

**ORIGINAL**Decision No. 52813

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Pacific Greyhound Lines, a corporation, for an order authorizing increases in commutation fares in Marin County service.

Application No. 34362  
As Amended  
(Rehearing)

In the Matter of the Application of Pacific Greyhound Lines, a corporation, for an order authorizing increases in commutation fares in Sonoma County service.

Application No. 34363  
As Amended  
(Rehearing)

In the Matter of the Application of Pacific Greyhound Lines, a corporation, for an order authorizing increases in certain fares applicable to its Peninsula service.

Application No. 36532

In the Matter of the Application of Pacific Greyhound Lines, a corporation, for authority to increase certain fares for service between Long Beach, Santa Monica and intermediate points.

Application No. 36581  
As Amended

Appearances (See attached Appendix "E")

O P I N I O N

On May 31, 1955, the Commission issued its order granting rehearing in Applications Nos. 34362 and 34363. In Application No. 34362 applicant has requested authorization to establish individual 20-ride commutation fares for the Marin County service based upon 90 per cent of the one-way fares. In Application No. 34363 applicant has requested authorization to establish individual 20-ride commutation fares for the Sonoma County service based upon 75 per cent of the one-way fares. By Decision No. 50747, issued November 4, 1954, this Commission authorized applicant to establish individual 20-ride commutation fares for its Marin and

Sonoma County service at specific rates at a lower level than requested. The Commission at that time estimated that the authorized fares would produce about one third of the revenue increase requested. The further hearings on these two applications were held before Commissioner Matthew J. Dooley and Examiner Wilson E. Cline at San Francisco on July 27, 28 and 29 and August 3, 1955. Briefs on rehearing were filed on August 17, 1955, by applicant and by the Marin County Federation of Commuter Clubs, at which time these matters were taken under submission.

By Application No. 36532 filed December 8, 1954, applicant Pacific Greyhound Lines seeks authority to cancel its present commutation fares for its Peninsula service and to issue in lieu thereof 20-ride commutation fares based upon 65 per cent of the one-way fares. Public hearings on this application were held before Commissioner Dooley and Examiner Cline at San Francisco on May 18, 19, 20 and 27, and June 1, 1955.

On December 21, 1954, applicant Pacific Greyhound Lines filed Application No. 36581. By this application applicant proposed to cancel its present one-way and round-trip fares between Long Beach and Santa Monica and intermediate points and to publish in lieu thereof one-way fares which are 10 cents higher than the present fares except that the proposed minimum fares will be 20 cents instead of the present 15 cents. It is also proposed that round-trip fares will be double the one-way fare instead of 180 per cent of the one-way fare. Applicant presently has in effect 10-ride adult commutation fares, 30-ride adult commutation fares and 40-ride school commutation fares between certain points in the area between Long Beach and Santa Monica. Applicant proposes to cancel these commutation fares and in lieu thereof to establish the following: (a) 20-ride adult commutation fares on

the basis of 20 times 65 per cent of the one-way fares, subject to a minimum fare of \$4.00; (b) 20-ride school fares on the basis of 50 per cent of the one-way fare, subject to a minimum fare of \$4.00. The 20-ride books would be valid during the calendar month in which sold and during the next succeeding calendar month. Public hearing was held on this application in Long Beach on June 6, 1955, before Commissioner Hardy and Examiner Cline. Pursuant to an understanding at this hearing applicant filed an amendment to Application No. 36581 on June 14, 1955. This amendment amends the original application in three respects: (1) In lieu of the proposed 20-ride school commute fares which were based on twenty times 50 per cent of the proposed one-way fares, subject to a minimum 20-ride fare of \$4.00, applicant proposes to publish 20-ride school fares based on twenty times the cost per ride of the 40-ride school fares presently published, subject to a minimum 20-ride fare of \$2.00. (2) Applicant requests authority to eliminate the fare points of West Los Angeles and Westwood Village from its Local Passenger Tariff No. L-442-C, Cal. P.U.C. No. 1020, and from its Local Passenger Tariff No. L-427-A, Cal. P.U.C. No. 924, and its Interdivision and Joint Passenger Tariff No. 428-B, Cal. P.U.C. No. 935. Applicant states that said two fare points should have been canceled from said tariffs when applicant discontinued service between Santa Monica and San Fernando, in accordance with Decision No. 50596 of the Public Utilities Commission of September 28, 1954, in Application No. 35475. (3) In order to avoid the necessity of seeking any deviations from the long- and short-haul clause so that the fares proposed may be put into effect, applicant amended its application by changing the proposed one-way fare between El Segundo and Long Beach from 75 cents to 70 cents and the proposed round-trip fare between El Segundo and Long Beach from \$1.50 to \$1.30 and between Santa Monica and Long Beach from \$1.90 to \$1.80.

Oral argument on Applications Nos. 36532 and 36581 was held before the Commission en banc and Examiner Cline on Tuesday, June 21, 1955, at which time these matters were taken under submission.

Although only Applications Nos. 34362 and 34363 were consolidated for hearing, all the above matters are consolidated for decision.

Marin and Sonoma Operations  
(a) Financial Matters

The following tabulations of estimated results of operations of Pacific Greyhound Lines under present and proposed fares for local services between San Francisco and points in Marin County and Sonoma County for the 12-month period ending June 30, 1956, are taken from Exhibits Nos. R-4, R-10, and R-13 in evidence in Applications Nos. 34362 and 34363.

	<u>Present Fares</u>			
	<u>Marin County</u>		<u>Sonoma County</u>	
	<u>Applicant</u>	<u>Commission Engineer</u>	<u>Applicant</u>	<u>Commission Engineer</u>
<u>Revenue</u>				
Passenger	\$1,360,100	\$1,383,500	\$344,300	\$349,700
Other	23,900	23,900	11,300	11,300
Total	<u>\$1,384,000</u>	<u>\$1,407,400</u>	<u>\$355,600</u>	<u>\$361,000</u>
<u>Operating Expenses</u>				
Equip. Maintenance and Garage	\$ 192,400	\$ 176,500	\$ 67,200	\$ 62,500
Transportation	895,200	875,500	155,400	154,900
Station	95,300	95,500	46,400	46,200
Traffic	46,500	47,000	12,300	10,800
Insurance and Safety	97,200	90,100	25,400	24,000
Admin. and General	125,400	119,500	29,000	27,700
Depreciation	103,200	67,900	20,700	15,400
Operating Taxes	150,600	151,000	34,200	35,100
Oper. Rents (net)	(10,300)	(10,300)	(6,400)	(6,500)
Total	<u>\$1,695,500</u>	<u>\$1,612,700</u>	<u>\$384,200</u>	<u>\$370,100</u>
<u>Operating Income</u>	\$ <u>(311,500)</u>	\$ <u>(205,300)</u>	\$ <u>(28,600)</u>	\$ <u>(9,100)</u>
<u>Income Taxes</u>	-	-	-	-
<u>Net Income</u>	-	-	-	-
<u>Rate Base</u>	\$ 942,900	\$ 842,700	\$177,800	\$165,000
<u>Rate of Return</u>	-	-	-	-
<u>Operating Ratio</u>	122.5%	114.6%	108.0%	102.5%
<u>Bus Miles Operated</u>	2,721,900	2,731,087	852,300	843,816

(Red Figure)

	<u>Proposed Fares</u>			
	<u>Marin County</u>		<u>Sonoma County</u>	
	<u>Applicant</u>	<u>Commission Engineer</u>	<u>Applicant</u>	<u>Commission Engineer</u>
<u>Revenue</u>				
Passenger	\$1,575,500	\$1,592,100	\$350,300	\$365,200
Other	23,900	23,900	11,300	11,300
Total	<u>\$1,599,400</u>	<u>\$1,616,000</u>	<u>\$361,600</u>	<u>\$376,500</u>
<u>Operating Expenses</u>				
Equipment Maintenance and Garage	\$ 184,700	\$ 173,300	\$ 67,200	\$ 62,500
Transportation Station	872,200	848,000	155,400	154,900
Traffic	100,400	100,400	46,600	46,600
Insurance and Safety	46,000	47,000	12,200	10,800
Admin. and General	94,800	88,400	25,400	24,000
Depreciation	122,700	119,500	29,000	27,700
Operating Taxes	103,000	67,900	20,700	15,400
Operating Rents (net)	155,100	156,000	34,400	35,600
Total	<u>\$(10,300)</u>	<u>\$(10,300)</u>	<u>\$(6,400)</u>	<u>\$(6,500)</u>
	<u>\$1,668,600</u>	<u>\$1,590,200</u>	<u>\$384,500</u>	<u>\$371,000</u>
<u>Operating Income</u>	\$ (59,200)	\$ 25,800	\$ (22,900)	\$ 5,500
<u>Income Taxes</u>	-	6,100	-	1,000
<u>Net Income</u>	-	19,700	-	4,500
<u>Rate Base</u>	\$ 942,900	\$ 842,700	\$177,800	\$165,000
<u>Rate of Return</u>	-	2.34%	-	2.73%
<u>Operating Ratio (After Taxes)</u>	104.3%	98.8%	106.3%	98.8 %
<u>Bus Miles</u>	2,643,000	2,671,087	852,300	843,816

(Red Figure)

Applicant made a detailed study of the supervision of transportation expenses of the Marin operations and bases its estimate upon this study. The Commission staff witness testified that he had an analysis made of Division 5 personnel costs and in order to arrive at Marin costs, more than 50 per cent of the expenses would have had to be allocated on various bases. In his opinion a sounder method to use in arriving at the supervision of transportation expense for the Marin operations was to allocate the system costs on a per driver basis. By using this method he

arrived at a cost of 2.23 cents per mile for the Marin operations and 1.48 cents per mile for the Sonoma operations. These costs compare with .91 cents per mile for the system, which reflects the fact that much more supervision is required in the local operations than in the main-line operations. The method used by applicant resulted in a cost of supervision per bus mile which was about 1.0 cent per bus mile higher than that used by the Commission staff. The cost per bus mile for supervision expense for other carriers providing similar service is comparable to the estimates developed by the Commission staff. In our opinion the method used by the Commission staff results in a more reasonable allocation of supervision of transportation expense and, hence, the Commission staff estimates will be adopted in the Marin and Sonoma proceedings.

