

The minimum fares become applicable at distances of about 9 miles. The following tabulation compares the present costs to the passenger for 30 rides (15 round-trips) under the commutation fares with those under the round-trip fares.

TABLE I
Comparison of Present Cost to the
Passenger for 15 Round-trips under
Commutation Fares and under
Round-trip Fares

<u>Points Served</u> <u>Between</u> <u>And</u>		<u>Fare in Dollars</u>		<u>Increase</u>	
		<u>Commute</u>	<u>Round-Trip</u>	<u>Cents</u> <u>Per Ride</u>	<u>Per Cent</u>
Sacramento	Roseville	\$12.00	\$16.50	15¢	37.5%
Sacramento	Sylvan Corners	9.00	12.75	12¢	41.7
Sacramento	12-Mile House	7.20	9.75	8¢	35.4
Sacramento	Antelope Jct.	6.60	9.75	10¢	47.3
Del Paso Park	Sacramento	6.00	8.25	7½¢	37.5
Del Paso Park	Roseville				
Antelope Jct.	Roseville	5.40	6.75	4¢	25.0
All Others*	All Others*	5.00	6.75	5.¢	35.0

* Less than 9 miles distant.

Applicant presented statements showing its financial condition as of October 31, 1961 and an estimate of the operating results under the proposed fares. As of the above date, applicant's books showed an accumulated deficit of \$352,598. The statement reveals that American Bus Lines, Inc., applicant's parent corporation, has advanced \$298,945 to maintain the operation. For the 10 months ended October 31, 1961, applicant had an operating loss of \$8,820. It estimated that had the commutation fares not been in effect during that period additional passenger revenue of \$6,414 would have been received. The operation, nevertheless, would have been conducted at a loss.

The Commission staff did not present exhibits concerning the financial results of past operations or operations under the proposed fares. Its representative stated that the staff had made

an independent study which indicated results no more favorable than those estimated by applicant.

The evidence shows that the losses estimated by applicant from operations under the proposed fares estimated by applicant are understated. Applicant assumed that the discontinuance of the commutation fares would provide an increase in passenger revenue of 19.53 per cent. This estimate was based upon an analysis of the tickets lifted during the week of November 1 to 7, 1961. The revenue from commute tickets for that period was determined by applying the rate of 2 cents per mile to certain mileages between the points. Those mileages, however, do not conform to the mileages upon which the commutation fares are constructed. For example, the distance applied to the tickets between Roseville and Sacramento was 18.2 miles, whereas the commutation fare is based on 20 miles.¹ A recomputation of that study reflecting the actual fares paid by commuters indicates an increase in passenger revenue on the order of 17 per cent. That figure, however, also assumes no diminution in traffic as a result of the fare increase. The evidence herein, including the testimony of persons presently riding applicant's buses together with experience of operations of passenger stage corporations engaged in operations not exceeding distances of 25 miles, indicates that one-fourth of the per cent of increase in fares would not be excessive as an allowance for diminution in this case. It must be noted that the applicant's proposal would change the fare habits of over 50 per cent of its riders from the advance purchase of 30 tickets to the payment of a cash fare each trip or round-trip.

¹ \$12 divided by 30 trips divided by 2¢ per mile equals 20 miles.

That condition coupled with a substantial increase in fares is conducive to diversion of traffic. Assuming a diminution factor of one-fourth of the per cent of the increase in fares, the proposed discontinuance of commutation fares would provide an increase in passenger revenue of about 11 per cent. In any event, however, the evidence leaves no doubt that future operations under present fares or under the proposed fares will be conducted at a loss.

A number of persons who use the transportation service of applicant testified. It was stated that the buses have run late, were not clean, were not heated in winter and were not adequately ventilated during the summer. It was further stated that there have been a number of times that buses did not make the scheduled runs at all. It was pointed out that applicant provides eight schedules in each direction during the week days, most of which are in the early morning and late afternoon, and that there is no service during the midday or after 6:15 p.m. It was asserted that the infrequency of schedules causes a hardship upon those persons working in Sacramento in getting home from work on days when they are required to work late or to get home earlier in the day during times of emergency. A fair summarization of the positions of the witnesses using the bus line is that they do not expect applicant to continue to operate at a loss but there is a limit to the amount that the passenger can pay or is willing to pay; and that regardless of the fare, the riders are entitled to dependable and adequate service and a reasonably comfortable ride.

An engineer of the Commission staff presented a report of an inspection he had made of the operating equipment and of a survey of the schedules operated by applicant. Applicant's regional manager testified concerning the above-mentioned service complaints. Until about six months ago, applicant operated its own 1947 model motor

coaches. Those coaches had a number of mechanical failures causing interruptions in schedules. Applicant encountered difficulties in having the buses cleaned following week-end charter trips prior to the Monday morning schedules. It has disposed of those buses and now rents motor coaches from American Bus Lines. The latter has a contract with Suburban Transit Lines for maintenance and cleaning of the buses. The engineer reported that the present vehicles are in good condition and have been kept reasonably clean with the exception of the upholstery or seat covers, many of which are stained or spotted. The buses have heaters which are now functioning. They are equipped with air conditioning and have windows which may be opened. After questioning the passengers testifying in this proceeding, it developed that their complaints concerning service related to the time applicant operated the older coaches.

