

ORIGINAL

Decision No. 53529

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of TRANSCONTINENTAL BUS SYSTEM, INC., a Delaware corporation, for authority to increase fares for services between points and places said Transcontinental Bus System, Inc. is presently authorized to serve as a passenger stage corporation.

Application No. 38017
As Amended

In the Matter of the Application of CONTINENTAL PACIFIC LINES, a California Corporation, for authority to increase fares for services between points and places said Continental Pacific Lines is presently authorized to serve as a passenger stage corporation.

Application No. 38018
As Amended

Application of PACIFIC GREYHOUND LINES, a corporation, for an order authorizing increases in passenger fares in the State of California.

Application No. 38019
As Amended

In the Matter of the Application of AMERICAN BUSLINES, INC., a Delaware corporation, Debtor in corporate reorganization under Chapter X, by its Trustee, Richard W. Smith, and its Additional Trustee, W. F. Aikman, for authority to increase one-way and round-trip fares for services between points and places said American Buslines, Inc. is presently authorized to serve as a passenger stage corporation, as that term is defined in Section 226 of the Public Utilities Code.

Application No. 38195

In the Matter of the Application of GIBSON LINES, a California corporation, for authority to increase one-way and round-trip intercity fares for services between points and places said Gibson Lines is presently authorized to serve as a passenger stage corporation, as that term is defined in Section 226 of the Public Utilities Code.

Application No. 38196

Application of THE GREYHOUND CORPORATION (Overland Greyhound Lines Division), a corporation, for an order authorizing increases in passenger fares in the State of California.

Application No. 38218
As Amended

Appearances

Gerald H. Trautman of McCutcheon, Thomas, Matthew, Griffiths & Greene and Douglas Brookman for Pacific Greyhound Lines, applicant.
Douglas Brookman for The Greyhound Corporation (Overland Greyhound Lines Division), applicant.
Glanz and Russell by Theodore W. Russell for Transcontinental Bus System, Inc., Continental Pacific Lines, American Buslines, Inc., and Gibson Lines, applicants.
John R. Worthington for California Bus Association, and A. R. Linn for Peninsula Bus Lines, interested parties.
Ray E. Smith for Contra Costa County Commuters Association, protestant.
J. T. Phelps for the Commission staff.

INTERIM OPINION

On May 11, 1956, the applicants, Transcontinental Bus System, Inc., Continental Pacific Lines, and Pacific Greyhound Lines, filed their applications to increase their one-way and round-trip bus fares (including fares for such 10-ride family books as are issued by Pacific Greyhound Lines) upon five days' notice to the Commission and the public (1) by increasing minimum fares from 15 cents to 20 cents and (2) by increasing the other one-way and round-trip fares by 15%. If the increased fares result in a figure not ending in "0" or "5", it is proposed that the fares will be adjusted to the next higher figure ending in either "0" or "5" as the case may be. Said applicants propose to publish any newly authorized fares in supplements to existing tariffs employing conversion tables which will remain in effect until such time as the tariffs can be further revised to show point to point fares. Said applicants request authority to publish the requested fares on an interim basis pending final determination of these matters.

Similar applications for increased fares were filed by American Buslines, Inc., and Gibson Lines on June 27, 1956, and by The Greyhound Corporation (Overland Greyhound Lines Division) on July 3, 1956. No increase in fares for mileage books issued by

American and Gibson was requested.

The first three applications were consolidated and hearing was held in San Francisco before Commissioner Ray E. Untereiner and Examiner Wilson E. Cline on July 5, 1956. Thereafter all six applications were consolidated and further hearings were held on July 19, 20, 25 and 26, 1956. Applicants have completed their respective presentations in justification of the requested increases. The Commission staff is in the process of making independent studies which will not be available for presentation until October. In view of this, at the conclusion of the hearing on July 26, applicants made motions for an interim order authorizing them to increase their fares as requested. These motions were taken under submission. The two Greyhound applicants compete with the other four applicants, and they all intend to charge the same fares between the same points. Hence all applicants have requested that they be given the same interim and final rate relief. To the extent hereinafter indicated the motions for interim rate relief will be granted.

Exhibits have been introduced by the various applicants to justify their request for fare increases. These exhibits show that the financial results of the California intrastate operations of Pacific Greyhound Lines are and will continue to be the most satisfactory of any of the applicants. The determination of the interim rates to be authorized will therefore to a large extent be based on a consideration of the evidence submitted by Pacific Greyhound Lines.

According to Exhibit No. P.G.L.-12 the California intrastate operations of Pacific Greyhound Lines for the year ended December 31, 1955, produced a rate of return of 2.7% on a rate base of \$14,441,600, and an operating ratio of 98.4%.

