

Decision No. 62998

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of AMERICAN BUSLINES, INC., a corporation, for authority to abandon passenger stage service.	}	Application No. 43509
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Russell & Schureman, by R. E. Schureman,  
 for applicant.  
Val de Flores, Mayor of the City of Rio Vista;  
G. W. Brown, for Rio Vista Chamber of  
 Commerce; Murray L. Barton, for the Amalgamated  
 Association and American Buslines, Inc.,  
 operators; protestants.  
Hilton H. Nichols, for the Commission staff.

O P I N I O N

By its application as amended American Buslines, Inc., presently rendering service for the transportation of passengers in interstate commerce and in California between San Francisco and Sacramento, as well as between Los Angeles and San Diego and other southern California points, requests authority to suspend service between San Francisco and Sacramento via Concord, Pittsburg and Rio Vista along State Highway 24 for a period of two years or in the alternative to abandon said service.

A public hearing was held before Examiner Thomas E. Daly on November 1, 1961, at Rio Vista.

Applicant operates two round-trip schedules daily between San Francisco and Sacramento. Schedule No. 302 leaves San Francisco at 8:45 a.m., and Schedule No. 310 leaves at 5:40 p.m. From Sacramento, Schedule No. 301 leaves at 9:30 a.m. and Schedule No. 309 leaves at 5:30 p.m. The running time between terminal points is 3½ hours.

Applicant contends that the load factors on the schedules operated are insufficient to meet out-of-pocket expenses. Its

system operating cost is 38 cents per mile and it is assertedly losing 22 cents per mile on the instant operation.

The following is a summary of Exhibit No. 3, which consists of the total passengers transported by applicant between San Francisco and Sacramento and intermediate points for the months of March and August 1960, January and February 1961 and September 5 to 30, 1961.

<u>Schedule No.</u>	<u>March 1960</u>	<u>August 1960</u>	<u>January 1961</u>	<u>February 1961</u>	<u>September 5-30 1961</u>
301	359	433	319	311	375
302	503	686	367	347	549
309	463	733	385	423	525
310	381	514	345	294	355

The following is applicant's financial report on its operations in the affected area for the year ending February 28, 1961.

	<u>12 Months Ending 2/28/61</u>	<u>Per Mile</u>
Revenue:		
Passenger	\$28,287.00	.1825
Express	2,014.68	.0130
Total	<u>\$30,301.68</u>	<u>.1955</u>
Expenses:		
Equipment Maintenance	\$14,179.99	.0915
Transportation	18,777.32	.1211
Station	6,173.22	.0398
Traffic	402.94	.0026
Insurance	2,371.96	.0153
Taxes and Licenses	4,788.40	.0310
Depreciation and Interest on Investment	10,577.40	.0682
Total	<u>\$57,271.23</u>	<u>.3695</u>
Net:	\$(26,969.55)	(.1740)
Administrative Costs	\$ 7,702.30	.0497
Net:	\$(34,671.85)	(.2237)

The following is applicant's system-wide financial report including intrastate and interstate operations for the nine months ending September 30, 1961.

Operating Revenue	\$7,155,271.72	
Operating Expense	<u>6,580,566.59</u>	
Net Operating Revenue	\$ 574,705.13	
Other Income	24,163.90	
Gain on Disposal of Assets	<u>47,995.02</u>	
Total Income	\$ 646,864.05	
Income Deductions	<u>82,491.85</u>	
Net Income	\$ 564,372.20	
Total Miles Operated		16,901,403
Operating Ratio	91.97%	

According to applicant's regional manager, the freeway over U. S. Highway 40 attracts the through passengers between San Francisco and Sacramento and as a result applicant transports ten to fifteen passengers per schedule via the river route. Applicant is requesting a suspension of its service in the hope that a future need might justify its re-establishment; however, applicant would prefer to abandon this segment of its service entirely.

