

ORIGINALDecision No. 62959

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 THE GREYHOUND CORPORATION (Western)
 Greyhound Lines Division) for an order) Application No. 40057
 authorizing increases in intrastate) Second Amendment
 express charges and intrastate passenger) (Filed June 1, 1961)
 fares, except commutation fares.)

In the Matter of the Application of)
 TRANSCONTINENTAL BUS SYSTEM, INC., a)
 Delaware corporation; CONTINENTAL)
 PACIFIC LINES, a California corpora-)
 tion; GIBSON LINES, a California) Application No. 40336
 corporation; and AMERICAN BUSLINES,) Second Amendment
 INC., a Delaware corporation, for) (Filed July 22, 1960)
 authority to increase one-way and)
 round-trip intrastate passenger fares)
 pursuant to Sections 454 and 491 of)
 the Public Utilities Code.)

McCutchen, Doyle, Brown and Enerson, by Gerald H. Trautman, for The Greyhound Corporation, Russell & Schureman, by Theodore W. Russell, for Transcontinental Bus System, Inc., Continental Pacific Lines, Gibson Lines, and American Buslines, Inc., applicants.
Avakian & Johnston, by Spurgeon Avakian, for Contra Costa County Commuters Association, protestant.
Henry E. Jordan, for Bureau of Franchises and Public Utilities, City of Long Beach; Dion R. Holm and Robert R. Laughead for City and County of San Francisco; interested parties.
W. R. Roche and Timothy J. Canty, for the Commission staff.

O P I N I O N

The circumstances and events leading to these lengthy proceedings are recited in Decision No. 61170 dated December 13, 1960 herein, and need not be repeated. The Greyhound Corporation, Western Greyhound Lines Division, hereinafter called Greyhound, and the Commission's staff were directed in Decision No. 58183 to prepare certain studies which would assist the Commission in

determining a fair and reasonable fare structure for the applicants. The permanent fare structure proposed by Greyhound and by the applicants in Application No. 40336, hereinafter referred to as the Transcontinental Group, is set forth in First and Second Amendments to Application No. 40057 and Second Amendment to Application No. 40336. Public hearings on the permanent fares were held in San Francisco before Examiner Jack E. Thompson on June 6, 7, 8 and 9, 1961 and on August 11, 1961. The applications were taken under submission on August 15 upon the filing of Exhibit No. 105.

Since the original applications were filed in 1958 there have been a few changes in the organizations, operations and practices of applicants. American Buslines, Inc. has been reorganized and is no longer under trusteeship. Transcontinental Bus System, Inc. has just recently acquired the controlling interest of the reorganized company. Gibson Lines transferred to Greyhound its operating rights north of Roseville. A zone fare structure was prescribed by the Commission for Greyhound's local operations on the San Francisco peninsula and in Contra Costa County. Increases in fares of the latter were the subject matter of the second amendment to Greyhound's application and of the protest by the Contra Costa County Commuters Association.

Separations Study

Greyhound furnishes intrastate and interstate passenger and express services by motor coach in eleven Western States and in Canada. Two types of service are rendered by the company; these are intercity mainline and local-interurban services. The latter is almost exclusively devoted to intrastate transportation in certain

metropolitan areas of California, Oregon and Washington. The mainline operation, which involves 90 percent of the total bus miles operated, comprises the transportation of both intrastate and interstate traffic in common service. The intrastate fares are subject to the jurisdiction of the several state regulatory bodies and the interstate fares are subject to regulation by the Interstate Commerce Commission. We are concerned here with the establishment of a just, reasonable and non-discriminatory fare structure for California intrastate operations which should provide applicants with a fair and reasonable return on their investment dedicated to performing said service. Because terminals, bus equipment and other facilities, as well as personnel, are employed in both interstate and intrastate service, some method of separation and allocation of revenues, expenses, taxes and investment is essential. In a number of prior applications by Greyhound for increases in fares, the matter of reasonable separations and allocations, and the differences of opinion of applicant and the Commission's staff concerning the same, have protracted the proceedings to an unusual extent in some instances. Exhibit No. 78 is a manual of separation and allocation procedures which is the product of a joint effort made over the past two years by the Commission's staff and the management of Greyhound. Neither Greyhound nor the staff consider that this manual is the perfect and final answer to the allocations problem. They agree that it is as near an ideal procedure as present data and methods permit and that future improvements should be considered at hearings separate from applications involving fare increases so as not to delay consideration of said applications. We accept the recommendation of Greyhound and the staff in that regard.

A recitation or summary of all of the recommended procedures would be lengthy and is not necessary herein. Most of them have been presented before the Commission in prior proceedings and have been adopted. The manual was tested by the staff for application against two historical periods of company operations and was found to be practical. We find that the procedures set forth therein provide a reasonable method for determining fair and proper separations and allocations.

Operating Results - Greyhound

Using the separations methods set forth in the manual, both Greyhound and the staff presented statements of the results of operations for the twelve months ended September 30, 1960. Other than for rate base and rate of return, the results calculated were identical and are shown below.

TABLE I

Western Greyhound Lines Results
of California Intrastate Operations
for Twelve Months Ended
September 30, 1960

	<u>Total</u>	<u>Mainline</u>	<u>Local</u>
Revenues:			
Passenger	\$26,469,300	\$19,879,500	\$6,589,800
Charter	2,652,500	2,652,500	---
Express	1,585,500	1,585,500	---
Other	1,253,400	1,055,100	198,300
	<u>\$31,960,700</u>	<u>\$25,172,600</u>	<u>\$6,788,100</u>
Total Expense	<u>29,467,700</u>	<u>22,004,600</u>	<u>7,463,100</u>
Operating Income	\$ 2,493,000	\$ 3,168,000	\$ (675,000)
Income Taxes	<u>1,250,700</u>	<u>1,589,400</u>	<u>(338,700)</u>
Net Operating Income	\$ 1,242,300	\$ 1,578,600	\$ (336,300)
Operating Ratio	96.1%	93.7%	105.0%

Rate Base - Greyhound

The rate base calculated by Greyhound and by the staff for that period is shown below.

TABLE II

Western Greyhound Lines Estimates
of Rate Base and Rate of Return
Year Ended September 30, 1960
for California Intrastate Operations

	<u>Greyhound</u>	<u>Staff</u>
Cost of Investment	\$34,446,600	\$34,446,600
Less Depreciation Reserve	<u>18,335,800</u>	<u>18,335,800</u>
Investment less Reserve	\$16,110,800	\$16,110,800
Materials and Supplies	241,400	241,400
Cost of Establishing Operating Franchises	68,000	---
Average Investment in Insurance Premium, Taxes, etc.	233,500	---
Working Capital	<u>2,318,000</u>	<u>---</u>
Rate Base	\$18,971,700	\$16,352,200
Income (Table I)	1,242,300	1,242,300
Rate of Return	6.5%	7.6%

As may be seen, Greyhound and the staff have differences of opinion regarding the last three items listed in the rate base.

The amount of \$68,000 for cost of franchises is an allocation made from franchise costs for total California operations of \$93,000. According to the testimony of Greyhound's controller, the amount shown represents the filing fees and instant costs in connection with the acquisition and perfection of franchise rights over the past forty years or more. The amounts do not include legal fees or expenses incidental to application for such operative

rights, other than application fees such as those prescribed in Sections 1036 and 1904 of the Public Utilities Code.

The staff made no allocation for cost of franchises and there is nothing in the testimony or argument which would indicate the reason therefor.

Section 820 of the Public Utilities Code prohibits the capitalization of a franchise or permit in excess of the amount paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise, permit or right. The Uniform System of Accounts prescribed by the Commission for passenger carriers provides that Account No. 1511 shall include amounts actually paid to a state or political subdivision in consideration of franchises, permits, consents or certificates running in perpetuity or for a specified term of more than one year together with the necessary reasonable expenses incident to procurement of the same, and that when a franchise or right is acquired by assignment, the charge to this account shall not exceed the actual cost to the original holder thereof. Credits to this account are to be made when any of the franchises or rights have expired, have been sold or otherwise have been disposed of. It is clear that unamortized portions of the actual amounts paid to the State or political subdivision thereof for operative rights are properly a part of the rate base. No issue was raised concerning the correctness of the allocation of \$68,000 and it will be included in the rate base.

