excessive. It was contended that main line passengers made substantially more use of depot facilities than did the local passengers. Assertedly, Marin County commuters, comprising about one-half of the total traffic handled in that operation, utilized the services of ticket clerks only once per month. It was maintained that allocation of station expenses on the basis of the number of tickets sold instead of bus trips would be more appropriate. Protestants' objections substantially involve the operations from and to San Francisco, where there are two depots. The Marin County commuter service is operated during the peak periods from and to a separate terminal maintained therefor at the Ferry Building. The expenses incurred at this depot were readily ascertainable. The main depot on Seventh Street serves as the terminal for various local and main line operations, including the Marin County service. The latter operations from and to this depot involve the movement of passengers under one-way and round-trip fares and also a certain amount of the commuter traffic.

Carriers generally maintain depots for the convenience of all of their patrons traveling from and to the points at which they are located. When a depot is jointly used by various services, it is impractical, if not impossible, to determine the actual proportionate use made of the facilities as a basis for allocating the expenses. According to the testimony of the witness for Greyhound, allocation of the station expenses on the basis of the number of passengers handled in each of the services would result in assignment of a disproportionate share of the station costs to the local operations. On the other hand, assignment of these expenses on the basis of a revenue prorate would result in station costs materially greater than the main line services should properly bear. Protestants' proposal for use of ticket sales as the basis for the allocations contemplates that each monthly and other type of commutation ticket would be considered as a single ticket. This is not a proper measure for allocating the various station expenses. For example, busses handling commuter traffic use the loading and unloading docks twice each working day of the month. The proposed basis would not give reasonable effect to the daily station costs involved therein. The number of bus trips into and out of the depot as used by the witnesses appears to give appropriate relative weight to the frequency or infrequency of the schedules operated in the various services and to the probable use of station facilities. On this record, this basis does not produce unreasonable results.

Administrative and general expenses, sometimes referred to as overhead costs, were not readily separable as between Greyhound's various passenger operations. These expenses were determined by the company witness and the Commission engineer for the local services on the basis of 10.4 percent and 11.19 percent, respectively, of the direct expenses. The percentages used represented the ratios of the actual administrative and general expenses to the direct or underlying expenses for the system operations in the periods studied by the witnesses. On brief, protestants contended that these bases produced excessive overhead costs for the local services for the reasons that the per-mile cost of such services was much greater than that for the other operations and that proportionately greater general office expense had not been shown to be necessary because of the greater operating costs. Protestants also considered the cost of supervision of transportation excessive. Under efficient management, expenditures for administration and management of the operations are usually closely related to the direct costs of operation. The record indicates that the local services involve frequent schedules, extreme peak periods and many other complexities not ordinarily encountered in the other operations. Under these circumstances, the record does not indicate that the estimates of the expenses in question are unreasonable.

With respect to the garage overhead expenses, protestants claimed on brief that the company witness had used a basis for apportioning these costs that was higher than indicated by the basic data. This was true of the original estimates. The figures considered herein, however, are those subsequently introduced which reflected the latest available information, including important changes in operating conditions that had since occurred. In these later calculations, the basis in question was in conformity with the basic data.

In regard to other differences in the operating expenses, the costs involved in compensation insurance and employee pensions as calculated by the company witness are overstated and certain expenses were omitted from the estimated cost of injury and damage claims. Some of the other variations were due to the differences in the estimates of bus mileage. The remainder of the operating expense estimates are reasonably close and the differences largely offset each other.

As previously indicated, sharp increases that occurred in wages and tire costs after the estimates of the results of operation were submitted by the witnesses must also be considered. In regard to the wages, Greyhound's officials indicated during the hearings that they were then involved in wage negotiations with labor organizations representing the drivers and station employees and a copy of a written offer to adjust the wages of these employees that had been made by the company was introduced in evidence. According to the record, the wage increase involved in the offer amounts to $ 340,800 for Greyhound's intrastate operations. Official notice is taken of the fact that the offer was rejected by the employees and that during the ensuing strike final settlement was made under the much higher basis of the national wage stabilization formula. The total additional costs involved in the final settlement are not of record in these proceedings. Under the circumstances, the amount involved in the aforesaid offer to the employees, which is substantially less than indicated by the final settlement, will be given effect in the operating expenses. The wage increase affects both the main line and the local operations.

Under Greyhound's contracts with tire companies, copies of which were introduced in evidence, the costs of tires and tubes specified therein are subject to revision for each six-month period. Increases or decreases in the contract prices for the next six-month period are determined in accordance with changes in the average prices of crude rubber and rayon that occurred during the preceding six-month period as indicated by the average of the daily market quotations on the Commodity Exchange, Inc., New York. Evidence was submitted by Greyhound showing that tire and tube costs for the six-month period commencing February 1, 1951, would be increased by 46.23 percent. The testimony of the company witness in this respect was corroborated by an official of a tire company involved in the contracts. From the evidence, it does not appear that the costs during the succeeding six-month period would be less than those indicated above for the period February 1 to August 1, 1951. The resulting increase in the costs of tires and tubes amounting to $200,400 per year will be included in the operating expenses.