The Commission staff estimates will be revised to reflect the additional costs resulting because applicant obtains its tires and tubes from two rather than one supplier.

In computing depreciation, the Commission staff used a 10 per cent salvage on transit type equipment used in this service. The Commission staff witness stated that the 10 per cent salvage was based on the fact that the transit buses sold by applicant during 1952, 1953 and 1954 were on an average about 13 years old and had an average salvage of about \$3,000. He stated that although applicant has a large number of buses for sale, there is both a foreign and a domestic market for the diesel transit equipment of applicant. The salvage used by the Commission staff appears to be reasonable.

In previous rate cases involving the Marin and Sonoma County operations, real-estate taxes applicable to the 7th Street Station have been allocated upon the same basis as revenues, salary expenses (other than baggage) and depreciation; namely, upon the basis of bus trips. In the present proceeding the staff assumed that since the amount of salaries of the baggage and express department constitutes 49 per cent of the total salaries at the 7th Street Station, the total real-estate taxes should be reduced 49 per cent and the balance remaining then allocated to the local operations on the basis of the number of bus trips. Applicant made no such deduction for the baggage and express department. The record does not show that the actual space occupied by the baggage and express department corresponds to the salaries paid to employees in that department, nor does the record support the 10 per cent estimate made by counsel for applicant. In the absence of further evidence in this connection the Commission will make an appropriate reduction for the baggage and express department.

Income taxes should be computed at the average rate applicable to total California intrastate operations rather than at the rate applicable to the net earnings before taxes on the local operations.

Except to the extent that adjustments have been made as reviewed above, the Commission staff estimates are hereby adopted. The following tabulation shows the estimated operating results at present and proposed rates during the year ending June 30, 1956, for the Marin and Sonoma operations of applicant,

after making the adjustments set forth in the foregoing paragraphs.

	Present Fares		Proposed Fares	
	Marin Co.	Sonoma Co.	Marin Co.	Sonoma Co.
<u>Revenue</u>				
Passenger	\$1,383,500	\$349,700	\$1,592,100	\$365,200
Other	23,900	11,300	23,900	11,300
Total	\$1,407,400	\$361,000	\$1,616,000	\$376,500
<u>Operating Expenses</u>				
Equipment Maintenance and Garage	\$ 177,800	\$ 63,100	\$ 174,600	\$ 63,100
Transportation	875,500	154,900	848,000	154,900
Station	95,500	46,200	100,400	46,600
Traffic	47,000	10,800	47,000	10,800
Insurance and Safety	90,100	24,000	88,400	24,000
Admin. and General	119,500	27,700	119,500	27,700
Depreciation	68,600	15,500	68,600	15,500
Operating Taxes	152,200	35,400	157,200	35,900
Operating Rents	(10,300)	(6,500)	(10,300)	(6,500)
Total	\$1,615,900	\$371,100	\$1,593,400	\$372,000
<u>Operating Income</u>	\$ (208,500)	\$ (10,100)	\$ 22,600	\$ 4,500
<u>Income Taxes</u>	-	-	10,600	2,100
<u>Net Income</u>	\$ (208,500)	\$ (10,100)	\$ 12,000	\$ 2,400
<u>Rate Base</u>	\$ 842,700	\$165,000	\$ 842,700	\$165,000
<u>Rate of Return</u>	-	-	1.42%	1.45%
<u>Operating Ratio (After Taxes)</u>	114.8%	102.8%	99.3%	99.4%
<u>Bus Miles</u>	2,731,087	843,816	2,671,087	843,816

(Red Figure)

(b) Position of Protestants

The protestant Marin County Federation of Commuter Clubs has stated its position as follows:

(1) The need for a rate increase should be based on existing conditions rather than a forecast of future changes in revenues and expenses.

(2) Applicant is earning an adequate return on its total California intrastate operations and should not be given any rate increase which would enlarge its present rate of return.

(3) The allocation formula used by the applicant and the Commission staff in computing the costs allocable to California intrastate operations is not a valid one.

Since the claims of the protestant Marin County Federation of Commuter Clubs pertain to the total California intrastate operations of applicant they will be considered in the section of this opinion which reviews such operations. This protestant has made no claim that the Marin and Sonoma local operations, standing by



applications. The Superintendent of Transportation of applicant was questioned regarding certain matters pertaining to the Marin and Sonoma County local service by the counsel for the Commission staff and by the representatives of the protestants, but the testimony thus adduced does not show the need for any adjustment in service at this time.

Peninsula Operations  
(a) Financial Matters

The estimated results of operations of Pacific Greyhound Lines under present and proposed fares for Peninsula local service for the 12-month period ending June 30, 1956, appear in Exhibits 9, 15 and 18 in evidence in Application No. 36532. The table below is a tabulation of these results of operations, adjusted as required by the testimony appearing on pages 483 and 486-488 of the transcript.

	Peninsula Service			
	Present Fares		Proposed Fares	
	Applicant	Commission Engineer	Applicant	Commission Engineer
<u>Revenue</u>				
Passenger	\$2,009,700	\$2,093,600	\$2,178,400	\$2,341,700
Other	59,800	59,500	59,800	59,500
Total	\$2,069,500	\$2,153,100	\$2,238,200	\$2,401,200
<u>Operating Expenses</u>				
Equipment Maintenance and Garage Transportation	\$ 217,800	\$ 213,100	\$ 214,900	\$ 211,000
Station	869,000	857,700	853,200	849,900
Traffic	254,600	248,100	256,800	251,300
Insurance and Safety	66,400	72,200	66,400	72,200
Admin. and General	148,600	131,900	146,400	130,700
Depreciation	147,900	146,600	145,100	146,600
Operating Taxes	241,800	182,700	241,800	182,700
Operating Rents	207,800	198,300	211,100	204,900
Total	(18,300)	(20,500)	(18,300)	(20,500)
Adjustment#	\$2,135,600	\$2,030,100	\$2,117,400	\$2,028,800
Total	-	20,000	-	13,600
Operating Income	\$2,135,600	\$2,050,100	\$2,117,400	\$2,042,400
Income Taxes	-(66,100)	103,000	120,800	358,800
Net Income	-	45,400	65,100	183,300
Rate Base	\$1,726,400	\$1,778,500	\$1,726,400	\$1,778,500
Rate of Return	-	3.24%	3.2%	9.87%
Operating Ratio (After Taxes)	103.2%	97.3%	97.1%	92.7%
Bus Miles Operated	4,233,900	4,315,200*	4,150,000	4,250,000*

(Red Figure)

# Adjustment due to additional miles to be operated on Peninsula.  
\* Includes additional miles to be operated on Peninsula.

In making its estimate of revenue under proposed fares the Commission staff computed diminution as 20 per cent of the percentage of the proposed fare increase whereas the applicant computed such diminution on the basis of 25 per cent of the percentage of the proposed fare increase. Although the 25 per cent factor has been used in many instances by the Commission staff in other passenger rate cases, the staff was of the opinion that a lower percentage factor should be used in computing results of the Peninsula operations for the following reasons: (1) The percentage increase in proposed fares is higher than in many applications for fare increase, and where the percentage of fare increase is high the percentage diminution factor is usually lower. (2) Even if the proposed fare increase be granted, applicant's Peninsula fares will still be considerably below the fares of Southern Pacific, and so there should not be much diversion of traffic to the Southern Pacific. (3) The extremely congested condition of the Peninsula highways will discourage diversion of traffic from applicant's buses to passenger cars. As the justification for the use of a reduced diminution factor appears to be sound, the Commission staff estimates of revenue under the proposed rates will be adopted.

Applicant based its estimate of supervision of transportation expense in the Peninsula service on a special study of the actual expenses involved. The Commission staff assigned supervision cost to the Peninsula service on a driver prorated basis. In our opinion, for the reasons set forth in our discussion of supervision of transportation expenses in connection with the Marin County and Sonoma County services, the estimate developed by the Commission staff reflects a more reasonable allocation of supervision of transportation costs on the Peninsula service and such estimate is hereby adopted in this proceeding.

The Commission staff estimate of tire and tube expense will be increased by \$6,900 to reflect the additional expense resulting from the two tire and tube contracts based on prices in effect after February, 1955.