Exhibit No. P.G.L.-15 shows the results of California intrastate operations for the forecast year ended June 30, 1957 as follows:

	<u>Present Fares</u>	<u>Proposed Fares</u>
Net Operating Loss	\$820,000	
Net Operating Profit		\$704,200
Rate of Return		4.8%
Operating Ratio	103.5%	97.3%

It should be noted, however, that the applicant Pacific Greyhound Lines has employed its own methods of developing the results of operations shown in Exhibits Nos. P.G.L.-12 and P.G.L.-15, rather than the methods which were approved by the Commission in Decision No. 52813, issued March 27, 1956, wherein Pacific Greyhound Lines was authorized to increase certain of its commute fares. The Commission in that decision found the intrastate operations of Pacific Greyhound Lines would produce a rate of return of 4.89% and an operating ratio of 96.8% after the fare increases therein authorized. These findings were based on exhibits prepared prior to August 3, 1955, the last date of hearing:

Since the last fare increase proceeding Pacific Greyhound Lines has incurred substantial increases in labor and other costs. The wages of maintenance and service employees have increased 5%, drivers' wages have increased 4 $\frac{1}{2}$ %, salaries of station employees have increased 5% and salaries for supervision and traffic solicitation and advertising have increased 6%. Evidence has been introduced to show that material costs per bus mile have increased by 5% over 1955. Increases have also been incurred in other items of expense such as the following:

	<u>Annual Amount of Systemwide Increase</u>
Tires and Tubes	\$242,200
Fuel for Revenue Equipment	103,300
Group Insurance Premiums	68,850
Other Welfare Expenses	91,100
Fuel Taxes	169,900
Federal Weight Fee	50,000
Federal Excise Taxes on tires and tubes	16,000

A representative of the Contra Costa County Commuters Association stated that his organization opposed any fare increase until improvements are made in service by Pacific Greyhound Lines on its operation between San Francisco and Oakland, on the one hand, and points in Contra Costa County, on the other hand. The fares of Pacific Greyhound Lines between San Francisco and Oakland, on the one hand, and points in the Pleasant Hills area on Pleasant Hill Road along defendant's Martinez route, on the other hand, are the subject of Complaint No. 5623, filed by Contra Costa County Commuters Association against Pacific Greyhound Lines, which is now pending before this Commission. In order that the commuters concerned will not be adversely affected by this decision, the Pacific Greyhound Lines will not be authorized to increase the minimum fares between Lafayette or Acalanes Junction, on the one hand, and points in the Pleasant Hills area on Pleasant Hill Road along said applicant's Martinez bus route, on the other hand.

The representative of the California Bus Association urged that prompt fare relief be given applicants so that the smaller bus companies which have competing lines may seek needed fare increases themselves.

The record indicates evident necessity for interim relief. The increased fares hereinafter authorized are necessary to offset the effect of the California intrastate portion of increases in expenses which have been incurred subsequent to the last fare increase proceedings of Pacific Greyhound Lines.

An interim increase of the minimum one-way fares (excluding the minimum fares of Pacific Greyhound Lines between Lafayette or Acalanes Junction, on the one hand, and points in the Pleasant Hills area on Pleasant Hill Road along said applicant's Martinez route, on the other hand) from 15 cents to 20 cents, and other one-way and

round-trip fares (including the fares for such 10-ride family books as are issued by Pacific Greyhound Lines but excluding fares for mileage books issued by American and Gibson) by five per cent is clearly found to be justified and will be authorized. Where such increased fares result in figures not ending in "0" or "5", the further increase of such fares to the next higher figure ending in "0" or "5", as the case may be, is also found to be justified and will be authorized. Upon five days' notice to this Commission and to the public the applicants will be authorized to publish the newly authorized fares in supplements to existing tariffs employing appropriate conversion tables. No authorization was requested and no authorization is granted to increase any commute fares or school fares of any applicant.

INTERIM ORDER

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

IT IS HEREBY ORDERED that Transcontinental Bus System, Inc., Continental Pacific Lines, Pacific Greyhound Lines, American Buslines, Inc., Gibson Lines, and the Greyhound Corporation (Overland Greyhound Lines Division) are hereby authorized to publish and file, on not less than five days' notice to this Commission and to the public, supplements to their tariffs employing conversion tables which increase their minimum one-way fares (excluding the minimum fares of Pacific Greyhound Lines between Lafayette or Acalanes Junction, on the one hand, and points in the Pleasant Hills area on Pleasant Hill Road along said applicant's Martinez route, on the other hand) from 15 cents to 20 cents, and other one-way and round-trip fares (including the fares for such 10-ride family books as are issued by Pacific Greyhound Lines but excluding fares for mileage books issued

by American and Gibson) by five per cent, providing that where this percentage increase results in a figure not ending in "0" or "5" the authorized fares shall be the next higher figure ending in "0" or "5", as the case may be.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 3rd
day of August, 1956.

John E. Mitchell
President

Justus J. Cassel

Paul J. Winter

William J. Deane

R. V. Hart
Commissioners