

**ORIGINAL**

Decision No. 59530

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE GREYHOUND CORPORATION, Western Greyhound Lines Division, for authority to increase fares in its Contra Costa Service. )

Application No. 41617

Gerald H. Trautman, for The Greyhound Corporation, applicant.

Leroy W. Sowers and Dudley W. Thickens, for the Contra Costa County Commuters Association; Dion R. Holm, by Robert R. Laughead, for the City and County of San Francisco; E. Sam Davis, Key System Lines; Warren L. Deverel, in propria persona; interested parties.

William Roche and James Gibson, for the Commission staff.

O P I N I O N

By the above-entitled application, filed October 29, 1959, The Greyhound Corporation, Western Greyhound Lines Division, seeks authority to increase its commutation fares applicable in its Contra Costa local service and to revise the one-way fares so as to establish a zone system of fares in that area. The proposed revision of one-way fares would result in increases in most instances. The Contra Costa local service consists of applicant's routes between San Francisco and Oakland, on the one hand, and points in Contra Costa County as far as Danville, Martinez and Antioch, on the other hand.

Public hearing on the application was held before Examiner William E. Turpen at San Francisco on December 8, 1959.

The record shows that the present commutation fares in the Contra Costa local service have not been increased since applicant started the service in 1941. The present and proposed monthly commutation fares are shown in Table 1 below.

TABLE 1

	To Oakland			To San Francisco		
	Present	Proposed	Increase	Present	Proposed	Increase
Orinda	\$ 6.75	\$ 8.25	\$ 1.50	\$12.00	\$14.50	\$ 2.50
Lafayette	6.75	8.75	2.00	14.00	17.00	3.00
Walnut Creek	8.35	10.35	2.00	15.60	18.60	3.00
Pleasant Hill	9.90	11.90	2.00	17.20	20.20	3.00
Concord	11.45	13.45	2.00	18.75	21.75	3.00
Alamo	10.45	11.90	1.45	17.70	20.20	2.50
Danville	12.00	13.45	1.45	19.25	21.75	2.50
West Monument	9.90	11.90	2.00	17.20	20.20	3.00

The present one-way and round-trip fares in effect in the Contra Costa local service are point-to-point fares based on a mileage formula used to construct such fares generally throughout the State. Applicant now proposes to establish a zone system of fares, similar to that in effect on the San Francisco peninsula.<sup>1/</sup>

<sup>1/</sup> The zone numbers and principal point in each zone are as follows:

- |                      |                         |
|----------------------|-------------------------|
| 1. San Francisco     | 7B Danville             |
| 2 Oakland-Berkeley   | 8 Clyde                 |
| 3 Orinda             | 8A 3 mi east of Concord |
| 4 Lafayette Orchards | 8B Martinez             |
| 5 Walnut Creek       | 9 Port Chicago          |
| 6 Pleasant Hill      | 9A Nichols              |
| 6A West Monument     | 9B Willow Pass Jct.     |
| 6B Alamo             | 10 Pittsburg            |
| 7 Concord            | 11 Antioch              |
| 7A Muir Oak Jct.     |                         |

The basic formula for constructing the zone fares, as proposed by applicant, is to apply a fare of 20 cents for travel within one zone or between adjacent zones, with an increment of 10 cents for each succeeding zone. However, on fares from San Francisco, Oakland and Berkeley this would be modified somewhat. Applicant proposes an initial fare to Zone 3 (Orinda) from San Francisco of 60 cents and from Oakland and Berkeley of 30 cents, with the 10-cent increment for each zone beyond. As fares of over 60 cents are subject to the ten per cent Federal Transportation Tax, applicant proposes adjustments in such fares so that the total of the fare and tax will end in "0" or "5". Table 2, below, shows the adjustments applicant proposes for such fares.

TABLE 2

PROPOSED ADJUSTED FARES SUBJECT TO TAX  
(In Cents)

<u>Fare Based on Formula</u>	<u>Adjusted Fare</u>	<u>Tax</u>	<u>Total</u>
70	68	7	75
80	82	8	90
90	91	9	100
100	100	10	110
110	109	11	120
120	118	12	130
130	132	13	145
140	141	14	155

Applicant's traffic manager explained the proposed zone system and fare structure. He testified that it will expedite the handling of fares by the drivers and should result in better on-time performance. He also said that the zone boundaries have been set up so that most passengers can ride to or from a major trading area at the minimum 20-cent fare. The witness stated that applicant has some fares between points here involved applicable by other routes or to points not involved here but over these routes. He requested

that authority be granted to increase such fares to equalize fares authorized under the zone system or to eliminate having a lower fare to a more distant point over the same route.

The traffic manager also said that the tariff now provides that one-way tickets are good for two months from date of sale and round-trip tickets for six months. He said that continued honoring of these tickets after the zone system becomes effective would result in confusion and delays. He accordingly asked that applicant be authorized to limit honoring such tickets already in the hands of passengers to a period of five days after the effective date of the zone fares. The witness also asked that applicant be authorized to publish a rule providing that an unused return portion of a round-trip ticket will be redeemed for one half of the round-trip fare.

In conjunction with the increased fares applicant intends to make several service improvements. Applicant intends to replace the transit-type buses acquired in 1940 and 1941 with newer buses released from mainline service equipped with reclining seats and air-conditioning. Applicant also proposes to increase the volume of service during the peak hours (7 to 9 a.m. and 4 to 6 p.m.) by providing during each of the 2-hour periods a ratio of 100 seats to 90 passengers instead of the present ratio of 100 seats per 100 passengers. The third service improvement is the use of the East Bay Terminal in San Francisco as the terminal of a large proportion of the Contra Costa service. This will provide those passengers working in the financial district a closer terminal and will also provide shelter during inclement weather. This change will eliminate most of the street loading and unloading at Folsom and Essex Streets.