The Commission staff witness used a bus mile prorated formula for the purpose of assigning workmen's compensation insurance and fire and theft insurance. The workmen's compensation insurance expense could have been based directly on salaries and wages paid in the Peninsula service as was done by applicant. Fire and theft insurance could have been assigned to the Peninsula operations based directly on the buses and other facilities used in those operations. Such a direct allocation of workmen's compensation insurance expense and fire and theft insurance in our opinion would be a more reliable allocation of these expenses. The staff witness' estimate for workmen's compensation insurance will be increased \$1,600 and his estimate for fire and theft insurance will be increased \$3,600 to bring these estimates to the level of applicant's estimates.

The applicant allocated depreciation on station structures and on improvements to station leasehold properties on the basis of the number of bus trips serving the stations. Depreciation on garage structures and on improvements to garage leasehold properties was allocated by applicant to the Peninsula operations on the basis of direct maintenance and servicing of revenue equipment used in the Peninsula operations.

The Commission staff allocated 50 per cent of depreciation expense on station structures and leasehold properties to the baggage and express department. None of this portion of the depreciation expense was allocated to the

Peninsula operations. The remaining depreciation expense on station structures and leasehold properties was allocated to the Peninsula operation on the basis of the number of buses serving the stations. The record shows that less than 50 per cent but more than 5 per cent of the station facilities are devoted to the baggage and express department. The Commission will allocate an appropriate portion of the depreciation expense to the baggage and express department and the remaining portion will be allocated to the Peninsula operation in accordance with the method used by the Commission staff. An appropriate adjustment will be made in the staff estimate.

The Commission staff allocated depreciation expense of garage structures and leasehold properties by relating equipment maintenance and expense for the Peninsula operation to system-wide equipment maintenance and expense. An allocation of garage depreciation based on actual repair and servicing expenses at the garages on equipment used in the Peninsula operation should be more reliable than a system prorata of system garage depreciation. The Commission staff estimate will be adjusted to reflect an amount for depreciation for garage structures and leasehold properties computed in accordance with the method used by applicant.

Applicant assigned real-estate taxes to the Peninsula service on the same basis as it assigned depreciation on structures and leasehold properties. The Commission staff did likewise. The Commission will adjust the Commission staff estimate for real-estate taxes to reflect an allocation of real-estate taxes made on the same basis the Commission has outlined in this order for allocating depreciation on structures and leasehold properties.

Applicant based its allocation of other taxes on a consideration of taxes actually applicable to the Peninsula operation, whereas the Commission staff allocated these taxes on a system prorata basis. The San Francisco City seat tax on the Peninsula buses alone would exceed the Commission staff allocation of other taxes to the Peninsula operation. The applicant's estimate of other taxes will be adopted by the Commission in this proceeding.

The Commission staff added an estimated 50,000 miles for the rate year after its cost study was completed, and estimated \$13,600, or 27.2 cents per bus mile, as the cost of this service. Applicant claims that much of this service would be operated in the peak and that the cost would be at least 40 cents per bus mile.

The record, however, does not show that these additional miles are primarily peak miles. The 27.2 cents per mile is the average out-of-pocket expense for bus miles operated in the Peninsula service. In the absence of evidence to the contrary, it will be assumed that the 50,000 additional miles are average miles and not miles operated during the peak. No adjustment will be made in the staff estimate for these additional miles other than to add \$200 to Peninsula expense by reason of the exclusion of the 50,000 additional miles from computations in which a bus mile prorata was used.

Income taxes will be computed at the average rate applicable to total California intrastate operations.

In computing expenses, 9,144 additional miles annually have been added by reason of the requirement that "M" route express buses be operated during the a.m. and p.m. peak periods.

The entire record herein has been reviewed and, except as modified by reason of the adjustments discussed above, the estimates of the Commission staff witness are adopted. The tabulation which follows sets forth the operating results for the Peninsula operation during the rate year ending June 30, 1956, at present and proposed rates after making the adjustments considered above.

	<u>Peninsula</u>	
	<u>Present Fares</u>	<u>Proposed Fares</u>
<u>Revenue</u>		
Passenger	\$2,093,600	\$2,341,700
Other	59,500	59,500
Total	<u>\$2,153,100</u>	<u>\$2,401,200</u>
<u>Operating Expenses</u>		
Equipment Maintenance and Garage	\$ 220,000	\$ 217,900
Transportation	855,800	848,000
Station	248,100	251,300
Traffic	72,200	72,200
Insurance and Safety	137,100	135,900
Administrative and General	141,600	141,600
Depreciation	184,600	184,600
Operating Taxes	218,700	225,300
Operating Rents	(20,500)	(20,500)
Total	<u>\$2,057,600</u>	<u>\$2,056,300</u>
Adjustment#	20,000	13,800
Total	<u>\$2,077,600</u>	<u>\$2,070,100</u>
<u>Operating Income</u>	\$ 75,500	\$ 331,100
<u>Income Taxes</u>	34,100	155,600
<u>Net Income</u>	\$ 41,400	\$ 175,500
<u>Rate Base</u>	\$1,778,500	\$1,778,500
<u>Rate of Return</u>	2.33%	9.87%
<u>Operating Ratio After Taxes</u>	98.1 %	92.7 %
<u>Bus Miles*</u>	4,315,200	4,250,000

(Red Figure)

# Adjustment due to additional miles to be operated on Peninsula (Present Fares 73,200 - Proposed Fares 50,000).

\* Includes additional miles to be operated on Peninsula.

(b) Position of San Mateo-Burlingame Transit

The administration manager and copartner of San Mateo-Burlingame Transit testified in support of the proposed increase in fares. He pointed out that Greyhound's 5-cent fare is directly

competitive with the 15- and 20-cent zone fares which the Commission authorized San Mateo-Burlingame Transit to put into effect in August of 1954. He also stated that a public relations problem has developed for his company by reason of the fact that a commuter, living in the Hillsdale area approximately 2-1/2 miles from the Greyhound depot in San Mateo, pays 20 cents to ride on a bus of San Mateo-Burlingame Transit from his home to the Greyhound depot and then pays only 17 cents to ride on the Greyhound bus from San Mateo to San Francisco, a distance of 22 miles, if he uses all his commute tickets.

(c) Position of Commuters

A commuter from San Mateo appeared at the hearing and testified in opposition to the granting of any increase in fares to applicant. He was particularly concerned with a change in scheduling, effective April 24, 1955, which has resulted in his being unable to obtain a seat on the bus in the morning at Third Avenue and Humboldt Street, San Mateo. The schedule has been rearranged so that only three "G" route buses operate through this bus stop between the hours of 7 a.m. and 8 a.m. instead of the four buses which previously operated through this bus stop during this period of time. This witness stated that if the service were satisfactory he would be willing to pay increased fares as he felt the company is entitled to some increases.

The manager of Apparel City appeared as a witness and testified in support of the reinstatement of service at Oakdale and Alemany. Since the completion of the freeway, applicant's buses no longer make a stop in this area.

(d) Service Matters

An associate transportation engineer prepared a report on service and equipment of applicant in the San Francisco-Peninsula operation which was introduced into evidence as Exhibit No. 13. This witness submitted the following recommendations respecting applicant's Peninsula service for Commission consideration:

(1) That the practice of violating Rules 8.01 and 8.04 of General Order No. 98 be discontinued.

(2) That an additional a.m. and p.m. commute bus be operated on the "M" route.

(3) That a more suitable bus stop be located at the San Francisco Airpct, preferably at the main entrance, and that the location of the company's agent be adequately signed so that passengers will know where to purchase tickets.

(4) That the "G" route operate over Bayshore Boulevard between Army and Third Streets.

(5) That the company give consideration to re-establishing the schedules that left San Francisco at 8:30 a.m. for Half Moon Bay and left Half Moon Bay at 3:35 p.m. for San Francisco.

(6) That the company operate more closely to schedule times.

(7) That the electric clocks at the Seventh Street depot, San Francisco, be adjusted and synchronized so as accurately to indicate the time.

(8) That "M" route express buses be operated during the a.m. and p.m. peak commute periods.

(9) That the company give consideration to the establishment of a more efficient fare collection system and make a study to



determine the feasibility of reducing the number of fare points between San Jose and San Francisco.

(10) That a standard of service be established so that the load factor in any 30-minute peak commute period shall not exceed 105 per cent on any Bayshore Highway route, shall not exceed 110 per cent on the "M" route, and shall not exceed 120 per cent on the "N"- "O" route.

(11) That all local service be under the supervision of the same regional manager.

Rules 8.01 and 8.04 of General Order No. 98 read as follows:

"8.01. When to be carried. When all seats are occupied, standing passengers shall be carried, if such passengers elect, for a distance not to exceed 25 miles, subject to the provisions of this part.

"8.04. Number to be carried. The number of standing passengers that may be carried in any one vehicle shall not exceed the number that can be accommodated reasonably and safely, without crowding."

Exhibit No. 13 shows that passenger traffic checks made by the Commission staff in January and February of 1955 have revealed instances where applicant has violated the above provisions of General Order No. 98 by passing up persons who could have been carried as standees. Applicant is hereby placed on notice that it should either accept standees as provided in Rules 8.01 and 8.04 of General Order No. 98 or provide additional service so that no passengers will be left at the bus terminals or stops for an unreasonable length of time.

The Commission will not at this time order the applicant to operate an additional a.m. and p.m. commute bus on the "M" route. After the fares authorized in this decision have been in effect for a reasonable period of time, new traffic checks should

be made by both applicant and the Commission staff to determine whether additional service is still required. The traffic checks should be made in Daly City at the intersection of Hillside Road and Mission Street, as well as elsewhere, to determine the adequacy of the service on the "M" route, as Pacific Greyhound Lines is not relieved from the responsibility of furnishing adequate service in this area by reason of the operations of the San Francisco Municipal Railway.