The amount of \$233,500 represents an allocation for prepayments, such as taxes and insurance. Prepayments of expenses will be treated herein the same as working cash capital for reasons which hereinafter will be set forth. In connection with insurance,

however, a portion of the allocation may or may not be in the form of a prepayment of expense. Greyhound has qualified as a self-insurer with the Interstate Commerce Commission and is therefore exempt from the provisions of General Order No. 101-A. It has placed insurance with a carrier for liability in excess of a certain amount. Prepaid premiums for said excess coverage are to be given consideration as a part of the working cash capital requirements. According to its controller, in accordance with requirements of the Interstate Commerce Commission governing self-insurers the Greyhound Corporation, the parent corporation of applicant, has set up a fund whereby as soon as any claim is made against it monies are deposited and are held pending a determination of liability. On April 30, 1961 Western Greyhound Lines had on deposit in this fund \$1,355,000. It is contended that the amount allocated includes a fair and reasonable amount for funds not available for working cash capital, or to the stockholders, required to be funded under federal regulations governing Greyhound as a self-insurer. The record is not clear regarding the federal regulations. The controller stated that the fund was administered by the parent company in Chicago and that he did not have knowledge of the specific regulations. He testified that the fund consists of cash and government securities. If applicant is required under the law to place on deposit, prior to any determination of liability, funds sufficient to offset any claim, it may well be that such funds should be given consideration in determining the rate base. On this record, it is not clear that such is the case; moreover, the amount allocated by applicant for that purpose is consolidated with other amounts for prepayments and cannot be separated. Applicant has the

burden of proof which in the instance of the inclusion in rate base of funds required as a self-insurer it has not sustained. The ordinary meaning of working cash capital is cash money that is instantly available and is necessary for the safe and convenient transaction of business having due regard to the company's accounts payable and accounts receivable. Its components are (1) amounts necessary to cover the lag between the time operating expenses are paid, on the average, and the time corresponding revenues are collected, and (2) amounts to cover necessary cash balances, including employees' working funds. (Pacific Tel. & Tel. Co. (1948), 43 Cal P.U.C. 1, 22.) All going concerns have a working cash requirement. The controversy between Greyhound and the staff is not whether the company requires working cash but whether the rate base should include the amount actually held by the company or should be limited to such funds that must be supplied by the investor as distinguished from those generated by the business itself. Prepaid licenses and other expenses which are prepaid long prior to the expense actually being incurred are sometimes treated separately from working cash in the determination of rate base. Because of circumstances surrounding this case where a large portion of Greyhound's revenues is received prior to or at the same time service is performed, as stated above, all prepaid expenses will be considered as part of the working cash requirements.

The amount of \$2,318,000 for working capital is an allocation from \$5,151,600 which is equal to the average monthly expenses less depreciation for Western Greyhound Lines system operations. It does not include any of the special funds in cash or securities held as a self-insurer against liability for injuries or damage.

Exhibit No. 99, Table XVII contains the results of a study made by the Commission's staff of the average lag in payment of expenses and taxes from the date the expenses were incurred during the twelve months ended September 30, 1960. It shows an average lag of 41 days from the time service was performed to the date of the voucher on which the payment is made by the treasurer. For the purpose of the study, the staff assumed that all revenues were collected at the time service was performed. Such is not actually the case; however, it is the staff's judgment that the lag in payment of certain revenues, such as charter revenues, is offset by the receipt by Greyhound of revenues paid in advance, such as for round-trip tickets. It was calculated from taking 41/365 of Western Greyhound Lines system expenses of \$71,970,900 that an average working cash capital of \$8,084,000 is available as a result of collecting revenues in advance of paying expenses. This amount, together with \$153,900 representing the average interline ticket sale balance, provides Greyhound with working cash of \$8,238,300.

The record herein shows that the revenues received at the time service is performed, or shortly thereafter, are more than sufficient to pay normal recurring expenses at the time invoices are presented. The record indicates that Greyhound has an average "ticket float" of between \$500,000 and \$850,000 as well as an average interline ticket sale balance of \$153,900. The evidence indicates that those revenues together with revenues received in advance of payment of ordinary expenses are sufficient to meet necessary prepayments and deposits. On this record, we find that the cash requirements of Greyhound are met from funds generated by the business and that other capital is not necessary in that regard.

Greyhound pointed out that there is no question that the stockholders do have money in the Greyhound Corporation not invested in physical facilities reflected in the rate base. The record shows that this may be true. Greyhound asserted that it retains the depreciation reserve and also funds money such as in the fund for liability for injuries and damages. Applicant urges that consideration should be given by the Commission to the investment by the stockholders. We do not question that the retention of funds by the company may be good business practice. It was also contended that because of increases in cost of equipment over the years, the retention of depreciation reserve is necessary if Greyhound is to be able to replace equipment in the future with facilities which will provide better comfort, service and convenience to the public. Such considerations, including the continuing trend of rises in prices, are more properly given effect in the consideration of a reasonable rate of return rather than in rate base. The latter is a valuation of the investment required to conduct operations required by public convenience and necessity. To require the ratepayer to provide a return on funds held or invested in securities that may or may not be necessary to the conduct of operations is contrary to the public interest.

Operating Results - Transcontinental, et al.

TABLE III

Results of California Intrastate Operations
For the Twelve Months Ended March 31, 1961.

	<u>Transcontinental and Continental (1)</u>	<u>American</u>	<u>Gibson</u>
Revenues	\$304,913	\$42,970	\$57,390
Expenses	432,944	41,301	66,115
Income before Taxes	<u>\$(128,031)</u>	<u>\$ 1,669</u>	<u>\$(8,725)</u>

(Red Figure)

(1) Combined results of Continental Western Lines (Division of Transcontinental Bus System, Inc.) and Continental Pacific Lines, a subsidiary.

The separation procedures used to obtain the intrastate results of Transcontinental, Continental and American are different from those set forth in the manual mentioned hereinabove; however, the procedures used by the three were the same. The results of Gibson reflect system operations inasmuch as less than one percent of the revenue is from interstate passengers.

Seventy-six percent of passenger traffic revenue of Transcontinental and Continental is from tickets for over 200 miles. Almost 99 percent of the passengers of American are transported for distances of less than 150 miles. All of Gibson's revenues are derived from transportation of passengers for very short distances.

Fare Structure Considerations

The function of a fare structure is to spread the burden of the total cost of transportation equitably among the ratepayers. One approach would be to require each passenger to pay a fare that is proportional to the cost of transporting him from origin to destination. Fares based upon actual costs, however, provide many complications resulting from many factors, one of which is the variation in cost per passenger mile with the number of passengers transported. On a 100-mile segment of operations between points of high density traffic the cost per passenger is less than on a 100-mile segment where the traffic is not as great. A fare structure which would reflect those differences would be so complex as to be unusable. It is therefore necessary to consider the average of the costs of all segments for all distances of traffic.

Pursuant to direction of the Commission, the staff and Greyhound, in cooperation, presented a summary of the average costs per passenger mile for all lengths of ride. The results were obtained by an analysis of certain expenses directly assignable to all of the segments or routes operated by Greyhound. The results are expressed in the form of a curve which was set forth in Chart "A" of Exhibit No. 99. The chart is reproduced in Appendix A. It is emphasized that the curve shown does not reflect actual costs, but rather shows the average relative cost per passenger mile for each length of ride. The average relative costs are the data required for consideration of the cost factor in developing a simplified fare and reasonable fare structure.

It is readily apparent from Chart "A" that a fare structure which would reflect the relative cost for distances of 30 miles or less would result in fares for those distances which would exceed the value of the service. This is another factor which must be considered.