The differences in the estimated operating results covering the other applications will now be considered. The record shows that even under the proposed fares operating losses would be experienced in the test year by Continental Pacific Lines, Burlington Transportation Company, Interstate Transit Lines and Santa Fe Transportation Company. The material differences in the estimates covering the operations of Santa Fe are attributable to the fact that the figures do not cover identical periods and to the methods employed in calculating the operating expenses involved in the joint operation in California of Santa Fe's service and that of an affiliated company.[17] The witness for Santa Fe calculated the expenses assignable to his company in accordance with a written agreement between the two carriers.[18] The engineer's higher figures were developed through apportionment of the expenses on the basis of related service units. It is clear, however, that the proportion of the joint operating expenses assignable to Santa Fe's intrastate operations would be no greater than those resulting under the agreement between the two companies.

The difference in the estimates dealing with Orange Belt Stages is accounted for by erroneous inclusion in the company's figures of expenses for nonoperating properties, a salary for a partner who is not active in the business and omission of certain maintenance costs. The Commission engineer's estimates appropriately dealt with these factors and will be accepted.

For Gibson Lines, the variations in the estimates are largely attributable to differences of opinion relative to the

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17 Santa Fe Transportation Company's passenger operations in California involve only intrastate movements. The interstate traffic is handled by its affiliate, Transcontinental Bus System, Inc. The busses and other facilities used in the service are jointly operated by the two companies.

18 Under the agreement, the intrastate revenue accrues to Santa Fe and the interstate revenue to the affiliate. Operating expenses that are solely related to each company's traffic are charged accordingly. Joint expenses are charged on the basis of the ratio of each company's California revenue to the total revenue earned by them in the State, except that depreciation expense is computed on a mileage basis.

number of bus miles to be operated in the test year and to the anticipated level of certain operating expenses. The Commission engineer's estimate was based upon the amount of service operated in the 12-month period ended October 31, 1950. In the face of a declining traffic trend, the company's greater estimate of the anticipated number of bus miles is not acceptable. Depreciation expense for revenue equipment was calculated by the engineer on a straight line basis for 10-year service life whereas the company used 8-year service life, a relatively high depreciation rate for the first 5 years and declining rates thereafter.[19] As previously indicated, the difference between the percentages for the periods in the tapering depreciation schedule used in the company's figures is too great for the purposes of these proceedings. On this record, a straight line schedule based on 10-year service life is appropriate.

Adjusted Operating Results for Greyhound

The Commission engineer's calculations of revenues and expenses were based as previously indicated upon more recent operating data than were available when the company witness prepared his estimates. In view of this, the engineer's figures will be used in making the adjustments just discussed and for recalculating the estimated operating results. The revenues and operating expenses for the California intrastate operations for the year 1951 under the present fares involve revisions to the extent shown below.

The revenue estimate must be advanced by $140,000 to reflect the interim increase in Marin County commutation fares. The company claimed that it was realizing only $100,000 from the increased fares but this estimate was based on experience for only one month. This test period is too short to be considered representative.

[19] For equipment purchased new, the company used depreciation rates of 15 percent for the first five years, 8 percent for the next two years and 4 percent for the eighth year.

Adjustments of the operating expenses under the present fares involve the addition of the following amounts to various expense items: $340,800 representing a portion of the total wage increase granted to drivers and station employees; $200,400 for advances in the costs of tires and tubes; $79,400 to adjust maintenance costs for new busses; $44,400 for wages of drivers of main line busses; $13,300 to adjust an error in the calculations of fuel costs for the Marin County service; $1,400 for commissions paid at depots on ticket sales under the interim increase; $41,500 and $4,200 to adjust California transportation tax on "other revenue" and on the interim increase, respectively; $8,400 for fuel tax on the above adjustment of the fuel costs; and $9,000 for annual depreciation on a new depot at San Diego. These adjustments amount to $742,800.

For the estimates under the proposed fares, the revenue figures are reduced by $45,800 to adjust an error in the calculation of race track revenue. The adjustments in the operating expenses shown above for the present fares were included in the expenses under the proposed fares to the extent that they were applicable. The various expense items in question were reduced to reflect the effect of the lesser number of bus miles involved under the proposed fares. On this basis, the changes in question are: $335,300 for the wage increase; $196,900 for tires and tubes; $78,800 for maintenance of new busses; $43,700 for drivers'wages; $12,900 for the Marin County fuel; $41,500 to adjust the transportation tax; $8,100 for fuel tax; and $9,000 for depreciation on the San Diego depot. A downward adjustment of $1,400 is also necessary to cover the reduction in transportation tax resulting from the deduction made from the race track revenue.