The recommendation of the Commission staff that applicant's bus stop at the San Francisco International Airport be relocated and that its agency at the airport be adequately signed were not opposed by applicant. The recommendations, however, should be made the subject matter of an appropriate proceeding in which the managing board of the San Francisco Airport and the operators of the limousine service to and from the airport, as well as any other interested parties, are given appropriate notice, so that the decision of this Commission can be based on a full and complete record.

Prior to the completion of the freeway along Potrero Avenue and Bayshore Boulevard in San Francisco, applicant served the area along Bayshore Boulevard between Third and Army Streets. Upon completion of the freeway, the bus stops in this area were eliminated. In order to satisfy the complaints which have arisen as a result of the elimination of these stops, the Commission has recommended that the "G" route buses make the stops at the same locations as formerly were made. This change in the "G" route will add possibly as much as 10 minutes to its schedule of service. However, many of the persons who may be inconvenienced by the change in route may be able to select another route which uses the freeway. Applicant will be ordered to modify the "G" route in

accordance with the Commission staff recommendation on an experimental basis and report the results of this change to the Commission.

The record shows that there has been little request for resumption of the schedules leaving San Francisco at 8:30 a.m., arriving Half Moon Bay at 9:30 a.m.; and leaving Half Moon Bay at 3:35 p.m., arriving San Francisco at 4:40 p.m. Public convenience and necessity do not require the resumption of these schedules.

Exhibit No. 13 showed that the buses were not always on time. This Commission is fully aware of the difficulty involved in meeting schedules in the heavy traffic on the routes between San Francisco and Peninsula points. However, the applicant should make every effort to see that its buses operate on schedule.

The record shows that applicant's clocks at the Seventh Street Station are automatically adjusted every hour and are synchronized at the present time. Nothing further need be done to meet the recommendation of the Commission staff witness respecting the clocks at the Seventh Street Station.

Exhibit No. 13 shows that there are sufficient passengers on board the "M" route buses at San Bruno who wish to go to Tenth and Mission Streets or the Seventh Street Station in San Francisco to justify at least three a.m. and three p.m. peak buses operating "express" between El Camino Real and San Bruno Avenue, San Bruno, on the one hand, and San Francisco, on the other hand. The route of the "M" express buses from San Bruno should be San Bruno Avenue to Bayshore Freeway, thence via Bayshore Freeway to San Francisco. The same route could be followed on the return. Such operation would result in a saving of 0.8 mile between San Bruno and San Francisco and would reduce the running time by approximately

15 minutes per schedule. However, as the express buses would have to originate in the morning and terminate in the evening at San Mateo instead of San Bruno, 9,144 additional miles would be operated annually as a result of the "M" route express bus operation. Applicant will be ordered to institute three a.m. and three p.m. peak "M" route express buses between San Bruno and San Francisco originating and terminating at San Mateo in accordance with the recommendation of the Commission staff witness. In computing expenses, 9,144 additional miles per year will be allowed applicant in its Peninsula and total California intrastate operations. Applicant will be expected to augment this express service whenever the demand makes such an increase in service necessary.

The Commission staff Exhibit No. 13 states that the applicant's present method of collecting cash appears to need improvement. Repair and maintenance costs for the slot-type fare box used in the Peninsula service amounts to approximately \$9.48 per year per fare box, whereas the repair and maintenance costs for the type of fare box used in the San Diego-San Ysidro operation amounts to \$2.28 per year per fare box. Also, better on-time performance results from the use of the type of fare box now used in applicant's San Diego-San Ysidro operation. In accordance with the recommendation of the Commission staff witness, applicant will be required to make a study to determine the feasibility of reducing the number of fare points between San Jose and San Francisco and establishment of a more efficient fare collection system in the Peninsula operation and make a report of the results thereof to this Commission.

Counsel for the applicant pointed out in his oral argument that one of the purposes of a load standard is to prevent people from standing for too long a period of time. Counsel for the Commission staff in his oral argument stated that one of the purposes of prescribing a load standard is to furnish a yardstick whereby members of the public as well as the bus company operator can know with some reasonable degree of accuracy when and where the service has proved to be deficient as well as furnish a guide as to how much additional service or perhaps how much less service is required. The recommendations of the Commission staff respecting load standards in the Peninsula service were based on counts taken at maximum load points. Counsel for applicant asserted that load standards should be established on the basis either of an on-and-off study, origin-and-destination study, or a cordon count which will show not only how many passengers are standing but also how long they are standing.

The Commission staff witness was of the opinion that the load standard should be made more restrictive on Pacific Greyhound Lines than on other carriers because the Greyhound drivers will not carry more than twelve standees. The more restrictive load standard of 105 per cent will require sufficient service so that it will be unnecessary for applicant to carry more than 12 standees.

In our opinion, load standards are desirable but they should not be established without further study being made by applicant. Applicant will be directed to make a study of its operations in the Peninsula and Marin and Sonoma County services and submit a report thereof together with its recommendations respecting the adequacy of buses in relation to traffic volume and the load standards which should be established after further hearings are held in these proceedings.

Long Beach-Santa Monica Operations  
(a) Financial Matters

The following tabulation of estimated results of operation of Pacific Greyhound Lines under present and proposed fares for the Long Beach-Santa Monica service for the 12-month period ending June 30, 1956, are taken from Exhibits 9, 11 and 12 in evidence in Application No. 36581.

	<u>Present Fares</u>		<u>Proposed Fares</u>	
	<u>Applicant</u>	<u>Commission Engineer</u>	<u>Applicant</u>	<u>Commission Engineer</u>
<u>Revenue</u>				
Passenger	\$129,400	\$129,800	\$160,200	\$162,700
Other	3,700	3,600	3,700	3,600
Total	<u>\$133,100</u>	<u>\$133,400</u>	<u>\$163,900</u>	<u>\$166,300</u>
<u>Operating Expenses</u>				
Equipment Maintenance and Garage	\$ 20,700	\$ 30,300	\$ 20,700	\$ 30,300
Transportation	62,600	62,900	62,600	62,900
Station	26,100	22,650	27,800	24,300
Traffic	8,200	5,100	8,100	5,100
Insurance and Safety	11,200	10,150	11,200	10,150
Admin. and General	12,300	12,100	12,300	12,100
Depreciation	25,200	1,400	25,200	1,400
Operating Taxes	16,100	14,200	17,100	15,200
Operating Rents	600	500	600	500
Total	<u>\$183,000</u>	<u>\$159,300</u>	<u>\$185,600</u>	<u>\$161,950</u>
<u>Operating Income</u>	<u>\$(49,900)</u>	<u>\$(25,900)</u>	<u>\$(21,700)</u>	\$ 4,350
<u>Income Taxes</u>	-	-	-	1,040
<u>Net Income</u>	-	-	-	<u>\$ 3,310</u>
<u>Rate Base</u>	\$162,300	\$ 30,400	\$162,300	\$ 30,400
<u>Rate of Return</u>	-	-	-	10.89%
<u>Operating Ratio (After Taxes)</u>	137.5%	119.4%	113.2%	98.0%
<u>Bus Miles Operated</u>	325,600	326,000	325,600	326,000

(Red Figure)

Applicant based its estimates of results of operation of the Long Beach-Santa Monica service on the assumption that its application for authority to operate so-called "extra-sized" buses would be granted and that eight fully depreciated transit-type buses would be replaced by eight recently purchased "extra-sized" buses. The Commission staff witness based his estimates on the assumption that the fully depreciated buses would be continued

in operation. The primary differences in the estimates for the forecast year result from the different maintenance and depreciation expenses applicable to the eight fully depreciated buses and the eight "extra-sized" new buses and the inclusion by applicant of the cost of the eight new buses in its rate base.

On October 18, 1955, the Commission issued Decision No. 52106, in Application No. 35315, authorizing applicant to use the "extra-sized" buses in the Long Beach-Santa Monica service. The estimates of applicant, other than for depreciation expense, operating income, operating ratio and rate base, will be adopted as the estimates which will more accurately reflect the results of operation of the Long Beach-Santa Monica service for the forecast year. The staff's method of computing depreciation expense heretofore discussed will be applied to reduce the estimated depreciation expense from \$25,200 to \$16,900. Under present fares the estimated operating loss will be reduced from \$49,900 to \$41,600 and the operating ratio from 137.5 per cent to 131.3 per cent. Under proposed fares the estimated operating loss will be reduced from \$21,700 to \$13,400 and the operating ratio from 113.2 per cent to 108.2 per cent.

(b) Position of Applicant, the Commission Staff, and the City of Long Beach

Counsel for applicant in his oral argument referred to the tabulation of 122 stops appearing on the time table of applicant's Long Beach-Santa Monica service to show that this service is substantially equivalent to a streetcar operation and is dissimilar to other operations of applicant in the Los Angeles metropolitan area. For that reason he urges the Commission to regard this operation as being in a class by itself, wholly dissociated from any other operation of applicant. He pointed out that well over 80 per cent of the revenues from this operation come from cash fares as distinguished from commutation fares.

In order for the operating losses to be substantially reduced, applicant is requesting authority to charge a higher cash fare on this operation than the basic statewide fare of 2-1/2 cents per mile for the first 25 miles.