In prior decisions herein, and in Pacific Greyhound Lines, et al (1951) 50 Cal P.U.C. 641, the Commission found that a uniform fare structure for all applicants herein is required in the public interest. There is no necessity to enlarge upon that finding herein. Gibson has been operating at a loss and its operations are confined generally to the shorter distances. American has operated at a small profit and its principal operation is for distances of less than 100 miles. Transcontinental and Continental have operated at a loss and the majority of their traffic is for distances exceeding 200 miles. Those circumstances require consideration.

As stated above, the fare structure should give consideration to the average relative costs per mile of performing service. ✓

A fare structure which would follow the cost curve exactly would require a complicated multiplicity of basic fares per mile and would involve fractional fares. In addition, a multiplicity of mileage blocks in the fare structure increases the "breakback" problem.^{1/} It is desirable that the number of basic fares per mile in the fare structure to be held to the minimum reasonably consistent with giving adequate effect to the different average relative costs for various lengths of ride.

Forecasts - Greyhound Revenues

Greyhound and the staff presented forecasts of the results of operations of Greyhound under present fares and under proposed fares for a rate year ending June 30, 1962. Greyhound's revenue estimates assumed that the level of traffic for the rate year would be the same as the historical year ended September 30, 1960. Based upon a study of the passenger miles for each month since June, 1958, and more particularly upon comparisons in passenger miles of the year 1958, the year ended March 31, 1960 and the year ended September 30, 1960, the staff projected an increase in California intrastate traffic and a decrease in California interstate traffic. The indicated trend in intrastate traffic is an increase of 1.13 percent per year. In making its revenue estimates, the staff forecast a two percent increase in intrastate passenger revenue for

^{1/} Provisions of the Constitution and of the Public Utilities Code prohibit greater fares for shorter distances than for longer distances over the same line or route. The present basic fare per mile for distances of 201 to 250 miles is 2.20 cents per mile. For distances of 251 to 300 miles it is 2.15 cents per mile. The fare for 251 miles is \$5.40. The theoretical fare for 246 miles is \$5.41. Therefore, the fares for distances between 246 miles and 251 miles must by law be \$5.40, and the fare for 251 miles is said to "breakback" to 245 miles.

the rate year as compared with the year ended September 30, 1960. The staff's study shows the trend of an increase in over-all intrastate traffic; however, the exhibit indicates that the increase has been in the segments of Greyhound's operations of 150 miles or less, whereas the recent trend in passenger miles over segments for the longer distances has been downward. Table XI of Exhibit No. 99 shows the comparison of the intrastate passenger miles upon which is based the staff's estimate of the trend. Over 75 percent of the passenger miles are in four zone groups, two of which embrace long-haul segments and two of which are segments for distances of about 100 or 150 miles.

TABLE IV

Comparison of Certain Zone Groups

Western Greyhound Lines

California Intrastate Passenger Miles
(Thousands)

<u>Zone Group</u>	<u>Year Ended</u> <u>3/31/60</u>	<u>Year Ended</u> <u>9/30/60</u>
1 - San Diego - Seattle	93,279	91,967
5 - San Francisco - San Diego	356,694	348,658
Total	<u>449,973</u>	<u>440,625</u>
12 - Other California Mainline	98,654	106,436
15 - Los Angeles - South	160,110	165,989
Total	<u>258,764</u>	<u>272,425</u>

The above tabulation indicates a downtrend of about 2.08 percent on the long distance segments and an uptrend of 5.28 percent on the short haul segments. On the four segments there was an increase in passenger miles of about 0.71 percent which compares with the increase of 0.76 percent for all zone groups reflected in the staff's exhibit. This is important because if such data are indicative of a trend it follows that the staff's forecast of mainline revenue under proposed fares would be overestimated because Greyhound does

not propose to increase fares for distances of between 50 and 150 miles and it is in that range that Greyhound derives 40 percent of its mainline revenues. In order to evaluate the trend forecast by the staff, we directed it to make available the comparative data for each segment within the zone groups. The data are set forth in Appendix B attached hereto. It shows that on one segment, Zone No. 111 (Los Angeles-Sacramento Express) there was an increase of 13,718,000 passenger miles. The total increase for all zone groups was 6,004,000 passenger miles. It is noted that other segments in Zone Groups 1 and 2 cover transportation between Los Angeles and Sacramento so that at least a portion of the increase in passenger miles in Zone 111 may be attributable to scheduling by the company; however, Zone Groups 1 and 2 had an increase of 12,057,000 passenger miles. There is nothing in this record which discloses any reason for the large increase in passenger miles in Zone 111. If that increase, taking into account rescheduling within Zone Groups 1 and 2, is excluded from the summary, the tabulation reflects a decrease in traffic in excess of 6 million passenger miles. The acceptance of a comparison of traffic for two historical periods for the purpose of determining a trend presupposes that what has occurred in the past will recur in the future. On the basis of the evidence, we are unable to conclude that the Los Angeles-Sacramento traffic for the year ending June 30, 1962 will be 12 million passenger miles greater than the amount for the historical year ended September 30, 1960.

Table IX of Exhibit No. 99 is a tabulation of system passenger miles for all zone groups for twelve-month periods, by months, since June 1958. It shows that from June 1958 to July 1959

there was an increase in traffic and since July 1959 the trend has been downward. The total for the twelve months ended September 30, 1960 is only slightly higher than for the year 1958. The traffic in Zone Groups 6, 7 and 17, which do not include California operations, was substantially lower in the 1960 period as compared to 1958. Table XI of Exhibit No. 99 shows that the 1960 California intrastate traffic was significantly greater than that in 1958. Those comparisons support a forecast of an upward trend for the rate year. It would appear, however, that the upward trend would be due primarily to increases in traffic for the shorter distances. As stated above, the application of a trend to all mileage blocks would have an effect of overstating revenues because the proposed increases principally affect the longer lengths of ride. For the above reason, we are of the opinion that estimates based upon the level of traffic for the historical period will provide a more reliable measure of the impact of the proposed fares.

Another fundamental difference in the forecasts of Greyhound and those of the staff is in the treatment of diminution of traffic which would result from the proposed increases. Experience has shown that there is usually a certain amount of diversion of traffic resulting from fare increases and, to a certain extent, reductions in fares have the effect of stimulating traffic. It is difficult of precise measurement; however, usually there is a relationship between the amount of the increase or reduction in fares and the amount of diminution or stimulation. In prior proceedings in this application the Commission has accorded a factor for diminution of twenty percent of the percent increase in fares. In the instant proceeding Greyhound used that diminution factor. The staff made

a study of the effects of prior increases and, on the basis thereof, estimated diminution factors ranging from zero in the case of traffic over 400 miles to twenty-five percent for traffic moving at the minimum fare. It was estimated that the diminution factor diminished as the distance increased. The principal competition of the passenger stage is the private automobile. We find that the staff's method of according a greater diminution factor to short haul traffic is consistent with that premise. We are persuaded, however, that the assumption that there will be no diminution of traffic for distances over 400 miles does not give recognition to competition from air coach service between San Francisco and Los Angeles and between San Francisco and San Diego. The transportation of passengers between those points accounts for a large portion of Greyhound's intrastate traffic over 400 miles. Additionally those points are the few remaining places served by railroads under special coach fares. It is reasonable to believe that with the narrowing of the spread between applicant's fares and those of competing forms of transportation there will be some persons now using bus service who would prefer to use rail or airline service. We find that a diminution factor of five percent of the percent increase should be accorded to traffic over 400 miles and that with said exception the diminution factors estimated by the staff are reasonable and should be adopted.

Using the format of Table X of Exhibit No. 99, we have recalculated the amount of mainline passenger revenue which should be derived from operations during the future rate year under present fares and under the proposed fares. Those calculations are set forth in Appendix C attached hereto.