With these adjustments, the results of operation for the year 1951 under the present and proposed fares would be as set forth in Tables Nos. 4 and 5 below.

TABLE NO. 4

Adjusted Estimated Results of Pacific Greyhound Lines' California Intrastate Operations under Present Fares and Proposed Fares for the Year 1951

	Present Fares	Proposed Fares
Revenues		
Passenger Revenue	$16,445,400	$18,532,100
Other Revenue	1,594,900	1,594,900
Total	$18,040,300	$20,127,000
Operating Expenses		
Equipment Maintenance	$ 3,333,600	$ 3,265,300
Transportation	6,592,000	6,449,300
Station	2,375,600	2,467,200
Traffic	606,500	606,500
Insurance & Safety	969,500	953,700
Administrative & General	1,527,200	1,521,200
Depreciation	1,147,300	1,147,300
Operating Taxes	1,645,100	1,701,500
Operating Rents	* 126,900	* 126,900
Sub-total	$18,069,900	$17,985,100
Wage increase for drivers and station employees	340,800	335,300
Increase in cost of tires and tubes	200,400	196,900
Total	$18,611,100	$18,517,300
Net Operating Revenue	$ (570,800)	$ 1,609,700
Income Taxes	—	785,200
Net Income	$ (570,800)	$ 824,500
Estimated Intrastate Rate Base	$10,316,100	$10,316,100
Rate of Return	—	8.0%
Operating Ratio Before Taxes	103.2%	92.0%
Operating Ratio After Taxes	—	95.9%

( ) - Indicates Loss

* - Red Figure (Credit)

TABLE NO. 5

Adjusted Estimated Results of Pacific Greyhound Lines' Operation of Local Services, viz.: Marin County, Contra Costa County and Peninsula Area, Under Present Fares and Proposed Fares for the year 1951

Present Fares

	Marin County	Contra Costa County	Peninsula
Revenues			
Passenger Revenue	$ 1,608,000	$ 662,200	$ 1,674,500
Other Revenue	24,800	13,300	41,900
Total	$ 1,632,800	$ 675,500	$ 1,716,400
Operating Expenses			
Equipment Maintenance	$ 278,500	$ 154,100	$ 336,200
Transportation	928,300	287,200	669,300
Station	127,500	81,500	238,900
Traffic	47,100	15,600	42,300
Insurance & Safety	107,200	55,600	42,300
Administrative & General	167,000	71,600	124,600
Depreciation	92,000	49,000	167,000
Operating Taxes	164,200	67,400	99,300
Operating Rents	* 19,300	* 7,600	162,100
Sub-total	$ 1,892,500	$ 774,400	$ 1,829,200
Wage increase for drivers and station employees	42,300	13,700	41,500
Increase in cost of tires and tubes	12,800	6,700	15,000
Total	$ 1,947,600	$ 794,800	$ 1,885,700
Net Operating Revenue	($314,800)	($119,300)	($169,300)
Operating Ratio Before Taxes	119.3%	117.7%	109.9%

Proposed Fares

	Marin County	Contra Costa County	Peninsula
Revenues			
Passenger Revenue	$ 1,898,600	$ 796,400	$ 2,029,500
Other Revenue	24,800	13,300	41,900
Total	$ 1,923,400	$ 809,700	$ 2,071,400
Operating Expenses			
Equipment Maintenance	$ 264,300	$ 148,700	$ 323,600
Transportation	887,400	278,200	643,100
Station	137,900	91,100	245,300
Traffic	47,100	15,600	42,300
Insurance & Safety	102,100	53,700	120,100
Administrative & General	166,400	71,300	166,400
Depreciation	92,000	49,000	99,300
Operating Taxes	169,400	70,150	172,200
Operating Rents	* 19,300	* 7,600	* 10,500
Sub-total	$ 1,847,300	$ 770,150	$ 1,801,800
Wage increase for drivers and station employees	41,500	13,500	40,800
Increase in cost of tires and tubes	12,000	6,400	14,300
Total	$ 1,900,800	$ 790,050	$ 1,856,900
Net Operating Revenue	22,600	19,650	214,500
Income Taxes	6,400	5,500	99,900
Net Income	16,200	14,150	114,600
Operating Ratio Before Taxes	98.8%	97.6%	89.6%
Operating Ratio After Taxes	99.2%	98.3%	94.5%

( ) - Indicates Loss * Red Figure (Credit)

Greyhound's Commutation Fares

As previously indicated, Greyhound proposes to increase its commutation fares between San Francisco and points in Marin County, Contra Costa County and the Peninsula territory. The advances average 75 percent, 30 percent and 39 percent, respectively. By Decision No. 44758 of September 1, 1950, in Applications Nos. 30868, 30869 and 30870, involved herein, an interim increase of 25 percent was authorized in the Marin County commutation fares pending final disposition of the proposals.