The Commission staff witness in his exhibit set out estimates based on an alternate fare structure which would provide an increase in commute fares but no increase in the cash fare so that there would be no deviation from the uniform cash fare structure which has been established by the Commission for this applicant.

The representative of the City of Long Beach, in his brief which was filed prior to oral argument in this matter, pointed out that the Long Beach-Santa Monica operation as to mileage and revenue is less than .5 of 1 per cent of applicant's system-wide operation and less than 1 per cent of applicant's California operation. He contends that the losses incurred by this small fraction of applicant's operation can be of no serious consequence to applicant.

He asserts that applicant has failed to prove financial distress either for its system or its California operations which will justify the proposed fare increases. He states that applicant's proposal to deviate from the uniform cash fare structure is without precedent and is unjustified and that the proposed increases in commute fares are exorbitant and will cause financial distress to the small group of patrons dependent upon applicant's services.

No patrons of the Long Beach-Santa Monica service entered an appearance or gave testimony at the hearing.

#### California Intrastate Operations

The estimated results of the California intrastate operations of Pacific Greyhound Lines under present and proposed fares for the year ending June 30, 1956, are shown on Exhibits R-7, R-9, R-10 and R-14 in evidence in Applications Nos. 34362 and



34363. The estimates in the following tabulations are taken from these exhibits.

	<u>Present Fares</u>		<u>Proposed Fares</u>	
	<u>Applicant</u>	<u>Commission Engineer</u>	<u>Applicant</u>	<u>Commission Engineer</u>
<u>Revenue</u>				
Passenger	\$20,154,400	\$20,040,500		
Special	778,600	967,400		
Baggage	7,100	6,900		
Mail	62,300	88,200		
Express	1,066,000	1,063,100		
Newspaper	137,100	139,000		
Misc. - Parcel and Baggage Storage	21,300	34,500		
Other Misc. Station	273,100	340,700		
Guaranteed Route	103,100	131,700		
Other	17,200	13,200		
Total	\$22,620,200	\$22,825,200		
<u>Operating Expenses</u>				
Equip. Main. and Garage	\$ 3,527,900	\$ 3,480,500		
Transportation	9,015,500	8,690,800		
Station	3,022,100	2,972,900		
Traffic	835,200	820,800		
Insurance and Safety	1,115,700	1,028,700		
Adminis. and General	1,658,300	1,580,400		
Depreciation	2,100,900	1,516,600		
Operating Taxes	2,341,700	2,214,900		
Operating Rents	(237,900)	(291,500)		
Total	\$23,379,400	\$22,014,100		
Adjustment for Addition- al Miles on Peninsula		20,000		
Total	\$23,379,400	\$22,034,100		
<u>Operating Income</u>	\$ (759,200)	\$ 791,100	\$ (759,200)	\$ 791,100
<u>Increase in Operating Income Under Proposed Fares</u>				
Application No. 34362 - Marin			242,300	231,100
Application No. 34363 - Sonoma			5,700	14,600
Application No. 36532 - Peninsula			186,900	255,800
Application No. 36581 - Long Beach-Santa Monica			28,200	30,250
<u>Total Operating Income Under Proposed Fares</u>			\$ (296,100)	\$1,322,850
<u>Income Taxes</u>		\$ 344,600	-	631,300
<u>Net Income</u>	\$ (759,200)	\$ 446,500	-	\$ 691,550
<u>Estimated Rate Base</u>	\$15,986,500	\$15,483,900	\$15,986,500	\$15,483,900
<u>Estimated Rate of Return</u>	-	2.88%	-	4.47%
<u>Operating Ratio after Taxes</u>	103.4%	98.0 %	Not shown	96.9 %

(Red Figure)

In making their estimates of revenue for the forecast year, both the applicant and the Commission staff witnesses eliminated the effect of the Continental Bus Lines strike and the charter contract with the U. S. Immigration Department for the transportation of

Mexican Nationals on revenues during the year 1954 and then forecast a downtrend in traffic.

The Marin County Federation of Commuter Clubs urged that the actual operating results for the year 1954 without adjustment for these two sources of additional revenue should be used as a basis for determining applicant's need for rate relief. It was asserted that although applicant may not be the recipient of extraordinary revenue by reason of a Continental Bus Line strike and a charter contract with the U. S. Immigration Department during the forthcoming year, applicant may receive additional revenues or make savings in expenses by reason of factors that are unknown at the present time. This Commission, however, neither makes rates on the basis of past operating results alone nor on the basis of past operating results adjusted for unknown factors. The estimates of future operations which will be used in establishing the fares herein will be based on past operating results adjusted for factors which reasonably can be anticipated to affect the operations of applicant in the future.

At the time the Commission staff made its estimates of revenues, revenues through February, 1955, were available, and at the time applicant made its estimates, revenues through the first three months of 1955 were available. The revenues for the first two months and the first three months of 1955 were lower than for the corresponding periods in 1954. However, at the hearing it was shown that the revenue for the five months ending May 31, 1955, was slightly higher than the five months ending May 31, 1954. Neither the Continental Bus Lines strike nor the contract with the U. S. Immigration Department had any effect on revenues for the first five months of 1954.

Both the applicant and the Commission staff, in making

their estimates of revenues, gave consideration to revenue and mileage in other periods as well as to the months in 1955 for which information was available and the corresponding months in 1954. The Commission is of the opinion, however, after considering the entire record, that the California intrastate revenue estimates should be adjusted to reflect a level trend rather than a declining trend of traffic. The necessary adjustments will also be made in the estimates of expenses which are affected by the volume of traffic.

The record shows that the Commission staff estimates included certain interstate mail and guaranteed route revenue not applicable to California intrastate operations. The appropriate adjustments will be made in the Commission staff estimates.

The Commission staff allocated miscellaneous station revenues on the basis of the number of passengers using the stations. In our opinion such allocation does not give effect to the probable greater use of station facilities made by the long-line passenger than by the commuter. The Commission staff estimate of miscellaneous station revenues will be allocated on the same basis as station expenses were allocated, and the appropriate adjustment will be made.

The applicant and the Commission staff allocated expenses out of the system to total California through use of a ratio developed from bus miles, passenger miles, number of passengers and passenger revenue. In the allocation of expenses from total California to California intrastate, the ratio was based on passenger miles, the number of passengers and passenger revenue. Bus miles were not used in this latter allocation as the same buses handle both intrastate and interstate passengers.

The counsel for the Marin County Federation of Commuter

Clubs contended that the only factor which should be used in making these allocations of expenses is passenger miles. In order to give effect, however, to the so-called "vacant seat liability" which occurs to the greatest extent in short-haul operations, and to the higher costs which result from the operation of short haul, frequent stop service, it is necessary also to include the factors other than passenger miles, which have been listed above.

For the purpose of developing the basic data to be used in making the allocation of expenses, applicant made a "ticket lift" check during a one-week period in October of 1953. Applicant based its estimates solely on the results of this one test check because it felt the earlier test checks which had been made were unreliable by reason of changes in the fare structure which had taken place subsequent to these earlier checks. The earlier test checks were made as follows:

December of 1946, one day;  
June of 1948, three days;  
March of 1949, one day;  
August of 1949, one day;  
May of 1950, one day;  
January of 1953, one day.

The Commission staff witness testified that he not only used the data derived from the October, 1953, test check, but that he also gave some weight to the data developed through the earlier tests. The method used by the Commission staff witness gives some weight to the heavy summertime traffic and, in our opinion, more nearly reflects applicant's average experience throughout the whole year.

In previous proceedings in which applicant's California intrastate operating results have been under consideration, the Commission has allocated vehicle weight and registration fees and valuation license fees paid to the State of California on the basis of the standard allocation formula. In this proceeding the staff

has developed a different method of allocation. The staff has estimated the number of buses required to operate the intrastate passenger mileage and has allocated to intrastate operations the fees on such number of buses and to so-called "over-all" interstate operations the remainder of such fees. In our opinion it is unrealistic to allocate these fees on a basis which would give the applicant an incentive either to use different buses for intrastate and interstate passengers or to require interstate passengers to transfer to another bus at the State line. These fees will be allocated between California intrastate and California interstate operations on the same basis as has been approved by this Commission in former proceedings.

The Commission staff estimate of tire and tube expense will be adjusted to reflect the revised costs under applicant's contracts both with Firestone and Goodyear.

Applicant maintains records from which it is possible to determine the maintenance expense on each of the various classes of buses operated in its service and which of the various classes of buses are operated over designated intrastate and interstate routes. In allocating maintenance expenses, applicant has assigned such expenses in accordance with the maintenance expense applicable to the particular type of bus which is used in the operation under consideration.

Applicant regularly assigns its newer equipment to its long-line or interstate service and its older equipment to the intrastate or so-called secondary service. The actual out-of-pocket maintenance expense increases substantially with the age of the equipment with the result that under the method used by applicant and formerly used by the Commission staff the maintenance per bus mile is

considerably higher in the intrastate operation than in the interstate operation.

The Commission staff witness pointed out that this method results in much of the maintenance on the buses which is being accumulated during operation in interstate service being charged to intrastate operations because most of the repairs are actually made after the bus has been transferred to the intrastate service. In order to allocate maintenance expense more appropriately to the service in which the buses are operating when the maintenance accumulates rather than to the service in which the buses are operating when the repairs are actually made, the Commission staff has developed a new method of allocation under which all maintenance expense on main-line buses is averaged and then assigned to the various operations in accordance with the bus miles operated. The method used by the Commission staff will be adopted by the Commission in these proceedings.