The traffic count made by the engineer discloses an average of 17.7 passengers carried per schedule on weekdays. The coaches have 41 seats. Only on the early morning schedules from Roseville to Sacramento and on the late afternoon schedules in the reverse direction were the buses more than half full. The average number of passengers per schedule on Saturdays was 9 and the average on Sundays and holidays was 7.

Upon consideration of all of the facts and circumstances, we find that in 1961, during the time applicant operated its own 1947 model coaches, its service was not reasonably dependable or satisfactory, and that since it has obtained 1952 model coach equipment such service has been reasonably adequate to meet the needs of the public.

The evidence leaves no doubt that under applicant's present standard of service, because of the losses being sustained, it is entitled to the additional revenues which would result from a fare increase. The reasonableness of fares, however, involves more

than a consideration of the operating results which would be provided by the proposed increased fares. Commuters are regular passengers and commuter transportation traditionally has been sold in wholesale quantities at fares lower than the regular fares. Such fares not only benefit the commuter from both the savings and convenience standpoints, but also the carrier receives benefits in the form of greater working cash capital resulting from the payment of fares long prior to the performance of the service, the attraction and retention of regular traffic, and the expansion of the suburban areas served, which, in turn, provides potential passengers for movement under the higher one-way and round-trip fares. We are of the opinion that the commutation fares should not be discontinued and that a commutation fare predicated upon 2-2/3 cents per mile with a minimum charge of \$6.50 for 30 tickets should provide an increase in passenger revenues of approximately the same amount requested by applicant.

While the commutation fares based upon 2-2/3 cents per mile will be only slightly lower than the round-trip fares, they will provide greater passenger convenience resulting in less diminution of traffic. In addition, with the commutation fares available, the applicant's service will remain attractive to the passenger who presently uses the bus line only in one direction or who uses private transportation in one direction occasionally.

Upon consideration of all the facts of record, we find that the following commutation fares are reasonable and that the increases which would result therefrom are justified:

30 Tickets Good for Transportation
in Either Direction between the
Points Shown at the Prices Shown

<u>Between</u>	<u>Price for 30 Tickets</u>
Sacramento and Roseville	\$16.00
Sacramento and Sylvan Corners	12.00
Sacramento and 12-Mile House	9.50
Sacramento and Antelope Junction	9.00
Sacramento and Del Paso Park	8.00
Roseville and Del Paso Park	8.00
All other points less than 10 miles distant	6.50

Applicant's tariff provides that commutation tickets are valid for a period of six months from the date of purchase. It is possible that with such a long period of time during which the tickets may be used, that the transportation under the commutation fares is available to persons who do not ride the buses frequently and regularly. A period which would include the calendar month in which the tickets are purchased and the next two succeeding months would not be an unreasonable time within which the 30 tickets should be utilized. This would provide a period of between 60 and 90 days when the tickets are good for passage.

Except to the extent hereinabove provided, we find that applicant's proposal has not been justified.

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. Gibson Lines, a corporation, is authorized to establish the following increased commutation fares:

Purchase Price for 30 Rides

<u>Between</u>	<u>Purchase Price</u>
Sacramento and Roseville	\$16.00
Sacramento and Sylvan Corners	12.00
Sacramento and 12-Mile House	9.50
Sacramento and Antelope Junction	9.00
Sacramento and Del Paso Park	8.00
Roseville and Del Paso Park	8.00
All other points less than 10 miles distant	6.50

2. Gibson Lines is authorized to reduce the period during which the commutation fares are valid to a period of not less than sixty calendar days.


3. The tariff publication authorized hereinabove may be made effective not earlier than the tenth day after the effective date of this order, and may be made effective on not less than ten days' notice to the Commission and to the public.

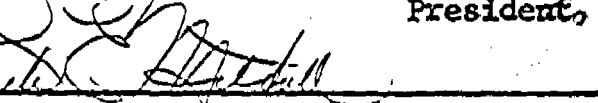
4. The authorities granted herein shall expire unless exercised within sixty days after the effective date of this order.

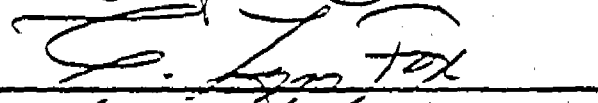
5. Except as otherwise provided herein the application of Gibson Lines is denied.

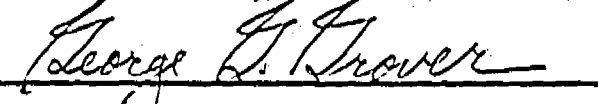
The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 5th day of MAY, 1962.



 President,






 Commissioners