The three services in question involve movements of passengers under one-way and round-trip fares as well as commutation fares. The commuter traffic amounts to about 50 percent of the total traffic handled in the Marin County service, 17 percent for Contra Costa County and 24 percent for the Peninsula. The commuter movement occurs during two peak periods from 7:00 a.m. to 9:00 a.m. and from 4:00 p.m. to 6:00 p.m., Mondays through Fridays.

According to the testimony of record, the commuter services are unusually expensive to perform because of the concentration of substantial movements in two relatively short peak periods of the day. Comprehensive studies of the assignment and utilization of equipment and drivers in these services were submitted. They indicated, for example, that the Marin County service during the off-peak periods was performed with a total of 25 busses and that the peak-period operations required 105 busses to handle the traffic. It was shown that but little use could be made of the peak-period equipment during the off-peak operations because the traffic volume was small. Greyhound's contracts with labor organizations require payment for the idle time of the drivers between the peak periods. The effect of these operating conditions is illustrated by the fact that the estimated driver costs of record are equal to 16.3 cents per bus mile for the Marin, 12.3 cents for the Peninsula and 9.8 cents for the Contra Costa operations, as compared with 9.7 cents for other local services where extensive commuter operations are not involved.[20]

Witnesses for Greyhound asserted that the present commutation fares were materially out of line with current cost levels. It was pointed out that, except for the recent interim increase in the Marin County fares, the commutation fares in the three territories has not been increased since they were established. According to the evidence, the Marin fares in effect prior to the interim increase were about 21 percent lower than those charged in the year 1941 when Greyhound's service was commenced. Evidence was submitted showing that this was attributable to three reductions that had been made in the fares since that time in connection with downward adjustments in bridge tolls and to the subsequent establishment of monthly 5-day week commutation fares that were lower than the monthly (daily use) fares. It was indicated that even under the interim increase the fares were no higher than those in effect in the year 1941.

Under the proposed adjustment, the Marin and Contra Costa commutation fares would be on the level of 75 percent of the proposed one-way fares which are based upon 2.5 cents per mile for distances of 25 miles and under and 2.35 cents per mile for distances over 25 miles but not over 50 miles. The corresponding rates per mile for the proposed commutation fares are 1.875 cents and 1.7625 cents. For the Peninsula service, the sought commutation fares from and to San Francisco and from and to points other than San Francisco are constructed on the basis of 65 percent and 75 percent, respectively, of the present one-way fares which are on the level of 2.0 cents per mile for distances of 50 miles and under. The resulting commutation fares are equal to 1.3 cents per mile.

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[20]In the Marin County service, the commuter proportion of the total traffic handled therein amounts to considerably more than that for the other areas indicated. This requires the operation during the morning and evening peak periods of a greater number of busses that can be used only for one relatively short round-trip per day. Most of these busses are not needed during the off-peak periods. Consequently, materially more idle time must be paid for in the Marin service as compared with the Contra Costa County and Peninsula operations. Exhibits Nos. 29, 30 and 50 indicate that the idle time for Marin County amounts to 64.3 percent of the total time and that for Contra Costa County and the Peninsula it amounts to 37.9 percent and 33.8 percent, respectively.

Greyhound also proposes to discontinue the present forms of monthly and 12-ride commutation tickets and to substitute therefor 20-ride tickets that would be valid for use during the month in which sold and in the next calendar month, between points where the distance is 30 miles and under. For the greater distances, the limit would be thirty days after the date of sale. According to the evidence, the shorter limit is necessary for the latter points in order to avoid application of the federal transportation tax on such commutation tickets. The witness for Greyhound asserted that the new form of ticket would enable commuters to obtain full use of the number of trips provided. His investigation had shown that this was not always possible under the limitations governing the use of the present forms of tickets.

A number of objections to Greyhound's proposals expressed by the protestants were hereinabove dealt with directly in connection with the matters involved. Additional objections advanced by these parties will now be discussed. Counsel for the County of Marin, the Federation of Marin County Commuter Clubs and the Contra Costa Commuters Association contended that a segment of Greyhound's operations no smaller than its over-all California intrastate services should be considered in testing the adequacy or inadequacy of the fare structure and that as long as the intrastate operations were profitable Greyhound was not entitled to increase its fares in any particular segment thereof.