The staff's estimate of revenue from local operations is also based upon an analysis of the individual operations with some upward trends in traffic and some downward trends. The staff's estimate for local operations is reasonable and will be adopted.

Greyhound assumed that the express traffic would remain constant and its forecast reflects the express revenues for the year ended September 30, 1960 adjusted upwards to give effect to a rate increase on January 2, 1961. The staff forecast an increase in intrastate express traffic of 7.4 percent over the historical period. The rate of increase was determined from a comparison of revenue derived from the seven largest stations in California during the period June 1960 through March 1961. A comparison of the express revenue for the year ended March 31, 1960 with that for the year ended September 30, 1960 shows an increase of 7.8 percent. The record leaves no doubt that the trend of express traffic has been upwards. In making its projection, however, the staff used what is frequently called a straight line trend. We are of the opinion that in this case it may result in somewhat optimistic results. It has been only in recent years that Greyhound embarked upon a strong campaign to sell its express service and has expanded its facilities to accommodate that traffic. Chart "G" of Exhibit No. 99 indicates that the amount of increase in that traffic has been leveling off each quarter since September 1960. The staff's estimate is \$2,071,000 and Greyhound's is \$1,058,200. Upon consideration we find that \$2,000,000 is a reasonable forecast of express revenue which will be derived from California intrastate operations for the rate year.

Greyhound assumed that the charter revenues and other revenues for the rate year will be the same as those earned during

the year ended September 30, 1960. The staff analyzed the revenues of the historical year and made adjustments to compensate for revenues derived from transportation to and from the Olympic Games. The staff's estimates will be adopted.

Forecasts - Greyhound Expenses

The principal differences in the estimates of Greyhound and of the staff result from the staff's forecasting an increase in traffic and therefore greater revenues and more bus miles of operation. The only other significant difference in the estimates results from the staff's making an adjustment in the expense of dues and subscriptions. Other than in the case of administrative expense, caused by the above mentioned adjustment, the expenses per bus mile forecast by Greyhound and by the staff are very close. We have determined that the increase in traffic forecast by the staff should not be adopted for the purpose of measuring the results of operations of Greyhound under the proposed increased fares. Maintenance expense and transportation expense are influenced by the number of bus miles operated. In the circumstances, the estimates of Greyhound of maintenance expense, transportation expense, traffic expense, insurance expense and depreciation expense will be adopted. Station expense will be computed so as to give effect to commissions paid on the basis of the revised revenue estimates. Operating taxes will be treated in like manner. We find that the adjustments made by the staff in system administration expense for dues and subscriptions are proper. An estimate for California intrastate administrative expense will be made pursuant to the procedures prescribed in the separations manual. We also adopt the staff's forecast of operating rents.

The Greyhound Corporation, of which Western Greyhound Lines is a division, prepares and files income tax returns covering the

system operations. A form of accelerated depreciation is taken on some of the equipment operated by Western Greyhound Lines, namely the scenicruisers. The method used by the staff to estimate income taxes takes this into consideration and results in an estimate based on actual taxes paid. We adopt the staff's formula for the estimating of income taxes.

Rate base has been discussed hereinabove. For purposes herein we adopt the staff's estimate of rate base modified to include \$68,000 for franchises.

The estimated results of operations by Greyhound forecast by applicant and by the staff, together with those we find to be suitable and proper, are set forth in Appendix D attached hereto. We find that the increases which would result from the establishment of the proposed fares have not been justified.

Forecasts - Transcontinental Group

The Transcontinental Group restricted forecasts to the amount of additional gross revenue which would be derived under the proposed fares and estimates of the California intrastate revenue for one year ended March 31, 1961, if the increases authorized by Decision No. 61170 had been in effect during this entire period. ✓
The total of those estimates is indicative of the amount of gross passenger revenues, without diminution, which could be expected under the proposed fares and is as follows: ✓

TABLE V

Estimated Gross Passenger Revenue
Under Present Fares and Additional
Passenger Revenue from Proposed Fares
(Base-Year, Ended March 31, 1961)

	<u>Present Fares</u>	<u>Additional Proposed Fares</u>	<u>Total</u>
Transcontinental	\$288,746	\$21,656	\$310,432
American	29,643	7*	29,655
Gibson	35,214	*	35,214

*Neither the fares authorized in Decision No. 61170 nor the proposed fares result in an increase in the "Gibson Scale" for distances not exceeding 50 miles, and the proposed fares do not result in increases for distances between 50 and 150 miles.

The record shows that the Transcontinental Group has had, or in the immediate future will have, increased expenses in the form of wage increases. There was no estimate of the effect the wage adjustment will have upon total expense. From the record it is clear that the proposed fares will not return excessive earnings to any of the applicants in the Transcontinental Group. A further discussion regarding the revenues, expenses or rates of return of those carriers would be academic and is unnecessary for the purpose of this proceeding.

Zone Fares

The record shows that local operations of Greyhound are conducted at a loss. The local operations will continue to be unprofitable under the proposed fares. Contra Costa County Commuters Association protests the increasing of zone fares on the grounds that the present zone fares were established for Contra Costa County service at a level higher than the statewide fares for distances of less than 50 miles. It was contended that because the establishment of the zone fares for Contra Costa County in 1960 resulted in an increase of approximately 11 percent no

further increase in those fares is warranted at this time. It was argued that if the Commission decides that Greyhound is entitled to additional revenues, such should be obtained from increases which will also be of assistance to the Transcontinental Group.

Our findings regarding the factors requiring consideration in the establishment of a fair and reasonable fare structure have been set forth hereinabove. A reasonable fare structure should give weight to the average relative costs per mile, and unless there is some reason for singling out one segment of operations for special consideration, it is reasonable that the intrastate fares for transportation for similar distances over the entire Greyhound system in California be substantially the same. Other than the fact that a system of zone fares, which is convenient to the passengers and to Greyhound, has been established, we can find no special circumstances on this record which would cause us to depart from that principle in connection with the fares for the Contra Costa County service. While it is impossible to construct zone fares which will be identical to fares in cents per mile, the relationships among the fares ordinarily should be similar. ✓

Appendix E sets forth a comparison of the proposed fares per mile, the proposed fares for peninsula service and the present and proposed fares for Contra Costa County service. It is readily apparent that the existing zone fares for Contra Costa County service conform more closely to the proposed mileage fares and to the proposed peninsula fares than the zone fares proposed for Contra Costa County. Other than the increase of the minimum charge from 20 cents to 25 cents, we find that the proposed fares for Contra Costa County service have not been justified. The proposed zone fares for the peninsula

service are close to the proposed mileage fares and the increases in said peninsula fares are justified.

Conclusions

We have developed a fare structure which gives effect to all of the rate making factors mentioned hereinabove. The following table sets forth the fare structure which will be established and a comparison of the basic fares with the average relative costs shown in Appendix A.

TABLE VI

Comparison of Fare Structure Which Will Be Authorized With Average Relative Costs of Operation by Greyhound

<u>Mileage Bracket</u>	<u>Present Basic Fare Per Mile</u>	<u>Authorized Basic Fare Per Mile</u>	<u>Average Cost Per Mile</u>	<u>Ratio of Fare to Cost</u>
0-25	\$0.0280	\$0.0300	\$0.0375	80.00%
26-50	0.0265	0.0230	0.0252	111.11
51-100	0.0265	0.0265	0.0210	126.19
101-150	0.0253	0.0240	0.0182	131.87
151-200	0.0231	0.0230	0.0171	134.50
201-250	0.0220	0.0225	0.0163	133.04
251-300	0.0215	0.0220	0.0158	139.24
301-350	0.0210	0.0215	0.0155	133.71
351-400	0.0205	0.0215	0.0153	140.52
Over 400	0.0202	0.0210	0.0147	142.86
Minimum Fare	\$0.20	\$0.25		

It should be noted that there will be reductions in fares for distances between 101 miles and 200 miles.

