

ORIGINAL

Decision No. 54692

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GREYHOUND LINES )  
 for authority to cancel local passenger )  
 stage schedules between Davenport and ) Application No. 38021  
 Santa Cruz. )

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- Earl A. Bagby, for applicant.
- John MacDonald Smith, for Southern Pacific Company, interested party.
- W. E. Root, for the United Cement, Lime and Gypsum Workers, International Union Local 46;
- Alvin V. Gregory, for Davenport Improvement Club;
- Charles A. McLean, Jr., for Seaside Farm Bureau;
- Mrs. Betty Bradley, for Coast Route Farm Bureau Women;
- Elio Orlando, for Davenport Producers Association;
- R. A. Kinzie, Jr., for Pacific Cement and Aggregates Co., Inc.;
- Charles J. Bella, for Ocean View Motel and as Greyhound Agent;
- Mrs. Fulda McLean, County Supervisor elect for constituents, protestants.
- Charles W. Overhouse, for the Commission staff.

O P I N I O N

In this proceeding Pacific Greyhound Lines requests authority to discontinue local passenger stage schedules between Santa Cruz and Davenport and intermediate points. A public hearing thereon was held before Examiner Leo C. Paul at Santa Cruz on December 6, 1956, and the matter was submitted.

Applicant holds a certificate authorizing passenger stage service between San Francisco and Santa Cruz via Half Moon Bay and Davenport. All-year service is authorized between San Francisco and Half Moon Bay and also between Davenport and Santa Cruz. Between Half Moon Bay and Davenport summer season service only is authorized and provided. Applicant seeks authority to cancel all local schedules, as noted, infra, operating between Davenport and Santa Cruz and to establish instead thereof an extension of the summer season service now conducted between Half Moon Bay and Davenport. The

summer season service is conducted between the approximate dates of June 10 and September 10 of each year. Davenport is on the coast slightly less than 12 miles northwesterly of Santa Cruz.

In July, 1932, the Commission authorized Southern Pacific Company, an interested party herein, to discontinue its remaining passenger train service between Santa Cruz and Davenport (Decision No. 24998, Application No. 18276). A condition of the decision required Pacific Greyhound Lines to establish a substitute passenger stage service. The principal traffic, then as now, was to or from the Davenport cement plant operating on a three-shift basis.

Applicant and Southern Pacific Company assert that the passenger stage service involved is operated pursuant to an agreement between them, dated June 5, 1952, (Exhibit No. 7). Among other things the agreement states that "Southern Pacific Company will reimburse Pacific Greyhound Lines for all costs of the operations covered by this agreement, plus a management fee of 10 per cent of total per mile costs, computed under the following formula . . ." The agreement also states, "The arrangement . . . shall be effective as of September 1, 1951, and shall continue in effect until terminated by either party on 30 days written notice."

A witness for Greyhound Lines testified that serving the three shifts of the Davenport cement plant at 8:00 a.m., 4:00 p.m. and midnight, for which the service was principally designed, spreads the period of such service to the extent that two drivers are needed to operate the three round-trip schedules. During the respective periods of the 12 months of 1955 and the first 10 months of 1956, the monthly average bus miles operated were 2198 and 2196. The daily averages of miles driven for those periods were 72.2 and 71.9. Drivers' wages per mile for those periods amounted to \$0.31063 and \$0.31849, respectively, compared with the total out-of-pocket

expenses of the operation on a per-mile basis, amounting to \$0.5488 and \$0.55235 before inclusion of the 10 per cent management fee charged Southern Pacific (Exhibits Nos. 2 and 8).

Approximately 15 per cent of the total revenue from the operation is derived from the transportation of United States mail and newspapers. According to Exhibit No. 10, \$2.90 was received from express traffic during the period noted below. The remainder of the revenue is derived from passenger traffic. The totals of the annual revenue and the out-of-pocket expenses of the operation for the period of January 1, 1955, to October 31, 1956, both inclusive, as detailed in Exhibits 2, 8 and 10, are stated to be as follows:

<u>Total Revenue</u>	<u>Total Direct operating Expenses</u>	<u>Total Net Operating Loss</u>	<u>Monthly Average Loss</u>	<u>Total Average Expense Per Mile</u>
\$4,817.23	\$15,722.50	\$10,905.27	\$908.81	\$0.59938
3,479.89	13,354.74	9,874.85	987.49	0.60759

The general passenger agent of Southern Pacific Company testified that prior to August, 1932, the company operated passenger trains between Santa Cruz and Davenport. Following a decline in the use of the rail service bus service was substituted for the trains on August 1, 1932, pursuant to authority of the Commission. Upon that changeover the out-of-pocket loss from the bus operation was about \$700 annually. By 1947 the annual loss had reached \$4100. Thereafter, various fare increases and adjustments of service as well as of fares were made and meetings held with commuters in an endeavor to arrange service and charges that would be mutually satisfactory. Schedules were shortened and arrival and departure times changed to meet asserted needs of commuting passengers. The witness stated these betterments in service did not develop any additional traffic and losses continued.

The witness further pointed out that Southern Pacific has subsidized Greyhound's service, herein considered, for approximately 25 years. During those years his company's out-of-pocket losses have grown steadily from about \$700 for the first year to approximately \$12,000 for the current year (1956). He requests the Commission to

authorize the proposed abandonment.