The counsel also argued that Greyhound's revenue needs should not be measured by forecasts of the future results of operation under the present fares. He urged that such forecasts were susceptible to error and were generally unreliable. Exhibits were submitted purporting to show that Greyhound's previous forecasts of its system operating results were materially out of line with the actual results. One exhibit dealt with the three-month period

October 1 to December 31, 1948. The company showed, however, that the apparent disparity resulted mainly from increases in intrastate fares, in Arizona and in express charges which were authorized some time after the forecast was made. Another exhibit compared the actual operating results for the year 1949 with those for the 12 months ended June 30, 1950 and September 30, 1950 and 1951. Evidence was introduced by the company showing that the figures for the year 1949 reflected the beneficial effect of a general increase in California intrastate fares only for the portion of the year when they were in effect whereas the effect of the advance was reflected throughout the other two periods. It was also shown that the forecast figures for the 12 months ending September 30, 1951, included recent increases experienced in wages and in the cost of fuel and tires and tubes amounting to more than one million dollars on a system basis. The company witness asserted that these advances affected the direct costs and that in view of the amount involved it was not possible as claimed by protestants to make economies that would result in maintaining the operating costs at the per mile level heretofore prevailing.

Protestants further contended that the effect of competition of private automobiles upon Greyhound's future earnings from the local services must be considered. Exhibits were presented indicating that based on costs exclusive of depreciation and additional insurance coverage the operation of car pools by commuters was feasible. It was claimed that the commutation fares proposed by Greyhound would result in substantial loss of traffic and that its earning position would not be improved.

A number of officials of various commuter organizations and other parties testified in opposition to the fares proposed by Greyhound. They asserted that the sought increases in commutation fares were greater than the commuters could reasonably bear and that further residential development of the San Francisco Bay metropolitan area would be seriously handicapped. In regard to the 20-ride tickets, the witnesses endorsed Greyhound's purpose of enabling commuters to obtain full use of their tickets but they objected to the adoption of the proposed form of ticket. It was urged that the frequent purchases of tickets that would be involved in the use of 20-ride tickets would be a hardship on the commuters. They requested the adoption of tickets providing for 40 rides within a period of 45 days for distances not over 30 miles and within 30 days for greater distances. The witnesses contended that many occasional riders would use the 20-ride fares instead of the regular fares with the result that Greyhound's revenues would be correspondingly reduced. The witnesses also requested the adoption of card commutation tickets in lieu of the proposed coupon books. It was maintained, however, that the charges per ride should not exceed those resulting under the present fares. Greyhound objected to the card form of ticket. It was pointed out that important data relative to traffic flows were developed from the coupons collected on each bus trip. Assertedly, such data would not be provided by a card ticket since it would merely be punched by the driver.

The witnesses in question also claimed that the equipment used in the Contra Costa service did not have sufficient power and that there were "standees" on virtually every bus trip made during the commute periods. The company introduced considerable testimony relative to the adequacy of the motive power and to its maintenance program. In this connection, a Commission engineer introduced a detailed study he had made of the operations in the commute areas in question. Based on the study, he recommended that Greyhound adjust the schedules so as to equalize loading, revise the running times to conform to current traffic conditions, inaugurate "turn-back" of busses in order to obtain additional trips during peak periods and coordinate the work of supervisors involved in schedule making.

During the course of the hearings, the company reported that these recommendations had been placed in effect. The engineer also expressed the opinion that supervision and control of the operations in the public interest would be facilitated by establishment of loading standards as has been done for certain other carriers handling commute traffic. The data in this record are not sufficient for a proper determination of the loading standards that are justified for Greyhound's local operations.

As previously indicated, Greyhound proposes to maintain between all points it serves in California 10-ride fares that are valid for use within 30 days after the date of sale. It seeks to have these fares replace various commutation fares in effect between Santa Monica and Long Beach and intermediate points, between San Francisco, Oakland and points in Marin County, on the one hand, and Mare Island and Vallejo, on the other hand, and between Sacramento and Woodland. The record shows that the fares between these points have not been increased since they were established in the years 1941 and 1942. It also shows that the amount of traffic moving under the present fares is small.

Gibson Lines' Local Service

Gibson Lines provides local service between Sacramento and North Sacramento, West Sacramento and other nearby points and line-haul service between Sacramento and Chico and Folsom and intermediate points. For the local service, nine fare zones are maintained for which the present fares range from 10 cents to 50 cents per ride. In addition to the fare increases sought for the line-haul service, Gibson proposes to advance the local fares by five cents per ride. A Commission engineer submitted an alternate fare plan involving lesser increases in one-way fares for the shorter hauls based on the use of tokens sold at the rate of two for 25 cents. Under the plan, the present 10-cent intrazone fare would be on the basis of 15 cents per ride or one token. The present 15-cent fare for interzone movements involving two zones would be 20 cents or one token plus five cents. No change would be made in the other interzone fares as sought by the company.