Applicant computed depreciation on its Scenicruisers on the basis of an eleven-year life and the depreciation on the rest of its equipment on the basis of a nine-year life. In those instances where the nine-year life was used, depreciation was computed at the rate of 14 per cent per year for the first five years and at a reduced rate for the remaining four years. An allowance of 4 per cent was made for salvage.

The Commission staff in its studies introduced at the original hearing on Applications Nos. 34362 and 34363 used a ten-year life in computing depreciation. In the studies introduced on the rehearing of these two applications and in the studies introduced in the other proceedings herein, the Commission staff has adopted the remaining life theory of depreciation. The service lives of the

buses which were less than five years old were estimated to be ten years and the service lives of the buses which were five years old or older were estimated to be twelve years. Salvage was estimated at 5 per cent for main-line buses and 10 per cent for transit type buses. This method of computing depreciation has resulted in a heavier depreciation charge being made during the first five years of the lives of the buses when they are driven a greater number of miles per year and a smaller depreciation charge during the remaining seven years when the annual mileage is lower. It has tended to equalize the depreciation charge per bus mile throughout the entire life of the equipment.

Applicant has criticized the remaining life method adopted by the Commission staff on the grounds that it creates uncertainty in rate proceedings. The applicant points out that it will never know in advance what remaining life will be adopted in a rate proceeding. However, the number of years of life a certain piece or class of equipment is going to have is uncertain and should be subject to adjustment in the light of the best information available at the time the matter comes under the consideration of this Commission. The method of determining depreciation used by the Commission staff is flexible and appears to be in accord with the actual experience of the applicant. The depreciation estimates of the Commission staff will be adopted in this proceeding.

After consideration of the records in the various proceedings herein the Commission will adopt the Commission staff estimates of California intrastate operating results under present and proposed fares for the rate year ending June 30, 1956, revised to reflect

the adjustments reviewed in the preceding paragraphs. The revised estimates are set forth in the following tabulation and hereby adopted as reasonable estimates for the purpose of the decision herein:

	<u>California</u>	
	<u>Intrastate Operations</u>	
	<u>Present</u>	<u>Proposed</u>
	<u>Fares</u>	<u>Fares</u>
<u>Revenue</u>		
Passenger	\$20,726,600	
Special Bus	967,400	
Baggage	6,900	
Mail	62,300	
Express	1,063,100	
Newspaper	139,000	
Miscellaneous -		
Parcel and Baggage Storage	27,200	
Other Miscellaneous Station	268,500	
Guaranteed Route	103,100	
Other	13,200	
Total	<u>\$23,377,300</u>	
<u>Operating Expenses</u>		
Equipment Maintenance and Garage	\$ 3,634,700	
Transportation	8,845,800	
Station	3,006,100	
Traffic	820,800	
Insurance and Safety	1,045,400	
Administrative and General	1,580,400	
Depreciation	1,516,600	
Operating Taxes	2,263,200	
Operating Rents	(291,500)	
Total	<u>\$22,421,500</u>	
Adjustment for Additional Miles on Peninsula	20,000	
Total	<u>\$22,441,500</u>	
<u>Operating Income</u>	\$ 935,800	\$ 935,800
<u>Increase in Operating Income Under Proposed Fares</u>		
Application No. 34362, Marin		231,100
Application No. 34363, Sonoma		14,600
Application No. 36532, Peninsula		255,600
Application No. 36581, Long Beach-Santa Monica		<u>28,200</u>
<u>Total Operating Income Under Proposed Fares</u>		<u>\$ 1,465,300</u>
<u>Income Taxes</u>	422,600	708,100
<u>Net Income</u>	<u>\$ 513,200</u>	<u>\$ 757,200</u>
<u>Estimated Rate Base</u>	<u>\$15,483,900</u>	<u>\$15,483,900</u>
<u>Estimated Rate of Return</u>	3.31%	4.89%
<u>Operating Ratio after Taxes</u>	97.8 %	96.8 %

(Red Figure)



Conclusion

Pacific Greyhound Lines' commuters in the Bay area and on the Long Beach-Santa Monica line for several years have been enjoying lower commute fares than the commuters patronizing other California carriers. Such fares have been made possible by the previously favorable over-all California intrastate operating results of applicant. An analysis of the estimated operating results reviewed above discloses that existing fare levels no longer will provide a sufficient margin between revenues and expenses on California traffic. In these circumstances and in the light of the indicated revenues and expenses for the commute services under consideration herein, it is evident that the present commute fares are insufficient and that these commute services must necessarily be subjected to higher fares. In most cases the fares proposed by applicant for the shorter commute operations have been shown to be necessary to sustain the service and are fully justified by the record. However, for the longer commute operations and some of the shorter commute operations the proposed increases are so substantial that they have not been justified in full and such proposed fares will be modified accordingly. The commute fares and the school fares set forth in Appendices A, B and C attached hereto are hereby found to be justified and will be authorized.

The commute fares authorized herein compare favorably with commute fares of other passenger stages. Appendix D sets forth for comparison selected present, proposed and authorized commute fares of applicant and selected fares of other representative passenger stages between points of comparable mileages.

Pacific Greyhound Lines was directed by Decision No. 50757, issued November 4, 1954, to undertake an aggressive business promotion program for the Marin-Sonoma operations and to report to the Commission within ninety days. The report which was filed April 7, 1955, shows that, in its advertising and sales promotion

campaign in Marin County, Greyhound spent \$5,857.41 in addition to its regular advertising expenditures. In a further effort to develop additional traffic Greyhound assigned to the Marin operation nine new diesel transit buses purchased at a delivered cost of \$23,000 each, plus taxes. An analysis of the revenues in the Marin County operations for the three-month period, December 1, 1954, to February 28, 1955, showed an increase of \$16,328.27 over the comparable three-month period, December 1, 1953, to February 28, 1954. The total revenues including those resulting from the fare increases authorized by said Decision No. 50757, and any that might have resulted from the promotion program fell far short of covering the operating losses in the Marin service.

The Commission estimates that the increased fares authorized herein for the Marin County service will increase operating income by \$193,100 and will result in an operating loss of \$15,400 and an operating ratio of 101.0 per cent in this service. In the Sonoma County service the authorized fares will increase operating income by \$12,500 and will result in net income after taxes of \$1,300, a rate of return of 0.79 per cent, and an operating ratio of 99.7 per cent.

The authorized fares in the Peninsula service will increase operating income by \$157,200 and will produce a net income after taxes of \$125,700, a rate of return of 7.07 per cent, and an operating ratio of 94.53 per cent.

Various factors account for the unfavorable operating results in Marin County as compared with the Peninsula even though the Marin rates are higher than those in the Peninsula service. In the first place, Marin commute fares must provide for approximately 2½ cents per passenger per trip for Golden Gate Bridge tolls which must be paid by Greyhound, whereas no such tolls are paid in the Peninsula service. Also, the off-peak traffic is relatively lighter in the Marin County than in the Peninsula

service. Furthermore, on the Peninsula the Southern Pacific Company handles the bulk of the heavy commute traffic during the morning and evening peak periods. Greyhound has no such public carrier competitor in Marin County to help handle the heavy peak traffic. This results in a more uneven distribution of traffic throughout the entire day in the Marin County service and a less efficient utilization of manpower and equipment than in the Peninsula service.

The Commission has carefully considered applicant's request to increase the one-way and round-trip fares in the Long Beach-Santa Monica service. The present basic scale of one-way and round-trip fares for this service was authorized by Decision No. 45785, issued May 29, 1951, which established a uniform scale of rates for applicant throughout its state-wide intercity service. We do not consider it appropriate to modify such basic scale of rates on a piecemeal basis, as requested by applicant, in this proceeding. Such proposed increased fares, on this record, have not been justified and will not be authorized.

The authorized fares in the Long Beach-Santa Monica service will produce \$4,800 additional operating income, a net operating loss of \$36,800, and an operating ratio of 126.7 per cent.

In summary the estimated total increase of \$367,600 in operating income resulting from all the authorized increased fares will result in an estimated net income after taxes from California intrastate operations of \$680,100, a rate of return of 4.39 per cent, and an operating ratio of 97.1 per cent.

We hereby further find that applicant should be authorized to eliminate the fare points of West Los Angeles and Westwood Village from its local passenger tariffs and its Interdivision and Joint Passenger Tariff No. 428-B, Cal. P.U.C. No. 935.

We hereby further find that public convenience and necessity require (1) that applicant on an experimental basis

operate its "G" route buses over Bayshore Boulevard between Third and Army Streets, in San Francisco, making bus stops at the same locations as formerly, and (2) that applicant operate daily except Saturdays, Sundays and holidays, at least three a.m. and three p.m. "M" route express buses between San Bruno and San Francisco, originating and terminating at San Mateo.

The Commission will also require applicant to make the service studies which have been considered and discussed in the foregoing opinion for the purpose of developing information which may be the basis for further improvements in service.