The amount of gross revenue from intrastate mainline service by Greyhound under the above fare structure is estimated in Appendix C. The following is our forecast of the California intrastate results of operation by Greyhound for a rate year under the following fares:

- a) Fare structure set forth in Table VI.
- b) Proposed Zone Fares for San Francisco Peninsula Service.
- c) Present Zone Fares for Contra Costa County Service.
- d) All fares subject to minimum fare of \$0.25.

TABLE VII

Estimated Results of Operation
by Western Greyhound Lines
for a Rate Year

Operating Revenues

Under Present Fares		\$33,030,500
Increase Mainline	\$236,300	
Increase Local	<u>285,000</u>	
		<u>521,300</u>
		\$33,551,800

Operating Expenses

Under Present Fares		31,088,300
Increase Acct. 4331 (1)	16,700	
Increase Acct. 5220 (2)	4,400	
		<u>21,100</u>
		\$31,109,400

Operating Income

2,442,400

Income Taxes1,212,000Net Operating Income

\$ 1,230,400

Rate Base

\$17,582,300

Rate of Return

7.0%

Operating Ratios

After income taxes	96.3%
Before income taxes	92.7%

(1) Due to increased commissions on increased revenue.

(2) Due to increase in operating taxes on increased revenue.

After giving due consideration to the facts and circumstances mentioned hereinabove, we find said estimated results to be reasonable for the operation by Greyhound and that the increases and reductions which will result from the establishment of the aforementioned fare structure are justified.

The fare structure will not materially affect the operating results of Gibson and American because both of those carriers are presently authorized to maintain the "Gibson Scale". The proposed fares, as well as the fares which will be established, will not affect fares under the Gibson Scale for distances of less than 100 miles. The fare structure will provide to Transcontinental

and Continental additional revenues, before diminution, of \$6,336 over those which would result from fares presently authorized but not established. As a result of the order which will be issued herein and the order in Decision No. 61170, Transcontinental and Continental should receive \$295,132 in annual passenger revenues from California intrastate operations. We find that the increases which will result from the establishment of said fare structure are justified.

Greyhound uses fare boxes that will not accept pennies on certain short haul operations, such as in Marin County, on the Long Beach-Santa Monica local operation and between San Francisco and Half Moon Bay. It seeks authority to charge fares including Federal tax in multiples of 5 cents on said routes. The proposed fares are set forth in Exhibit No. 79. They will be authorized.

Applicants requested authority to establish the increased fares by means of conversion tables to become effective on less than thirty days' notice. Because of the number of tariffs involved and the complexities thereof, the authority will be granted. Applicants are hereby placed on notice, however, that the Commission expects them to proceed with diligence and dispatch to amend their tariffs so that specific fares may be determined without the use of conversion tables. A time limit will not be specified herein; however, proceedings in these matters may be reopened at any time for the purpose of establishing an expiration date of the authorities which will be granted herein.

It is fitting and proper that the Commission's staff and the management of Greyhound be commended upon the prompt collection and analysis of the mass of data necessary for the development of

separations procedures and the average relative costs per length of ride. It was a very difficult and time consuming task that was well done and in the future will assist greatly in facilitating the processing and analysis of matters involving the rates and fares of Greyhound.

O R D E R

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

IT IS ORDERED that:

1. The Greyhound Corporation, Western Greyhound Lines Division, Transcontinental Bus System, Inc., Continental Pacific Lines, American Buslines, Inc., and Gibson Lines, are authorized to establish fares based upon the mileage rates as follows with minimum fares, round-trip fares and 10-ride family fares as indicated:

(a) One Way Distance Fares

<u>Miles</u>		<u>Rate Per Mile</u>
<u>Over</u>	<u>- But Not Over</u>	<u>In Dollars</u>
0	25	0.0300
25	50	0.0280
50	100	0.0265
100	150	0.0240
150	200	0.0230
200	250	0.0225
250	300	0.0220
300	400	0.0215
400	-	0.0210
Minimum Fare		\$0.25
Round-Trip Fares		180% of one-way fares
10-Ride Family Fares of		
Western Greyhound Lines		
where one-way fare is \$0.60		
or less.		
		900% of one-way fares
10-Ride Family Fares of		
Western Greyhound Lines		
where one-way fare is more		
than \$0.60		
		950% of one-way fares

(b) Mileage rates shall be applied to the route miles maintained on the effective date of this order with heretofore authorized additions for bridge tolls and

the fare to a more distant point via the same route shall not exceed the fare to any intermediate point.

- (c) Fares from or to points on mainlines to or from points on branch lines are to be constructed on combinations over the junction point.
- (d) Fares to, from or between directly intermediate points not named as fare points in the tariff will be computed on the basis of \$0.030 per speedometer mile between origin or destination and nearest published fare point in direction of travel plus the published fare to or from the nearest fare point named. In cases where no intermediate fares are published, the fare will be computed on the basis of \$0.030 per speedometer mile from origin to destination. Fares so constructed shall not exceed the published fare to or from the next more distant fare point named.
- (e) Except as otherwise provided, any increased one-way fares resulting in amounts less than 60 cents and not ending in "0" or "5" cents and any increased round-trip fares resulting in amounts less than \$1.10 and not ending in "0" or "5" cents may be further increased to the next higher amount ending in "0" or "5" cents, as the case may be. Any increase in one-way fares resulting in amounts greater than 60 cents, any increased round-trip fares resulting in amounts greater than \$1.10 and any increased 10-ride family fares of Western Greyhound Lines shall be

rounded to the nearest cent, one-half cent being considered nearest to the next higher cent.

Increased one-way fares greater than 60 cents but not more than \$1.50 for service over the lines of Western Greyhound Lines on which fare boxes are used shall be computed as set forth in Exhibit No. 79.

- (f) Zone fares maintained by Western Greyhound Lines may be increased as follows:

San Francisco Peninsula Zone fares:
increase as set forth in Exhibit "A" of
Second Amendment to Application No.
40057. Contra Costa County Zone fares:
no increase other than increasing the
minimum fare from 20 cents to 25 cents.

- (g) Except to the extent herein modified, existing rules and regulations shall be applicable.
- (h) This authorization applies to local intercity fares of the applicants and to the joint intercity fares of all of the applicants herein, but does not apply to commutation fares.

2. Pending the establishment of the specific fares authorized in paragraph 1 hereof, applicants are authorized to make effective increases in passenger fares by means of appropriate conversion tables provided that said increased fares do not exceed the fares authorized in paragraph 1 hereof, and further, that the Commission hereby retains jurisdiction of these proceedings for the purpose of issuing such orders, with or without hearing, that it may deem appropriate during the period that said conversion tables are in effect.

3. Applicants shall, within thirty days after the effective date of this order, cancel any fares which exceed the fares herein authorized.

4. To the extent departure from the terms and rules of General Order No. 79 is required to accomplish publication of the fares by means of a conversion table, authority for such departure is hereby granted.

5. The tariff publications authorized to be made as a result of the order herein may be filed not earlier than the effective date hereof, and may be made effective on not less than ten days' notice to the Commission and to the public.