Witnesses representing a number of Parent-Teacher associations and community organizations objected to the granting of any increase in the local fares. In general, they asserted that the people in the local areas had relatively low incomes and that the increased fares would be burdensome. They also contended that some of Gibson's routes should be extended or rerouted so as to provide appropriate service to certain areas in North Sacramento, West Sacramento and nearby points.

The evidence shows that an operating loss amounting to $33,408 would be experienced on the local service if the present fares were continued in effect for the next twelve months. It is clear that these fares do not cover the cost of the service and that additional revenue is needed. However, the record shows that the proposed advance of five cents per ride in the intrazone and two-zone fares affects a large number of passengers who travel distances of three miles and under. An increase of five cents per ride for such short distances would result in the loss of a substantial amount of this traffic and the company would be deprived of needed revenue. It appears that the fare plan suggested by the Commission engineer would enable the company to retain most of the short-haul traffic and would result in providing a reasonable margin between revenues and expenses. On this basis, the revenues and operating expenses for the local operations only would amount to $328,139 and $312,020, respectively. The operating income after provision for income taxes would amount to $10,436, the corresponding operating ratio would be 96.8 percent, and the rate of return 6.4 percent. With the foregoing modifications, the proposed fares are justified on this record and will be authorized.

In regard to protestants' complaints relative to the service, the Commission has since authorized Gibson Lines in Decision

No. 45488 of March 27, 1951, in Application No. 32157, to make substantial changes in its operating routes in the Sacramento area. A number of these changes affect the territories referred to by protestants. It appears that the authorized changes in the operations should result in reasonable satisfaction of protestants' complaints.

Conclusions

The evidence dealing with the financial position of all applicants herein under the present and proposed fares has been carefully reviewed. Likewise, protestants' objections have been fully considered. Competent studies of revenues and operating expenses were introduced in evidence. The studies included the results of operation for the most recent 12-month periods for which the figures were available as well as forecasts of the estimated operating results for future 12-month periods. In the forecasts, effect was given by the witnesses to downward trends in traffic volume as derived from consideration of the actual conditions shown by the aforesaid past operations. Effect was also given to known increases that had occurred in operating expenses. In general, both this Commission and the Interstate Commerce Commission have relied upon forecasts of future results of operation prepared in the foregoing manner. Although the operating expense figures introduced in the instant proceedings were in some instances based on estimates, painstaking efforts were made by the witnesses to develop related bases for the calculations. The results achieved as modified herein are reasonable on this record and we so find.

It is clear from the evidence that applicants have experienced substantial increases in operating expenses which, coupled with declining traffic trends, have rendered the present fares insufficient to cover the cost of performing the services. All of the applicants are confronted with pressing revenue needs and relief is necessary if adequate services to the public are to be maintained.

However, Table No. 4 shows that the increased one-way, round-trip and commutation fares sought by Greyhound together with its other intrastate revenues would produce a rate of return for its over-all intrastate operations amounting to 8.0 percent. After careful consideration, the Commission is of the opinion that this rate of return is greater than reasonable for the intrastate operations.

To produce a lower rate of return that would be appropriate for Greyhound, downward adjustments in the increased fare levels sought by the company are necessary. In considering these adjustments, the Commission is confronted with broad and unusually difficult problems that involve the continued maintenance of adequate bus services in a substantial portion of California. As a group, the seven bus companies involved in these proceedings serve virtually every section of California. In relation to the other six applicants, Greyhound enjoys a dominant position because of the materially broader scope of its intrastate operations. Its annual volume of traffic and revenue for these services far exceeds the aggregate amounts thereof for the other applicants as a group. Greyhound competes with all the other applicants at a substantial number of points on their routes. The evidence shows that under these conditions the parity of one-way and round-trip fares proposed herein by all of the applicants is essential if all of the carriers in the light of the competitive situation are to obtain relief through increased fares. Protestants recognized these critical conditions by saying in their brief that, to be realistic, the virtual inevitability of an increase in Greyhound's main line fares must be accepted as the only means of preserving the competitive situation in question.

In this instance, all of the applicants are confronted with pressing revenue needs. Six of the applicants serve comparatively limited areas in different sections of the State. It is clear that they perform valuable transportation services that are needed by the public in those areas. It is the Commission's obligation to preserve these needed services to the public and to see that they are adequately maintained. The six applicants in question urgently need the full measure of relief that would be provided by increases in one-way and round-trip fares in the amounts they seek and any reduction therein would provide insufficient relief and would result in impairment of the services. This would be detrimental to the territories they serve and would not be in the public interest. On this record, it is apparent that in order to assure continuance of adequate service in these territories Greyhound's state-wide one-way and round-trip fares should be on the levels authorized for the services of the other applicants. Under these circumstances, no downward adjustment should be made in such fares for the purpose of lowering Greyhound's over-all rate of return to one that is considered appropriate for its intrastate operations.