Western Greyhound's comptroller introduced into evidence an exhibit showing revenues and expenses of the Contra Costa local service for the 12-month period ending September 30, 1959, and forecasts of revenues and expenses under both present and proposed fares for the calendar year 1960. A summary of the exhibit is shown in Table 3 below.

TABLE 3

REVENUES AND EXPENSES  
CONTRA COSTA LOCAL SERVICE

	<u>12-Months Ended</u> <u>Sept. 30, 1959</u>	<u>Forecast - 1960</u>	
		<u>Present</u> <u>Fares</u>	<u>Proposed</u> <u>Fares</u>
Bus Miles:	1,471,300	1,471,300	1,570,300
Operating Revenues			
Passenger:			
Casual	\$ 353,500	\$ 353,500	\$ 392,800
Commute	338,400	338,400	404,600
Other	<u>39,000</u>	<u>39,000</u>	<u>39,000</u>
Total Revenues	\$ 730,900	\$ 730,900	\$ 836,400
Operating Expenses	<u>835,300</u>	<u>872,100</u>	<u>919,000</u>
Operating Loss	(\$ 104,400)	(\$ 141,200)	(\$ 82,600)

( ) - indicates red figure

The witness testified that the increased revenues shown under proposed fares were calculated on the basis of a traffic study. He said that the proposed one-way and round-trip fares would result in an 11 per cent increase in the casual passenger revenue. An engineer from the Commission's Transportation Division testified that as a result of his study of applicant's operation, he generally agrees with the revenue figures shown in Table 3, but he said that he felt some of the expenses were overstated. However, he said, considering all the adjustments he felt proper, the revenue from the operation under proposed fares would not exceed the expenses. In view of this testimony by the staff witness it is not necessary to reconcile applicant's and staff's estimates of expenses. The

record is clear that regardless of which estimate of expense is used, applicant still will be operating this service without profit, therefore granting applicant's request in full will result in no unjust enrichment of it.

The president of the Contra Costa County Commuters Association stated that his organization has no objection to the proposed increases in commute fares provided the service improvements outlined in the application are made. He said that his association has not considered the change in one-way and round-trip fares. Adequate notice of the application and of the hearing was given to the public by notices posted by applicant in its buses and terminals. No one has objected to the granting of the application.

The record is clear that applicant's Contra Costa local service is being conducted at a loss and that the service improvements contemplated by applicant will result in additional expenses. The increases in the commute fares will still provide fares that are lower than commute fares charged by other carriers for comparable distances in other areas of the State. It is estimated that the proposed increases will produce additional revenue from commutation fares of \$66,200 per year as shown in Table 3. We are of the opinion, and so find, that the increases in commute fares proposed by applicant are justified and will result in reasonable fares.

The establishment of a zone fare system for the one-way and round-trip fares will result in benefits both to applicant and to the public. The zones proposed by applicant appear to be equitable and reasonable. It is recognized that in establishing a zone system departures from the state-wide mileage scale of fares are inevitable. Table 3 shows that the proposed one-way and round-trip fares will produce additional revenue of \$39,300 per year.

In view of the benefits to be derived from the establishment of a zone fare system and the contemplated service improvements, it appears, and we find, that establishment of a fare zone system as proposed by applicant, resulting in increased fares, is justified. The requested related adjustment of fares via other routes and to other points will also be authorized, as will the establishment of rules relating to time limit on old tickets and refund of unused return portion of round-trip tickets.

The authority to increase fares as authorized herein will be conditioned on applicant establishing the service improvements discussed above. In view of the desirability of providing the service improvements as soon as possible, the order herein will be made effective in ten days.

O R D E R

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

IT IS ORDERED:

(1) That, subject to the conditions set forth in paragraph (3) below, The Greyhound Corporation, Western Greyhound Lines Division, be and it is hereby authorized to establish, on not less than five days' notice to the Commission and to the public, increases in its commutation fares applicable in its Contra Costa local service, as requested in Application No. 41617.

(2) That, subject to the conditions set forth in paragraph (3) below, applicant be and it is hereby authorized to establish, on not less than five days' notice to the Commission and to the public, fare zones as set forth in Exhibit No. 1 in this proceeding, with fares between such zones constructed as set forth in Application

No. 41617, and in connection with the new fares, tariff rules to provide (a) that tickets issued prior to the effective date of the new fares will be valid only for five days after the effective date of the new fares, and (b) that unused return portions of round-trip tickets will be redeemed at one half the price of the round-trip ticket.

(3) That within five days after the effective date of the increases authorized in paragraphs (1) and (2) above, applicant shall put into effect the service changes outlined on pages 8 and 9 of Application No. 41617; and that publication and filing of the fare increases herein authorized will constitute acceptance of this condition.

(4) That applicant be and it is hereby authorized, on not less than five days' notice to the Commission and to the public, to increase fares between points named in Exhibit No. 2 in this proceeding to the extent made necessary by the increased fares established pursuant to paragraph (2) above.

(5) That the authority hereinabove granted shall expire unless exercised within ninety days after the effective date of this order.

(6) That applicant is directed to post and maintain in its vehicles and depots affected a notice of the fare changes herein authorized. Such notice shall be posted not less than five days



prior to the effective date of such fare changes and shall remain posted for a period of not less than thirty days.

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

Dated at San Francisco, California, this 14<sup>th</sup> day of January, 1960.

*Ernest A. Roca*  
President  
*John E. Mitchell*  
*S. J. Fox*  
*Theodore J. Jenner*  
Commissioners

Commissioner Matthew J. Dooley, being necessarily absent, did not participate in the disposition of this proceeding.