The average number of passengers using the schedules involved for the full year 1955 and the first 10 months of 1956 are indicated in the following table based on Exhibit No. 9, prepared and introduced by Southern Pacific Company:

Schedule No.	667-669			672			671		
	Lv.S.C. 6:50 a.m.			Lv.Dvnpt.8:10 a.m.			Lv.S.C.3:15 p.m.		
Averages	High	Low	Avg.	High	Low	Avg.	High	Low	Avg.
Year									
1955 (12 months)	10.9	5.8	7.7	7.0	3.8	5.2	10.9	8.4	9.7
1956 (1st 10 months)	9.1	5.9	7.2	7.5	3.6	4.8	9.8	5.8	7.3
(Cont'd.)									
Schedule No.	674			673			670		
	Lv.Dvnpt.4:10p.m.			Lv.S.C. 11:15 p.m.			Lv.Dvnpt.12:10a.m.		
Averages	High	Low	Avg.	High	Low	Avg.	High	Low	Avg.
Year									
1955 (12 months)	9.5	6.0	7.5	4.7	2.6	3.8	9.0	5.0	6.7
1956 (1st 10 months)	8.7	5.9	7.0	4.1	2.8	3.2	5.4	3.3	4.6

In opposition to applicant's request, a representative of the Coast Road Farm Bureau Women who resides about 10 miles northerly of Davenport testified she and other members of said Bureau occasionally took their children to Santa Cruz for dental visits or for other purposes. Their usual method of transportation is to drive their cars to Davenport and put their children on applicant's buses for the trip to Santa Cruz. They then pick their children up at Davenport after the children have returned from Santa Cruz on applicant's buses. Thus they are enabled to economize in the use of their private cars.

A representative of the local cement plant workers' union testified that several of the workers are without private transportation and if deprived of applicant's service they would have to make other arrangements for transportation to and from work which would

create a hardship for them.

There were six other protestants. Three of them represented different service groups, one for the local cement plant, and the others as their individual interests appeared. None indicated a personal use of the present service nor offered any direct evidence to support his position. Several of them offered general statements of opinion in regard to applicant's proposal.

After full consideration of all the facts of evidence herein the Commission finds that public convenience and necessity no longer require the operation of applicant's three local daily round-trip schedules between Davenport and Santa Cruz and intermediate points. Discontinuance of those schedules will be authorized as hereinafter provided.

It is further found that public convenience and necessity require that applicant extend its present seasonal passenger stage operations between Half Moon Bay and Davenport to include Santa Cruz and points intermediate to Davenport and Santa Cruz. Such extension will be accomplished in the order following by a modification of special restriction Number S-14.01.

In arriving at the foregoing conclusions the Commission is mindful of the unpleasant fact that present users of the service involved will be inconvenienced in varying degrees. However, it should be observed that no public utility transportation service can long endure unless sufficiently patronized to repay the costs of providing such service. The load factor of the operation under review, as indicated in the table based on Exhibit No. 9, clearly shows the continuing decline in use of the service.

O R D E R

An application therefor having been filed, the matter having been heard and submitted and based on the evidence of record,

IT IS ORDERED:

(1) That Pacific Greyhound Lines is hereby authorized to discontinue the operation of its daily local passenger stage Schedules Numbers 667, 669, 672, 671, 674, 673 and 670, operating between Santa Cruz and Davenport and intermediate points, subject to the following conditions:

- (a) That Pacific Greyhound Lines shall post an appropriate notice of discontinuance of the service as herein authorized for a period of at least fifteen days next preceding such discontinuance. Such notice shall be posted in applicant's stations at Santa Cruz and Davenport and in all equipment used in serving those points.
- (b) That an affidavit of such posting shall be filed with the Commission within ten days after the date of posting.
- (c) That within twenty days after the effective date hereof applicant shall prepare and file with the Commission, in triplicate, appropriate tariffs and timetables reflecting the authority herein granted. Such filings shall be made on not less than five days' notice to the Commission and to the public.

(2) That special restriction number S-14.01 (b) as set forth at First Revised Page 47 of Appendix A of Decision No. 47907 is hereby amended to read as set forth at Second Revised Page 47 attached hereto as Appendix A.

(3) That Appendix A of Decision No. 47907 in Application No. 31883 is hereby amended by incorporating Second Revised Page 47 therein.

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

Dated at San Francisco, California, this 19<sup>th</sup> day of March, 1957.

[Signature]  
President

[Signature]

[Signature]

[Signature]

Commissioners

Commissioner Ray E. Untereiner, being necessarily absent, did not participate in the disposition of this proceeding.

SPECIAL RESTRICTIONS

- S-14.01 - On the following routes, summer-season service only is authorized:
- (a) Between San Francisco and Boulder Creek (part of Route 14.09);
  - \*(b) Between Half Moon Bay and Santa Cruz (part of Route 14.08).
- S-14.02 - No local service may be rendered between:
- (a) U. S. Veterans Hospital No. 24 and Palo Alto.
  - (b) Monterey and Carmel.
  - (c) Los Gatos and Santa Cruz.
  - (d) Intentionally left blank.
- S-14.03 - The free transportation of baggage of passengers locally between San Francisco and San Jose and intermediate points shall be restricted to hand baggage carried by the passengers.
- S-14.04 - No local tariff shall be published naming a fare between Oakland, on the one hand, and Palo Alto, Los Gatos or Santa Cruz, on the other hand; nor between Oakland, on the one hand, and San Jose and Los Angeles via San Jose, both points and all points intermediate thereto inclusive, on the other hand, with routing via San Francisco in each instance.
- S-14.05 - Intentionally left blank.

Issued by Public Utilities Commission of the State of California.

\*Changed by Decision No. 54692, Application No. 38021.

Correction No. 167