6. The authority granted in paragraph 3 of Decision No. 61170 pertaining to express rates is hereby made final, and, except for said authority, concurrently with the effectiveness of the tariffs or conversion tables naming the increased fares authorized herein, the interim increases authorized in prior orders in these applications shall be abrogated and superseded. ✓

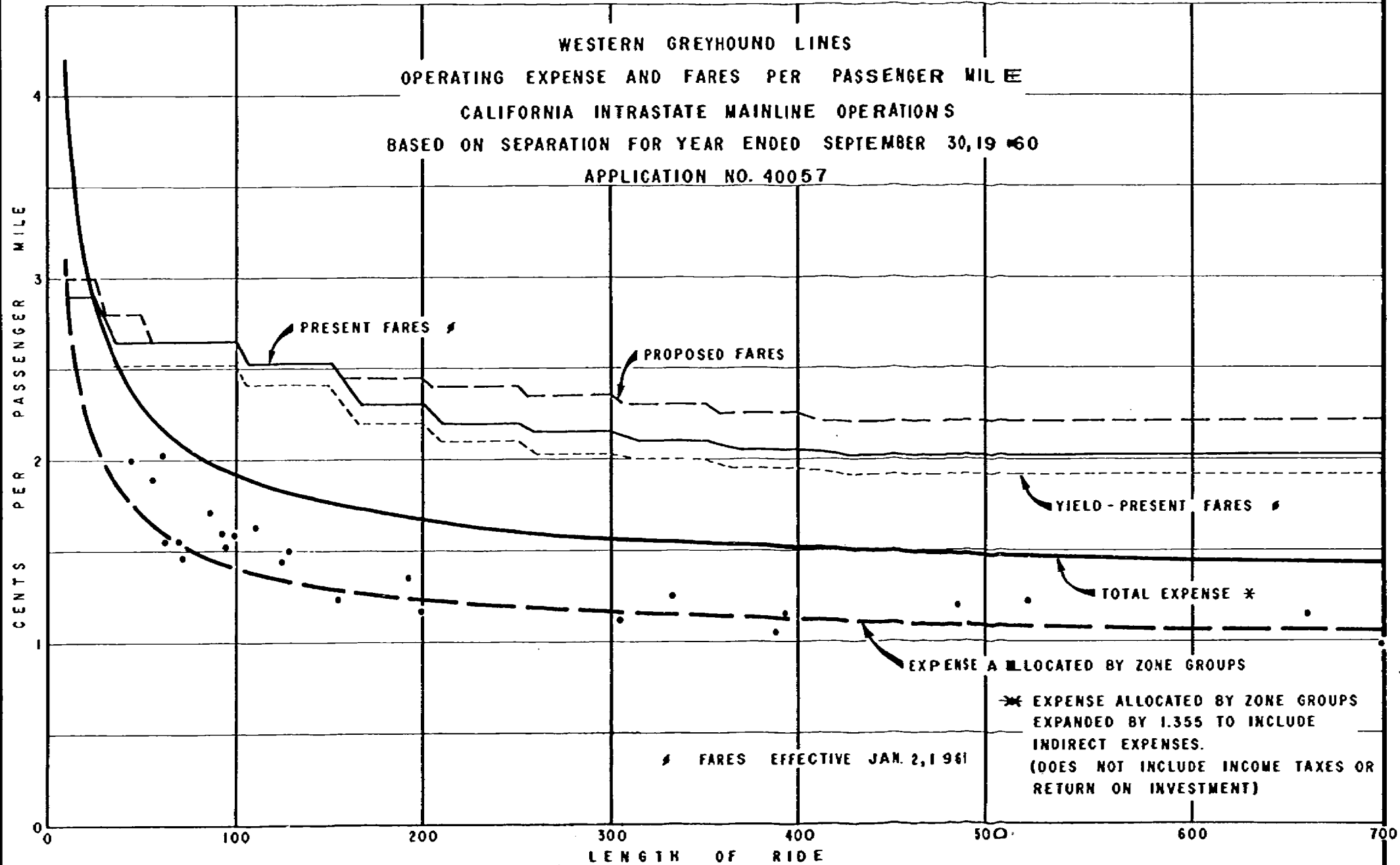
7. Except as otherwise provided, the above entitled applications, as amended, are denied.

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

Dated at San Francisco, California, this 19th day of DECEMBER, 1961.

Charles R. ...
President
...
...
George L. Crover
Fredrick B. Hotohoff
Commissioners

WESTERN GREYHOUND LINES
 OPERATING EXPENSE AND FARES PER PASSENGER MILE
 CALIFORNIA INTRASTATE MAINLINE OPERATIONS
 BASED ON SEPARATION FOR YEAR ENDED SEPTEMBER 30, 1960
 APPLICATION NO. 40057



APPENDIX A
 (CHART A, EXHIBIT 99)

* EXPENSE ALLOCATED BY ZONE GROUPS
 EXPANDED BY 1.355 TO INCLUDE
 INDIRECT EXPENSES.
 (DOES NOT INCLUDE INCOME TAXES OR
 RETURN ON INVESTMENT)

♣ FARES EFFECTIVE JAN. 2, 1961

WESTERN GREYHOUND LINES
CALIFORNIA INTRASTATE PASSENGER MILES (THOUSANDS)

: No.:	Description	: Year : : Ended : : 3/31/60 :	: Year : : Ended : : 9/30/60 :	: Average : : Length of : : Ride :	: % : : Increase :
102	S.D.-L.A.-Sea. (Express)	81,203	79,761	198	(1.8)
105	L.A.-Port.-Sea.	12,076	12,206	207	1.1
Group 1 Total		93,279	91,967	199	(1.4)
107	L.A.-Redding	29,765	30,171	108	1.4
111	L.A.-Sacto. (Express)	9,130	22,848	223	150.3
113	L.A.-Sacto.	6,617	5,862	63	(11.4)
Group 2 Total		45,512	58,881	124	29.4
118	S.F.-Sea. (Express)	6,525	6,248	122	(4.2)
116	S.F.-Port.-Sea.	5,241	5,315	124	1.4
120	S.F.-Klamath Falls	1,089	1,196	55	9.8
Group 3 Total		12,855	12,759	110	(0.7)
140	S.F.-Bakersfield	3,412	3,714	96	8.9
141	Barstow-Albuquerque	93	124	54	33.3
Group 4 Total		3,505	3,838	94	9.5
142	S.F.-L.A.-S.D. (Coast Express)	143,434	132,781	221	(7.4)
146	S.F.-L.A. (Coast)	44,817	46,598	87	4.0
155	S.F.-L.A. (Valley Express)	124,903	126,203	246	1.0
159	S.F.-L.A. (Valley)	33,248	29,287	66	(11.9)
162	S.F.-Tulare	10,292	10,184	66	(1.1)
149	S.F.-L.A. (Coast Ltd. Surcharge Serv.)	-	2,678	435	-
164	S.F.-L.A. (Valley Ltd. SSS)	-	927	399	-
Group 5 Total		356,694	348,658	154	(2.3)
130	Portland-Klamath Falls-Reno	15	54	46	260.0
338	Crescent City-Medford	1	7	39	600.0
Group 8 Total		16	61	45	281.3
190	S.F.-Rock Springs	9,197	2,703	63	(70.6)
200	S.F.-Winnemucca-Wells	3,088	9,214	58	198.4
202	S.F.-Reno	3,432	4,105	70	19.6
Group 9 Total		15,717	16,022	62	1.9
204	S.F.-Reno-Squaw Valley	-	-	-	-
206	S.F.-Nevada City	6,059	5,886	79	(2.9)
351	Sacto.-Placerville	548	559	38	2.0
353	S.F.-Tahoe-Reno	4,245	3,845	106	(9.4)
354	S.F.-Sacto (Express)	17,740	21,257	96	19.8
358	S.F.-Sacto (Local)	13,033	4,931	16	(62.2)
361	S.F.-Oroville-Reno	2,579	2,593	90	0.5
Group 10 Total		44,204	39,071	56	(11.6)
133	S.F.-Portland (Redwood)	18,878	16,771	133	(11.2)
135	S.F.-Eureka	5,841	5,469	111	(6.4)
136	S.F.-Willits	2,354	*	*	*
137	S.F.-Ukiah (Express)	2,271	*	*	*
379	S.F.-Fort Bragg	2,128	*	*	*
Group 11 Total		31,472	22,240	127	(29.3)
Excluding 136, 137 and 379		24,719	22,240		(10.0)

* Included in Group 12 for 9/30/60.
(Red Figure)

WESTERN GREYHOUND LINES
 CALIFORNIA INTRASTATE PASSENGER MILES (THOUSANDS)