This leaves for consideration only the increased one-way, round-trip and commutation fares sought for Greyhound's local services between San Francisco and points in Marin County, Contra Costa County and the Peninsula area and the advanced commutation fares proposed for a small number of points in other areas. For many years, Greyhound has maintained the one-way and round-trip fares for these territories on the general levels provided for its state-wide operations. This long-standing relationship should not now be disturbed. Thus, it appears that the downward adjustment referred to above must be made in the amounts of the increases proposed in the commutation fares in question.

Careful consideration of the unusual circumstances involved in these proceedings leads to the conclusion that the requests of all of the applicants herein for needed additional revenue would be provided for by authorizing them to increase all of their fares to the full extent proposed in their applications, as amended, except that Gibson Lines' local fares should be advanced only to the extent hereinabove indicated and that Greyhound's commutation fares should be adjusted by authorizing continuance on a permanent basis of the interim increase granted in the Marin County fares, supra, with no further advance in such fares and no increase in any of the other commutation fares. Upward adjustments of the fares will be authorized accordingly. These upward adjustments will produce additional revenues needed to assure continued maintenance of adequate services in the sections of the State served by the various applicants. Although no increases other than the interim adjustment are being granted in Greyhound's commutation fares, the advances authorized in the other fares will provide a reasonable margin between the revenues and expenses for Greyhound's over-all intrastate operations. The operating results for the entire intrastate operations and for the local services in the San Francisco Bay area for the test year under the increased fares would be as follows:[21]

	Total Intrastate	Marin County	Contra Costa County	Peninsula
Revenues	$19,842,200	$1,776,600	$780,100	$1,959,700
Operating Expenses	18,547,100	1,923,500	790,900	1,862,200
Net Operating Revenue	$ 1,295,100	$ (146,900)	$ (10,800)	$ 97,500
Income Taxes	630,600	—	—	42,400
Net Income	$ 664,500	$ (146,900)	$ (10,800)	$ 55,100
Rate Base	$10,316,100	—	—	—
Rate of Return	6.4%	—	—	—
Operating Ratios:				
Before Taxes	93.5%	108.3%	101.4%	95.0%
After Taxes	96.7%	—	—	97.2%

( ) - Indicates Loss

The rate of return of 6.4 percent shown in the above tabulation would be produced by Greyhound's intrastate fare structure as a whole when adjusted as above indicated. On this record, we find that this rate of return is within the zone of reasonableness for Greyhound's over-all intrastate operations.

The operating results set forth in the tabulation for the Marin County, Contra Costa County and Peninsula operations include the revenues that would be derived from one-way, round-trip and commutation fares as adjusted to the extent indicated above. The figures for each operation, when considered individually, show that there would be operating losses for the Marin and Contra Costa services and that the revenues from the Peninsula operations would exceed the operating expenses. However, when the three services are viewed as a single local operation radiating from San Francisco to nearby points in the San Francisco Bay metropolitan area, the aggregate revenues, although

[21] The operating expenses for the Marin County and Contra Costa County services include $175,000 and $30,000, respectively, for the two bridge tolls involved in conducting the operations. No bridge tolls are involved in the Peninsula service.

not fully covering the operating expenses, appear to be sufficient to meet the out-of-pocket costs and also to make some contribution to the constant expenses.

The fact that the constant expenses would not be recovered in full is not unusual in operations involving the movement of passengers under one-way, round-trip and commutation fares. In such instances, carriers have for many years covered the deficiency by having the classes of traffic that are able to bear higher fares make greater than usual contributions to the constant expenses. In doing so, the carriers have considered that the fare levels were of greater than usual importance to the commuters and the communities in which they live. Unlike travel under the one-way and round-trip fares, which is often made at the pleasure of the traveler or as a business expense, commutation fares generally cover necessary transportation of the individual to and from work and therefore constitute an essential item in his budget or cost of living. Commuter transportation is sold in wholesale quantities and is paid for in advance for the entire month or other period covered by the ticket. Such fares traditionally have been made at considerably lower levels than the regular fares. This has helped to build up the suburban areas which, in turn, has provided substantial pools of potential passengers for movement under the usually profitable one-way and round-trip fares. These general conditions surrounding the handling of commuter traffic are also present in Greyhound's Marin County, Contra Costa County and Peninsula operations.

Since increases in commutation fares other than the interim increase, supra, will not be authorized, Greyhound should not be called upon to incur the additional expense involved in adoption of the new form of commutation ticket as requested by protestants. The present forms of tickets will be retained.

Greyhound maintains round-trip fares on the basis of 180 percent of the one-way fares. Its proposal to discontinue these round-trip fares between points where the one-way fare is 75 cents and under is not justified. Throughout these proceedings, witnesses for Greyhound stressed the fact that the traffic volume had steadily declined in the postwar period and that this had materially contributed to its present unfavorable earning position. The round-trip fares would be discontinued in short-haul areas where it is feasible for patrons to use their automobiles. The Commission is of the opinion that the proposal would have a substantial adverse effect on the traffic volume and would not be in the interests of either the public or Greyhound.