The staff was represented by a Commission engineer who prepared and introduced Exhibit No. 11. A passenger origin and destination check for a 14-day period beginning September 18, 1960, is summarized as follows:

<u>Schedules</u>	<u>Total</u>
310 and 302 to Sacramento	435
301 and 309 to San Francisco	461

An analysis of the check indicated that 67 percent of the passengers ride locally between Pittsburg and Sacramento; 6 percent ride locally between Pittsburg and San Francisco and 27 percent ride between points on one side of Pittsburg to points on the other side.

According to the staff witness, another check was made on August 30, 1961, and it showed similar results both as to total passengers and pattern of travel.

The staff recommended against a suspension as an undesirable and unrealistic solution, because it would prevent a willing operator from providing service and in addition thereto the holder of a suspended right would not be able to recognize a future need should it develop.

In the event some curtailment was justified the staff recommended the following alternate proposals.

(1) Discontinuance of the present service between San Francisco and Pittsburg, and continuance of the two round trips daily between Pittsburg and Sacramento, with connections at Pittsburg with the Greyhound service to and from San Francisco and Oakland.

(2) Retention of Schedules 302 and 309 as presently operated between San Francisco and Sacramento and discontinuance of the other two schedules.

(3) Operation of service between Rio Vista and Sacramento only.

The staff witness testified that the first recommendation would result in a reduction of approximately 40 percent in the bus miles presently operated and the elimination of corresponding costs. The second recommendation would result in a reduction of 50 percent in bus miles and somewhat less than 50 percent in revenue. The third recommendation would result in a reduction of 60 percent in the total number of bus miles presently operated.

Two of the protestants testified. Mayor Val de Flores of Rio Vista strongly urged a continuance of service. He was of the opinion that a suspension would be detrimental to the public interest. Mr. Murray L. Barton representing the Amalgamated Association and the

drivers of the applicant expressed a concern for the loss of seniority by the drivers affected if the application were granted. It was his position that a public utility should provide service even at a loss.

It is true that applicant is operating at a loss on this segment of its operations, but it is not the function of this Commission to guarantee a public utility a profit on its operation and every segment thereof. It is the Commission's duty to authorize rates that are reasonable and to see to it that a public utility provides adequate service to the extent of its dedication, commensurate with the public need. Should the application be granted either in the form of a suspension or an abandonment it would leave the people in the river area along State Highway 24 between the Antioch Bridge and Sacramento entirely without public means of transportation. It would appear, therefore, that the staff's first recommendation would afford the most feasible solution. The abandonment of service between San Francisco and Pittsburg, with the continuance of the two round trips daily between Pittsburg and Sacramento, with connections at Pittsburg with the hourly Greyhound service should substantially reduce applicant's operating loss on this segment of its operations and still provide the public with service.

After consideration the Commission finds and concludes that public convenience and necessity no longer require applicant's service as a passenger stage corporation between San Francisco and Pittsburg. In all other respects Application No. 43509 is hereby denied. Applicant is hereby placed on notice that it will be expected to negotiate with The Greyhound Corporation for the purpose of arranging suitable through fares and convenient connecting schedules.

ORDER

Application having been filed and the Commission being informed in the premises,

IT IS ORDERED that:

1. On February 1, 1962, and on not less than ten days' notice to the Commission and the public American Buslines, Inc., may discontinue passenger stage service between San Francisco and Pittsburg.

2. For a period of ten days prior to February 1, 1962, applicant shall post notice of the discontinuance herein authorized on its buses and terminal facilities.

3. After the effective date hereof and on not less than ten days' notice to the Commission and to the public applicant shall appropriately amend its tariffs and timetables presently on file with this Commission to reflect the authority herein granted.

4. Decision No. 44494 is hereby amended by revoking the operative rights authorizing applicant's service between San Francisco and Pittsburg.

5. In all other respects Application No. 43509 as amended is hereby denied.

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

Dated at San Francisco, California, this 2nd day of January, 1962.

[Signature]  
 President

[Signature]

[Signature]

George T. Hoover

Frederic B. Hallock  
 Commissioners