: No.:	Description	: Year : : Ended : : 3/31/60 :	: Year : : Ended : : 9/30/60 :	: Average : : Length of : : Ride :	: % : : Increase :
136	S.F.-Willits	*	2,401	51	2.0
137	S.F.-Ukiah (Express)	*	2,232	49	(1.7)
151	San Jose-Salinas	1,580	1,528	32	(3.3)
152	L.A.-Santa Barbara	10,852	10,223	45	(5.8)
371	S.F.-Santa Rosa	11,401	11,862	33	4.0
379	S.F.-Fort Bragg	*	2,033	64	(4.5)
381	Santa Rosa-Monte Rio	516	583	17	13.0
383	Lake County	1,842	1,807	46	(1.9)
384	Sonoma Valley	2,293	2,307	33	0.6
386	Napa-Santa Rosa	186	170	23	(8.6)
401	S.F.-Calistoga	6,967	7,208	30	3.5
404	S.F.-Chico	3,945	4,170	112	5.7
406	S.F.-Stockton-Lodi	4,382	4,276	34	(2.4)
408	S.F.-Stockton-Lodi (Express)	5,924	6,136	66	3.6
414	S.F.-Stockton (Contra Costa)	1,853	1,822	30	(1.7)
416	Stockton-Tuolumne	1,151	1,123	50	(2.4)
418	Sacramento-Woodland	1,572	1,539	21	(2.1)
421	Sacramento-San Jose	9,689	9,519	49	(1.8)
431	S.F.-Pacific Grove	13,735	14,425	70	5.0
437	S.F.-Santa Cruz-Salinas	7,768	7,663	46	(1.4)
439	S.F.-Los Gatos (Express)	1,042	1,121	40	7.6
441	S.F.-Santa Cruz (Skyline)	358	358	60	0.0
442	San Jose-Fresno	7,783	8,107	81	4.2
446	Santa Cruz-Boulder Creek	311	326	10	4.8
449	Hollister-Watsonville	456	449	16	(1.5)
461	Santa Paula Valley	2,427	2,441	39	0.6
463	Fresno-Tulare	621	607	16	(2.3)
Group 12 Total		98,654	106,436	44	7.9
Including 136, 137 and 379		105,407	106,436		1.0
131	L.A.-Reno (Inland)	8,536	9,084	104	6.4
210	L.A.-Salt Lake City - Rock Springs	3,119	2,666	89	(14.5)
220	L.A.-Salt Lake City-Idaho Falls	1,064	549	76	(48.4)
222	S.D.-Las Vegas	1,854	2,147	104	15.8
224	Santa Monica-L.A.-Las Vegas	1,409	1,146	88	(18.7)
Group 13 Total		15,982	15,592	98	(2.4)
230	L.A.-Albuquerque	4,722	5,475	88	15.9
240	S.D.-Albuquerque (Express)	998	1,107	82	10.9
242	S.D.-Flagstaff	944	1,095	59	16.0
250	L.A.-El Paso	10,531	11,690	114	11.0
260	S.D.-El Paso	2,701	2,858	68	5.8
262	L.A.-Tucson (Express)	2,970	2,726	85	(8.2)
Group 14 Total		22,866	24,951	92	9.1
465	L.A.-Callexico	34,207	32,628	71	(4.6)
471	Santa Monica-Palm Springs	2,659	3,180	104	19.6
474	L.A.-S.D.-(Express)	28,226	37,995	86	34.6
479	L.A.-Port of Entry (Express)	40,141	45,767	105	14.0
482	L.A.-S.D.	47,355	38,870	45	(17.9)
491	L.A.-S.D. (Inland)	7,522	7,549	59	0.4
Group 15 Total		160,110	165,989	71	3.7
17 Total		26,610	28,015	191	5.3
Grand Total		927,476	934,480		0.76

* Included in Group 11 for 3/31/60

APPENDIX C
 ESTIMATED CALIFORNIA INTRASTATE PASSENGER REVENUE
 WESTERN GREYHOUND LINES
 YEAR ENDING JUNE 30, 1962, UNDER PRESENT FARES
 PROPOSED FARES AND AUTHORIZED FARES

1 HISTORICAL YEARS OCTOBER 1, 1959 - SEPTEMBER 30, 1960 - TOTAL REVENUE FROM GROUPS 1 THROUGH 17
 2 LESS COMMUTE REVENUE (ON MAINLINE SERVICE)
 3 LINE 1 - LINE 2
 4 MILEAGE BLOCKS,
 5 DISTRIBUTION PERCENT, #
 6 DISTRIBUTED REVENUE,

\$19,879,460 1
 68,425 2
 19,811,035 3
 TOTAL 4
 100,000 5
 19,811,035 6

MINIMUM	0 - 25	25 - 50	51 - 100	101 - 150	151 - 200	201 - 250	251 - 300	301 - 350	351 - 400	OVER 400
82,018	5,164	6,668	20,530	18,921	7,747	7,935	3,373	4,746	5,331	19,119
1,023,042	1,321,000	4,067,205	3,748,446	1,534,761	1,572,005	668,266	940,232	1,066,428	3,757,672	

PRESENT RATE STRUCTURE

8 RATE PER MILE, HISTORICAL PERIOD,
 9 RATE PER MILE, PRESENT,
 10 LINE 9 ÷ LINE 8,
 11 RATE PER MILE INCREASE,
 12 DIMINUTION FACTOR,
 13 LINE 11 X LINE 12,
 14 ADJUSTMENT 100% - LINE 13,
 15 INCREASE FACTOR LINE 10 X LINE 14,
 16 EFFECTIVE INCREASE LINE 15 - 100%,
 17 INCREASE IN REVENUE,
 18 REVENUE AT PRESENT FARES,
 19 COMMUTE REVENUE LINE 2
 20 TOTAL REVENUE, PRESENT FARES,
 21 USE

0.20*	0.0280	0.0265	0.0265	0.0253	0.0231	0.0220	0.0209	0.0198	0.0187	0.0176
0.20	0.0280	0.0265	0.0265	0.0253	0.0231	0.0220	0.0215	0.0210	0.0205	0.0202
100.00	100.00	100.00	100.00	100.00	100.00	100.00	102.97	106.06	109.62	114.77
-	-	-	-	-	-	-	2.97	6.06	9.62	14.77
1/4	1/5	1/5	1/5	1/7	1/7	1/7	1/10	1/10	1/10	1/20
100.00	100.00	100.00	100.00	100.00	100.00	100.00	99.71	99.39	99.64	99.26
100.00	100.00	100.00	100.00	100.00	100.00	100.00	102.97	105.41	108.56	113.82
-	-	-	-	-	-	-	2.97	5.41	8.96	11.82
82,018	1,023,042	1,321,000	4,067,205	3,748,446	1,534,761	1,572,005	689,599	991,099	1,157,114	4,314,916

666,570 8
 20,477,109 9
 68,425 10
 20,566,030 11
 20,566,030 12
 20,566,030 13
 20,566,030 14
 20,566,030 15
 20,566,030 16
 20,566,030 17
 20,566,030 18
 20,566,030 19
 20,566,030 20
 20,566,030 21

PROPOSED RATE STRUCTURE

21 RATE PER MILE, PROPOSED FARES,
 22 LINE 21 ÷ LINE 9,
 23 PERCENT INCREASE LINE 22 - 100%,
 24 LINE 23 X LINE 12,
 25 100% - LINE 24,
 26 LINE 22 X LINE 25,
 27 EFFECTIVE INCREASE,
 28 INCREASE IN REVENUE LINE 18 X LINE 27,
 29 REVENUE AT PROPOSED FARES,
 30 COMMUTE REVENUE, LINE 2,
 31 TOTAL MAINLINE REVENUE,
 32 USE

