

**ORIGINAL**Decision No. 70407

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of: )  
 TRANSCONTINENTAL BUS SYSTEM, INC., )  
 a Delaware corporation; AMERICAN )  
 BUSLINES, INC., a Delaware corpora- )  
 tion; CONTINENTAL PACIFIC LINES, a )  
 California corporation; and GIBSON )  
 LINES, a California corporation, )  
 for authority to increase one-way )  
 and round trip intrastate passenger )  
 fares pursuant to Sections 454 and )  
 491 of the Public Utilities Code. )

Application No. 47847  
 (Filed August 25, 1965)

OPINION AND ORDER

Transcontinental Bus System, Inc. (Transcontinental), American Buslines, Inc. (American), Continental Pacific Lines (Continental Pacific), and Gibson Lines (Gibson) request authority to increase their one-way and round-trip intrastate local and joint passenger fares. Applicants American, Continental Pacific, and Gibson are subsidiaries of Transcontinental.

The present fare structure of applicants, other than Gibson, was established by Decision No. 65989, dated September 10, 1963, in Application No. 44747. Only the joint fares between points on the lines of Gibson and points on the lines of other applicants were established in that decision. Gibson does not seek any increase in its local fares. <sup>1/</sup> Gibson joins in this application only to the extent that the instant application pertains to its joint fares with the other applicants.

In Table I are set forth the present and proposed one-way fares, in cents per mile. Round-trip fares would reflect a relationship of 180 percent of the proposed one-way fares. No increases are

<sup>1/</sup> Gibson sought adjustment in its local fares, authorized by Decision No. 69402, dated July 13, 1965, in Application No. 47406.

proposed in local or joint commutation fares and no changes are proposed in the rules which presently govern the fares here in issue:

TABLE I  
One-Way Fares

<u>Distance (Miles)</u>		<u>Fare Per Mile (Cents)</u>	
<u>Over</u>	<u>But Not Over</u>	<u>Present</u>	<u>Proposed</u>
0	25	3.15	3.31
25	50	2.94	3.09
50	100	2.78	2.92
100	150	2.52	2.65
150	200	2.42	2.54
200	250	2.36	2.48
250	300	2.31	2.43
300	400	2.26	2.37
400	-	2.21	2.32
	Minimum Fare	25 cents	30 cents

The basic mileage scale of fares herein sought is the same as previously authorized Greyhound Lines, Inc., Western Greyhound Lines Division (Greyhound) by Decision No. 69539, dated August 12, 1965, in Application No. 46904. Applicants are competitive with Greyhound at substantially all California intrastate points involved herein. It is alleged that, because of such competitive conditions, applicants are unable to establish fares higher than the existing fare structure of Greyhound.

Financial and related systemwide statistical information, in the form of exhibits, is attached to the application. According to the income statements of applicants, they have been operating at a loss during the six months ending June 30, 1965. In this connection, applicants note that the Commission has heretofore found that applicants, as a group, have been conducting their passenger stage operations within California at a loss continuously for many years. In order to minimize losses for the future, applicants assert an immediate and urgent need exists for an increase in their fares to the level previously authorized Greyhound in Decision No. 69539.

The existing fares of applicants are predicated upon costs experienced prior to July 1, 1962. Further increases in the costs of operations have been experienced since July 1, 1962. Thus it is contended that even though applicants are authorized to establish the sought increase in fares, they will continue to operate within California at a substantial loss. The application states that wages payable to drivers and other personnel subject to collective bargaining agreements represent a major portion of the total operating expenses. Existing collective bargaining agreements of Transcontinental and Continental Pacific contain provisions for automatic wage increases at stated intervals. American is negotiating a new labor contract with drivers. The unions involved are assertedly requesting an increase in the prevailing level of wages. All of the applicants have allegedly experienced increases in the costs of materials, supplies and equipment.

Finally, the application states that all of the Commission's findings in Decision No. 69539 as justification for the grant of authority to Greyhound to increase its fares apply equally or with greater force to each of applicants. Applicants allege that past experience has demonstrated that an increase in Greyhound fares without a corresponding increase in the fares of applicants results in increased losses to the applicants because the increase in the volume of traffic handled by applicants, due to the disparity in fares, does not offset the added cost of operation experienced by the applicant performing such additional transportation service. Applicants contend that it is essential that their fares be increased in order to permit applicants to immediately minimize their losses and to prevent a disruption in the existing competitive relationship between the applicants and Greyhound.

In Decision No. 65989, dated September 10, 1963, applicants were admonished that information with respect to their costs of operations should be an adequate and timely presentation in support of requests for increases in fares. For this reason, applicants state that they were somewhat reluctant to undertake special segregated revenue and expense studies relative to their California intrastate operations in compliance with Rule 23 of the Commission's Rules of Procedure prior to Commission action on the request by Greyhound for increases in its fares (Decision No. 69539). Pending completion of applicants' studies relative to their California operations, it was requested that the sought increase in fares be authorized ex parte on an interim basis. Such immediate action by the Commission is allegedly justified by the systemwide financial and statistical information attached to the instant application.

In view of the Commission's prior admonishment relative to timely presentation of evidence, action on the subject application on an interim basis was withheld pending receipt of applicants' studies concerning the present and projected results of their California intrastate operations under existing and proposed fares. Applicants' studies were received, in the form of late filed exhibits, as of December 13, 1965 and are received in evidence as Exhibits 1 through 7, respectively.

Applicants' studies indicate that results of operations under the requested fares for intrastate traffic either individually or as a group will result in an operating ratio no lower than 96% after provision for income taxes.

The verified application indicates that it had been served in accordance with the Commission's procedural rules. No protests or request for hearing have been received.

We find that:

1. The proposed increased fares will be just and reasonable.
2. Applicants should be authorized to establish the increased fares found reasonable herein on five days' notice to the Commission and the public; such fares to be published, on an interim basis, by means of a conversion table as requested by applicants.
3. Applicants should be required to proceed thereafter with diligence to further amend their tariffs so that specific fares may be determined without the use of conversion tables, such further amendment to be completed within six months after the effective date of the order which follows.

In view of the above findings we conclude that Application No. 47847 should be granted as hereinafter provided. A public hearing is not necessary.

IT IS ORDERED that:

1. Transcontinental Bus System, Inc., American Buslines, Inc., Continental Pacific Lines, and Gibson Lines are authorized to establish the increased fares proposed in Application No. 47847. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than five days after the effective date hereof on not less than five days' notice to the Commission and to the public.
2. Pending establishment of specific fares, increased as authorized in paragraph 1 hereof, applicants are authorized to make effective increases in their passenger fares by means of appropriate conversion tables, provided that said increased fares do not exceed the fares authorized in paragraph 1 hereof. Thereafter, applicants shall proceed to further amend their tariffs so that said increased fares may be determined without the use of conversion tables, said further amendment to be completed within six months after the effective date hereof.

3. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

4. In addition to the required posting and filing of tariffs, each applicant shall give notice to the public by posting in its buses and terminals a printed explanation of its fares. Such notice shall be posted not less than five days before the effective date of the fare changes and shall remain posted for a period of not less than thirty days.

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

Dated at San Francisco, California, this 1st day of MARCH, 1966.

Frederick B. Holshoff  
 President

George H. Grover  
 Commissioner

W. J. ...  
 Commissioner

Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.