O R D E R

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

IT IS HEREBY ORDERED as follows:

1. That Pacific Greyhound Lines, the applicant herein, be and it is hereby authorized to establish, on not less than five days' notice to the Commission and the public, 20-ride commutation and 20-ride school fares as set forth in Appendices A, B, and C. attached hereto and made a part hereof, and changes in forms of tickets and governing rules, to the extent applicable, as proposed in Applications Nos. 34362 and 34363, as amended, Application No. 36532 and Application No. 36581, as amended, filed in these proceedings, and to cancel Local Passenger Tariff No. L-455-A, Cal. P.U.C. No. 1026, Local Passenger Tariff No. L-456-A Cal. P.U.C. No. 1025, Local Passenger Tariff No. L-457-A, Cal. P.U.C. No. 1027,

Local Passenger Tariff No. 299, C.R.C. No. 669, Local Passenger Tariff No. D-84, C.R.C. No. 530, and Local Passenger Tariff No. 301, C.R.C. No. 670, concurrently with the effectiveness of the 20-ride commutation fares and the 20-ride school fares authorized herein.

2. That applicant be and it is hereby authorized to eliminate the fare points of West Los Angeles and Westwood Village from its local passenger tariffs and from its Interdivision and Joint Passenger Tariff No. 428-B, Cal. P.U.C. No. 935.

3. That in all other respects Applications Nos. 34362, as amended, 34363, as amended, 36532, and 36581, as amended, be and they are hereby denied.

4. That the authority herein granted shall expire unless exercised within sixty days after the effective date of this order.

5. That applicant be and it is hereby directed to post and maintain in its vehicles and depots a notice of the increased commutation and school fares herein authorized. Such notice shall be posted not less than five days prior to the effective date of such fares and shall remain posted for a period of not less than thirty days.

6. That applicant on an experimental basis operate its "G" route buses over Bayshore Boulevard between Third and Army Streets in San Francisco, making bus stops at the same locations as bus stops were made prior to the use of the Bayshore Freeway, and within ninety days after the effective date of this order that applicant (1) file an appropriate description of the rerouting required hereby, whereupon the Commission without further hearing will issue a supplemental order herein appropriately modifying Appendix A of Decision No. 47907, or (2) file an original and twelve copies of a

study in support of the discontinuance of the experimental operation, whereupon the Commission may without further hearing order the discontinuance of this experimental operation or it may give the matter further consideration in the further hearings herein.

7. That applicant operate daily except Saturdays, Sundays and holidays at least three a.m. and three p.m. "M" route express buses between San Bruno and San Francisco originating and terminating at San Mateo.

8. That applicant within thirty days after the effective date of this order file with this Commission copies of revised time tables showing the changes in routing and schedules required by paragraphs numbered 6 and 7 of this order.

9. That applicant shall make a study to determine the feasibility of reducing the number of fare points in the Peninsula service and establishing a more efficient cash-fare collection system in this service, and within ninety days after the effective date of this order applicant shall file an original and twelve copies of a report of the results of such study with this Commission, and serve copies of such report upon all parties of record herein.

10. That applicant shall make a study of its Peninsula and Marin and Sonoma County services for the purpose of determining the adequacy of buses in relation to traffic volume and the appropriate load standards which should be established in these services, and applicant shall within ninety days from the effective date of this order file an original and twelve copies of a report thereof together with recommendations respecting the adequacy of buses and the load standards which should be established and serve copies thereof upon all parties of record in this proceeding.

11. That upon the filing of the reports required of applicant in paragraphs numbered 9 and 10 above further hearings in these matters shall be held before Commissioner Dooley and Examiner Cline, or such other Commissioner or Examiner as may be designated by the Commission, at a time and place hereafter to be set.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 27<sup>th</sup> day of March, 1956.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]

Commissioners

APPENDIX "A"

Statement of 20-Ride Commutation Fares  
 Authorized for Pacific Greyhound Lines  
Marin-Sonoma Counties Operations

<u>Between San Francisco and</u>	<u>Authorized 20-Ride Fares</u>	<u>Between San Francisco and</u>	<u>Authorized 20-Ride Fares</u>
<u>Marin County Points</u>		<u>Marin County Points</u>	
Marin Bridgehead )		Ross )	
Fort Baker Gate )		San Anselmo )	
Marin City )	\$ 6.30	Fairfax )	\$10.00
Manzanita )		Manor )	
Sausalito )		San Rafael )	
Tamalpais Valley Jct.)		St. Vincent School)	
Almonte )		De Witt )	
High School )		Ignacio )	
Locust Avenue )		Novato )	\$12.25
Park Avenue )	\$ 8.50	Burdell )	
Mill Valley )		San Antonio Road )	
Alto )		Sonoma-Marin Line )	
Tiburon Wye )		Dias Ranch )	\$ 9.00
Tamalpais Valley )		Muir Woods Jct. )	
Greenwood Beach )		Alpine Lodge )	\$10.00
Corte Madera Road )		Mountain Home )	
Corte Madera )	\$ 9.00	Stinson Beach )	\$12.60
Baltimore Avenue )		Bolinas )	15.30
Larkspur )		Woodacre )	\$12.00
Greenbrae )		San Geronimo )	12.75
Tiburon )		Lagunitas )	13.50
Belvedere )	\$10.00	Pt. Reyes Station )	17.75
California Park )		Inverness )	19.00
Excalle )			
Kentfield )			
Kentfield Corners )			
<u>Sonoma County Points</u>		<u>Sonoma County Points</u>	
Petaluma )	\$15.25	Wilfred )	
Ely Road Jct. )		Bellevue Avenue )	\$20.00
Penngrove )	\$17.75	Santa Rosa )	
Cotati )			

Between Points Within Marin  
 County Where One-Way Fare Is

\$0.25  
 .30  
 .35  
 .40  
 .45  
 .50  
 .55

Authorized 20-Ride  
 Fares

\$4.50  
 5.40  
 6.30  
 7.20  
 8.10  
 9.00  
 9.90

Note: Commute fares from or to intermediate points not provided for shall be the fare from or to the next more distant point for which a fare is named.



APPENDIX "B"  
Page 1 of 2

Statement of 20-Ride Commutation Fares  
Authorized for Pacific Greyhound Lines  
San Francisco-Peninsula-Half Moon Bay  
Operations

<u>Between San Francisco and</u>	<u>Authorized 20-Ride Fares</u>	<u>Between San Francisco and</u>	<u>Authorized 20-Ride Fares</u>
<u>Peninsula Points</u>		<u>Peninsula Points</u>	
Brisbane )		Redwood City	\$ 6.50
Daly City )		Atherton	6.75
Colma )		Menlo Park )	\$ 7.00
Buri Buri )	\$ 4.00	Palo Alto )	
Lawndale )		So. Palo Alto )	\$ 7.25
So. San Francisco )		Barron Park )	
Baden )		Alta Mesa	\$ 7.50
S. F. Airport )		Mt. View )	\$ 8.00
Tanforan )	\$ 4.50	Mt. View Junction )	
San Bruno )		Sunnyvale )	\$ 9.00
Brentwood )		Sunnyvale Junction )	
Lomita Park )	\$ 5.00	Santa Clara	\$ 9.50
Millbrae )		San Jose	\$10.00
Broadway )	\$ 5.50		
Burlingame )			
San Mateo )			
Bay Meadows )	\$ 5.75		
Hillsdale )			
Belmont )	\$ 6.25		
San Carlos )			
<u>Half Moon Bay Points</u>		<u>Half Moon Bay Points</u>	
Westlake )		Pedro	\$ 5.50
Seven Miles )	\$ 4.00	Montara	\$ 5.75
Edgemar )		Moss Beach	\$ 6.00
Pacific Manor )		El Granada )	\$ 6.25
Sharp Park )	\$ 4.50	Miramar )	
Brighton )			
Vallemar )	\$ 5.00	Half Moon Bay	\$ 6.50
Rockaway Beach )			

APPENDIX "B"  
Page 2 of 2

Statement of 20-Ride Commutation Fares Authorized for Pacific Greyhound Lines Peninsula and Half Moon Bay Operations, exclusive of operations to and from San Francisco:

<u>Between Points Where One-Way Fares Is</u>	<u>Authorized 20-Ride Fares</u>	<u>Between Points Where One-Way Fare Is</u>	<u>Authorized 20-Ride Fares</u>	
\$ .20 )	\$ 4.00	\$ .95	\$ 8.00	
.25 )		4.50	1.00	8.50
.30 )			1.05 )	9.00
.35	5.00	1.10 )	9.50	
.40	5.50	1.15		10.00
.45 )		5.75	1.20	
.50 )	6.00			
.55	6.25			
.60	6.50			
.65	6.75			
.70	7.00			
.75	7.25			
.80	7.50			
.85				
.90				

Note: Commute fares from or to intermediate points not provided for shall be the fare from or to the next more distant point for which a fare is named.

APPENDIX "C"

Statement of 20-Ride Adult Commutation Fares  
and 20-Ride School Fares Authorized for  
Pacific Greyhound Lines' Long Beach-Santa  
Monica Operations

Adult 20-Ride Commutation Fares

Between: and	: Long : Beach	: Wilming- : ton	: San : Pedro	: Harbor City: : (San Pedro : Jct.)	: South : Lomita	: Lomita: : Lomita:
	\$	\$	\$	\$	\$	\$
Wilmington	@	-	@	-	@	-
West Wilmington	4.00	-	-	-	-	-
San Pedro	4.50	@	-	@	@	-
Harbor City (San Pedro Jct.)	-	-	@	-	-	-
South Lomita	4.50	@	@	-	-	-
Torrance	-	-	4.00	@	@	@
Redondo Beach	-	5.20	5.20	4.50	4.00	4.00
Santa Monica	12.35	-	-	-	-	-

@ Commutation fares between points canceled. Regular one-way fares will apply.