0.25*	0.0300	0.0280	0.0265	0.0253	0.0245	0.0240	0.0235	0.0230	0.0225	0.0220
125.00	107.14	105.66	100.00	100.00	106.06	109.99	109.30	109.52	109.75	108.91
25.00	7.14	5.66	-	-	6.06	9.09	9.30	9.52	9.76	8.91
6.25	1.43	1.13	-	-	0.87	1.30	0.93	0.95	0.98	0.45
93.75	98.97	98.87	100.00	100.00	99.13	98.70	99.57	99.65	99.62	99.55
117.19	105.60	104.47	100.00	100.00	105.14	107.67	108.28	108.43	108.58	108.42
17.19	5.60	4.47	-	-	5.14	7.57	8.28	8.43	8.68	8.42
14,099	57,290	59,049	4,067,205	3,748,446	78,887	120,573	56,751	84,045	100,430	363,315
98,117	1,060,332	1,380,049	4,067,205	3,748,446	1,613,643	1,692,578	742,150	1,075,144	1,268,204	4,673,232

534,500 21
 21,432,109 22
 68,425 23
 21,500,530 24
 21,500,530 25
 21,500,530 26
 21,500,530 27
 21,500,530 28
 21,500,530 29
 21,500,530 30
 21,500,530 31
 21,500,530 32

AUTHORIZED RATE STRUCTURE

21 RATE PER MILE,
 22 LINE 21 ÷ LINE 9,
 23 PERCENT INCREASE LINE 22 - 100%,
 24 LINE 23 X LINE 12,
 25 100% - LINE 24,
 26 LINE 22 X LINE 25,
 27 EFFECTIVE INCREASE,
 28 INCREASE IN REVENUE, LINE 18 X LINE 27,
 29 REVENUE AT AUTHORIZED FARES,
 30 COMMUTE REVENUE, LINE 2,
 31 TOTAL MAINLINE REVENUE,
 32 USE

0.25*	0.0300	0.0280	0.0265	0.0240	0.0230	0.0225	0.0220	0.0215	0.0215	0.0210
125.00	107.14	105.66	100.00	94.86	99.57	102.27	102.33	102.36	104.88	103.96
25.00	7.14	5.66	-	(5.14)	(0.43)	2.27	2.33	2.33	4.88	3.96
6.25	1.43	1.13	-	(0.73)	(0.06)	0.32	0.23	0.24	4.49	0.20
93.75	98.97	98.87	100.00	100.73	100.06	99.68	99.77	99.76	99.51	99.80
117.19	105.60	104.47	100.00	95.55	99.63	101.94	102.09	102.13	104.37	103.75
17.19	5.60	4.47	-	(4.45)	(0.37)	1.94	2.69	2.13	4.37	3.15
14,099	57,290	59,049	-	(168,906)	(6,679)	30,497	14,324	21,110	50,592	161,809
98,117	1,060,332	1,380,049	4,067,205	3,581,640	3,529,082	1,602,502	699,723	1,012,209	1,268,306	4,476,725

236,285 21
 20,733,990 22
 68,425 23
 20,802,315 24
 20,802,300 25
 20,802,300 26
 20,802,300 27
 20,802,300 28
 20,802,300 29
 20,802,300 30
 20,802,300 31
 20,802,300 32

* FROM SPECIAL TEST CHECK.
 # MINIMUM FARE.
 (RED FIGURE)

APPENDIX D
ESTIMATED RESULTS OF OPERATIONS OF
WESTERN GREYHOUND LINES
UNDER PRESENT FARES AND PROPOSED FARES
YEAR ENDING JUNE 30, 1962

Account	Description	Present Fares			Proposed Fares		
		W.G.L.	Staff	Adjusted	W.G.L.	Staff	Adjusted
<u>Operating Revenues</u>							
3200	Passenger	\$27,066,100	\$27,590,600	\$27,147,800	\$28,196,000	\$28,890,600	\$28,404,600
3210	Special Bus	2,652,500	2,611,700	2,611,700	2,652,500	2,611,700	2,611,700
3400	Express	1,858,200	2,071,000	2,000,000	1,858,200	2,071,000	2,000,000
	Other	1,253,400	1,271,000	1,271,000	1,253,400	1,271,000	1,271,000
		<u>\$32,830,200</u>	<u>\$33,544,300</u>	<u>\$33,030,500</u>	<u>\$33,960,100</u>	<u>\$34,844,300</u>	<u>\$34,287,300</u>
<u>Operating Expenses</u>							
4100	Maintenance	\$4,397,100	\$4,447,900	\$4,397,100	\$4,397,100	\$4,447,900	\$4,397,100
4200	Transportation	13,081,300	13,249,700	13,081,300	13,081,300	13,249,700	13,081,300
4300	Station	4,028,900	4,092,300	4,048,400	4,084,500	4,137,100	4,106,100
4400	Traffic	1,115,400	1,118,600	1,115,400	1,115,400	1,118,600	1,115,400
4500	Insurance	1,290,800	1,293,100	1,290,800	1,290,800	1,293,100	1,290,800
4600	Administrative	2,762,800	2,727,200	2,721,700	2,762,800	2,727,200	2,721,700
5000	Depreciation	1,705,300	1,705,300	1,705,300	1,705,300	1,705,300	1,705,300
5200	Taxes and Licenses	2,822,800	2,882,400	2,827,500	2,835,700	2,898,100	2,839,800
5300	Rents	(98,000)	(99,500)	(99,500)	(98,000)	(99,500)	(99,500)
		<u>\$31,106,400</u>	<u>\$31,417,000</u>	<u>\$31,088,000</u>	<u>\$31,174,900</u>	<u>\$31,477,500</u>	<u>\$31,158,000</u>
Net Operating Revenue		\$1,723,800	\$2,127,300	\$1,942,500	\$2,785,200	\$3,366,800	\$3,129,300
Income Taxes		836,000	1,039,800	942,300	1,379,000	1,717,100	1,587,300
Net Income		\$887,800	\$1,087,500	\$1,000,200	\$1,406,200	\$1,649,700	\$1,542,000
Rate Base		\$20,307,900	\$17,514,300	\$17,582,300	\$20,307,900	\$17,514,300	\$17,582,300
Rate of Return		4.4%	6.2%	5.7%	6.9%	9.4%	8.8%
Operating Ratio		97.3%	96.8%	97.0%	95.9%	95.3%	95.5%

(Red Figure)

APPENDIX E
 COMPARISON OF PROPOSED MILEAGE
 FARES AND ZONE FARES WITH PRESENT
 ZONE FARES IN CONTRA COSTA COUNTY SERVICE
 FROM SAN FRANCISCO

: Statewide :		Peninsula Zone		Contra Costa County Zone	
: Mi. Scale :		Typical Points		Typical Points	
: Prop :		:Pres:Prop:		:Pres:Prop:	
:Miles:Fare :		:Fare:Fare:		:Fare:Fare:	
20	60	Peninsula Ave.	50	55	
21	63	San Mateo	60	68	Orinda
22	66	Hillsdale	60	68	
23	69		60	68	
24	70		60	68	
25	70	Belmont	73	77	
26	73	San Carlos	73	77	LaFayette Overhead
27	76		73	77	
28	78	Redwood City	73	77	
29	81		82	86	Walnut Creek
30	84		82	86	
31	87	Atherton	82	86	West Monument
32	90	Menlo Park	82	86	Pleasant Hill, Alamo
33	92	Palo Alto	91	95	
34	95		91	95	
35	98	So. Palo Alto	91	95	Concord
36	101	Fernando	91	95	Muir Oak Jct-Danville
37	104		100	109	
38	106		100	109	Martinez, 3 mi. East Concord
39	109		100	109	Clyde
40	112	Mt. View Jct.	100	109	
41	115	Mt. View	100	109	Port Chicago,
42	118		114	118	Bella Vista
43	120		114	118	Nichols
44	123	Sunnyvale	114	118	
45	126	Milliken	123	127	
46	129		123	127	Pittsburg
47	132		123	127	
48	133	Santa Clara	123	127	
49	133		132	136	
50	133	San Jose	132	136	
51	135		132	136	Antioch

Note: Peninsula Point Mileages as per Greyhound Distance Table.
 Contra Costa Point Mileages Equated to Distance Table Mileage
 Plus 3 Miles - San Francisco Bay Toll Bridge.