Greyhound's request for authority to discontinue its mileage and scrip books will be granted. The mileage books provide for 700 miles of transportation at a charge of $13.00. The scrip books contain coupons for transportation having a value of $25.00. They are sold for $22.50. It is proposed to discontinue the books rather than to bring the charges into line with current cost levels. The record shows that the sale of the books steadily declined over the years and now averages only two to three per month. Continuance of these fares at the present level would result in breaking down the beneficial effect of the fare increases herein authorized in the other fares.

Other changes proposed by Greyhound involve modifications of existing tariff provisions governing stopovers and the handling of baggage. They appear to be appropriate and will be authorized.

Greyhound also submitted a memorandum in which rulings were requested on a number of issues involved in these proceedings. These matters were dealt with hereinabove in disposing of various problems presented by this record. No good purpose would be served by repeating these findings.

Upon consideration of all of the evidence of record, we are of the opinion and hereby find that increased fares to the extent indicated in the foregoing opinion have been justified and that in all other respects the proposals have not been justified.

ORDER

Based upon the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Burlington Transportation Company, Continental Pacific Lines, Interstate Transit Lines, Orange Belt Stages and Santa Fe Transportation Company, be and they are hereby authorized to establish, on not less than five (5) days' notice to the Commission and the public, the increased passenger fares as proposed in their applications, as amended, filed in these proceedings.

IT IS HEREBY FURTHER ORDERED that Gibson Lines be and it is hereby authorized to establish, on not less than five (5) days' notice to the Commission and the public, the increased passenger fares as proposed in its application filed in these proceedings, subject to the following:

1. Increase the present one-way zone fare of 10 cents per ride to the level of 15 cents cash or one token, in lieu of the proposed fare.

2. Increase the present zone fare of 15 cents per ride to the level of 20 cents cash or one token plus five cents, in lieu of the proposed fare.

3. The tokens referred to in subparagraphs 1 and 2 of this ordering paragraph shall be sold at the rate of two for 25 cents. Special tickets sold at the aforesaid rate may be issued by Gibson Lines, in lieu of the tokens.

IT IS HEREBY FURTHER ORDERED that Pacific Greyhound Lines be and it is hereby authorized to establish, on not less than five (5) days' notice to the Commission and the public, the increased passenger fares and changes in governing rules as proposed in its applications, as amended, filed in these proceedings, subject to the follow following:

1. Establish the interim commutation fares authorized by Decision No. 44758 of September 1, 1950, in Application No. 30868, as amended, as permanent fares. No further increase shall be made in such fares.

2. No increase shall be made in the present commutation fares described in Applications Nos. 30869, 30870 and 31425, as amended.

3. The percentage basis of 180 percent now used in constructing round-trip fares shall not be discontinued as proposed in Applications Nos. 30868, 30869 and 30870, as amended.

4. Cancel Local and Interdivision Passenger Tariff No. 466, C.R.C. No. 259 and Local, Interdivision and Joint Passenger Tariff No. 490, Cal.P.U.C. No. 137, of Pacific Greyhound Lines concurrently with the effectiveness of the increased fares authorized herein.

IT IS HEREBY FURTHER ORDERED that concurrently with the effectiveness of tariffs of Pacific Greyhound Lines naming the increased fares authorized herein, the interim increase granted by Decision No. 44758 of September 1, 1950, in Applications Nos. 30868, 30869 and 30870, as amended, shall be abrogated and superseded.

IT IS HEREBY FURTHER ORDERED that applicants be and they are hereby directed to post and maintain in their vehicles and depots notices of the increased fares. Such notices shall be posted not less than five (5) days prior to the effective date of such increased fares and shall be maintained for a period of not less than thirty (30) days.

IT IS HEREBY FURTHER ORDERED that in all other respects the application of Gibson Lines and applications, as amended, of Pacific Greyhound Lines filed in these proceedings be and they are and each of them is hereby denied.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire ninety (90) days after the effective date of this order.

This order shall become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 29th day of May, 1951.

R. E. Mitchell

Harold P. Huls

Peter E. Mitchell

Commissioners

I concur in the decision of the Commission except in the final treatment therein accorded commutation fares.

Dated: May 29, 1951.

Justus F. Craemer
Commissioner

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I concur in the decision of the Commission except in the final treatment therein accorded the commutation fares.

It is apparent from the record in these proceedings that the commutation fares now in effect are materially out of line with the present cost levels and the carrier can only maintain such fares by burdening other traffic.

Dated: May 29, 1951.

Kenneth Potter
Commissioner