Adult 20-Ride Commutation Fares

Between and	: Torrance:	: West : Torrance:	: Redondo : Beach	: Hermosa : Beach
	\$	\$	\$	\$
West Torrance	@	-	-	-
Redondo Beach	@	@	-	-
Hermosa Beach	4.00	-	-	-
Manhattan Beach	4.00	-	-	-
Santa Monica	9.10	-	7.15	6.50

@ Commutation fares between points canceled. Regular one-way fares will apply.

20-Ride School Fares

Between and	: Long : Beach	: San : Pedro	: South : Lomita	: Lomita : Lomita	: Torrance
	\$	\$	\$	\$	\$
Wilmington	2.00	-	-	-	-
South Lomita	2.50	-	-	2.00	-
Lomita	3.00	2.00	2.00	-	-
Torrance	3.40	2.00	-	-	-
Redondo Beach	4.50	-	-	2.00	2.00

Comparison of Cost per Ride Under Present, Proposed and Herein Authorized Commute Rates of Pacific Greyhound Lines and Present Commute Rates of Key System Transit Lines, Metropolitan Coach Lines, Gibson Lines and Peerless Stages.

Carrier	Between	and	Miles	Present Cost per Ride@	Proposed Cost per Ride@	Herein Authorized Cost per Ride@
Pacific Greyhound Lines	San Francisco	Sausalito	9.5	.275	.315	.315
Pacific Greyhound Lines	Long Beach	South Lomita	10.0	.15	.2275	.225
Pacific Greyhound Lines	San Francisco	South San Francisco	11.0	.198	.20	.20
Gibson Lines	Sacramento	Rio Linda	9.7	.3166		
Key System Transit Lines	San Francisco	Oakland (12th & Broadway)	9.7	.43*		
Peerless Stages	San Jose	Los Gatos	10.9	.28		
Pacific Greyhound Lines	Long Beach	San Pedro	14.0	.12	.2275	.225
Pacific Greyhound Lines	San Francisco	Mill Valley	15.3	.3125	.45	.425
Gibson Lines	Sacramento	Sylvan Corner	15.0	.30		
Key System Transit Lines	San Francisco	Richmond	15.3	.505*		
Metropolitan Coach Lines	Los Angeles	El Monte	15.25	.425#		
Peerless Stages	San Jose	Irvington	14.9	.424		
Pacific Greyhound Lines	Santa Monica	Redondo Beach	18.0	.21	.3575	.3575
Pacific Greyhound Lines	San Francisco	San Anselmo	20.9	.375	.54	.50
Pacific Greyhound Lines	San Francisco	Montara	21.0	.297	.3575	.2875
Gibson Lines	Sacramento	Orangevale	21.0	.5416		
Key System Transit Lines	San Francisco	San Leandro (Davis St.)	19.0	.505*		
Metropolitan Coach Lines	Los Angeles	Sunland	20.5	.585#		
Peerless Stages	Oakland	Alvarado	20.4	.584		

\* Authorized by Decision No. 51834 issued August 16, 1955 in Application No. 36980.

# Authorized by Decision No. 52002 issued September 27, 1955 and Decision No. 52053 issued October 11, 1955 in Application No. 36869.

@ In the Greyhound Peninsula service the present cost per ride is based on an estimated average use of 10.1 rides per 12-ride commute ticket. In all other cases the cost per ride is based on full use. All applicable bridge tolls are included in these costs per ride.

Comparison of Cost per Ride Under Present, Proposed and Herein Authorized Commute Rates of Pacific Greyhound Lines and Present Commute Rates of Key System Transit Lines, Metropolitan Coach Lines, Gibson Lines and Peerless Stages.

<u>Carrier</u>	<u>Between</u>	<u>and</u>	<u>Miles</u>	<u>Present Cost per Ride<sup>@</sup></u>	<u>Proposed Cost per Ride<sup>@</sup></u>	<u>Herein Authorized Cost per Ride<sup>@</sup></u>	✓
Pacific Greyhound Lines	San Francisco	Manor	23.5	.375	.54	.50	
Pacific Greyhound Lines	San Francisco	Belmont	25.	.2178	.4225	.3125	
Gibson Lines	Sacramento	Represa	25.	.50			
Key System Transit Lines	San Francisco	Hayward (Pinedale Court)	24.9	.58*			
Metropolitan Coach Lines	Long Beach	Whittier (Norwalk Blvd.)	25.2	.64#			
Peerless Stages	Oakland	Overacker	25.1	.696			
Pacific Greyhound Lines	San Francisco	Redwood City	28.0	.2525	.455	.325	
Pacific Greyhound Lines	San Francisco	Half Moon Bay	28.	.297	.455	.325	
Pacific Greyhound Lines	San Francisco	Woodacre	28.	.475	.675	.60	
Gibson Lines	Marysville	Oroville Wye	28.	.56			
Metropolitan Coach Lines	Los Angeles	Fullerton (Spadra Rd. & Brea Blvd.)	27.95	.695#			
Peerless Stages	Oakland	Mission	28.	.752			
Pacific Greyhound Lines	San Francisco	Lagunitas	31.9	.55	.765	.675	
Pacific Greyhound Lines	San Francisco	Menlo Park	32.	.2921	.52	.35	
Gibson Lines	Sacramento	Nicolaus	32.	.64			
Metropolitan Coach Lines	Los Angeles	Bolsa Chico	31.65	.805#			
Peerless Stages	San Jose	Santa Cruz	31.8	.848			

\* Authorized by Decision No. 51834 issued August 16, 1955 in Application No. 36980.

# Authorized by Decision No. 52002 issued September 27, 1955 and Decision No. 52053 issued October 11, 1955 in Application No. 36869.

@ In the Greyhound Peninsula service the present cost per ride is based on an estimated average use of 10.1 rides per 12-ride commute ticket. In all other cases the cost per ride is based on full use. All applicable bridge tolls are included in these costs per ride.

APPENDIX "D"  
Page 3 of 3

Comparison of Cost per Ride Under Present, Proposed and Herein Authorized Commute Rates of Pacific Greyhound Lines and Present Commute Rates of Key System Transit Lines, Metropolitan Coach Lines, Gibson Lines and Peerless Stages.

<u>Carrier</u>	<u>Between</u>	<u>and</u>	<u>Miles</u>	<u>Present Cost per Ride@</u>	<u>Proposed Cost per Ride@</u>	<u>Herein Authorized Cost per Ride@</u>
Pacific Greyhound Lines	San Francisco	South Palo Alto	35.	.3168	.5525	.3625
Pacific Greyhound Lines	Long Beach	Santa Monica	36.	.50	.6175	.6175
Gibson Lines	Roseville	Marysville	35.	.70		
Metropolitan Coach Lines	Los Angeles	Claremont (Alexander and Cucamonga)	35.08	.855#		
<u>Peerless Stages</u>	<u>Masonic Home</u>	<u>Los Gatos</u>	<u>34.5</u>	<u>.904</u>		
Pacific Greyhound Lines	San Francisco	Mt. View	40.	.3564	.6175	.40
Pacific Greyhound Lines	San Francisco	Petaluma	40.2	.6375	.7878	.7625
Gibson Lines	Sacramento	Tudor	40.	.80		
Metropolitan Coach Lines	Los Angeles	Upland (Campus Ave.)	40.2	.965#		

\* Authorized by Decision No. 51834 issued August 16, 1955 in Application No. 36980.

# Authorized by Decision No. 52002 issued September 27, 1955 and Decision No. 52053 issued October 11, 1955 in Application No. 36869.

@ In the Greyhound Peninsula service the present cost per ride is based on an estimated average use of 10.1 rides per 12-ride commute ticket. In all other cases the cost per ride is based on full use. All applicable bridge tolls are included in these costs per ride.

APPENDIX "E"

APPEARANCES

Applications Nos. 34362 and 34363.

Douglas Brookman, and Allan P. Matthew and Gerald H. Trautman,  
for Pacific Greyhound Lines, applicant.

Phillips, Avakian & Johnston by Spurgeon Avakian, for Marin  
County Federation of Commuter Clubs, and T. D. Hardcastle,  
for Novato Commuters' Club, protestants.

Delger Trowbridge, for San Rafael Chamber of Commerce, Dion R.  
Holm and Paul L. Beck, for City and County of San Francisco,  
and Richard B. Maxwell, Assistant City Attorney, for City  
of Santa Rosa, interested parties.

J. T. Phelps, J. F. Donovan, J. L. Pearson and J. K. Gibson,  
for the Commission staff.

Application No. 36532.

Allan P. Matthew and Gerald H. Trautman of McCutcheon, Thomas,  
Matthew, Griffiths and Greene, and Douglas Brookman, for  
Pacific Greyhound Lines, applicant.

Paul A. McCarthy, for City of Belmont, protestant.

Raymond A. Withers, for San Mateo-Burlingame Transit, and Dion  
R. Holm and Paul Beck, for the City and County of San  
Francisco, interested parties.

J. T. Phelps, for the Commission staff.

Application No. 36581.

Douglas Brookman, for Pacific Greyhound Lines, applicant.

Henry E. Jordan, for Bureau of Franchise and Public Utilities,  
City of Long Beach, interested party.

J. T. Phelps and John L. Pearson, for the Commission staff.