

ORIGINAL

Decision No. 76884

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GREYHOUND LINES -
 WEST DIVISION OF GREYHOUND LINES,
 INC., for an order authorizing
 an increase in Marin area commuta-
 tion fares.

Application No. 51561
 (Filed December 17, 1969)

W. L. McCracken, for Greyhound Lines - West
 Division of Greyhound Lines, Inc., applicant.
Douglas J. Maloney, County Counsel, for County
 of Marin; and William M. Bennett, for
 Golden Gate Bridge, Highway and Transpor-
 tation District; protestants.
Thomas J. O'Connor, City Attorney, by William C.
Taylor, for City and County of San Francisco;
Judy Ainsworth, for League of Women Voters of
 Central Marin; and Thomas D. Hardeastle, for
 Novato Commuter's Club; interested parties.
S. M. Boikan, Counsel, for the Commission staff.

O P I N I O N

Greyhound Lines, Inc. (Greyhound), a wholly-owned subsidiary of The Greyhound Corporation, is a passenger stage corporation as defined in Section 226 of the Public Utilities Code and, as such, is engaged in the transportation of passengers, baggage and express generally throughout the State of California. Greyhound Lines - West is an operating division of Greyhound Lines, Inc., through which division the applicant conducts transportation services in twenty-six Western states including the State of California. Said division provides intercity (mainline) operations generally throughout the State. It also conducts commutation operations in the San Francisco Bay Area, including commutation service between San Francisco and communities in Marin and Sonoma Counties.

The application alleges that on December 12, 1969, the Golden Gate Bridge, Highway and Transportation District, a public agency operating the Golden Gate Bridge, increased bus tolls from 13 cents per crossing to \$1.00 per crossing effective December 26, 1969. Applicant alleges that its annual increase in operating expenses resulting from this action of the Bridge District amounts to \$89,834 and it proposes to offset this increase in expenses by increasing Marin County commute fares by 95 cents per twenty-ride book.^{1/}

Public hearing was held before Commissioner Vukasin and Examiner Mallory on January 26 and 27, 1970, in San Francisco, and the matter was submitted on the latter date. The County of Marin and the Bridge District protested the application. Evidence was adduced on behalf of applicant and the Commission staff.

Official notice is taken of decisions of this Commission concerning prior fare changes of applicant.^{2/} Annual reports of

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- ^{1/} The points between which the increases are proposed and the cost of present and proposed 20-ride commutation books between said points are set forth in Appendix A. Application No. 51561 requested an increase of \$1.00 per 20-ride commute book; this was orally amended at the hearing to 95 cents per 20-ride commute book.
- ^{2/} Decision No. 76455, dated November 18, 1969, in Application No. 51326, offset increase in commute and mainline fares; Decision No. 75939, dated July 29, 1969, in Application No. 50792, general adjustment of mainline and commute fares, giving effect to an "affiliated interests" adjustment; Decision No. 74831, dated October 15, 1968, in Application No. 50366, offset increase in mainline and commute fares; Decision No. 74519, dated August 13, 1968, in Application No. 49658, general adjustment of commute fares, in which said fares were set on an out-of-pocket cost level; Decision No. 71707, dated December 30, 1966, in Application No. 48692 (66 Cal.P.U.C. 646), offset increase in mainline and commute fares; Decision No. 69539, dated August 12, 1965, in Applications Nos. 46833 and 46904 and Case No. 8009 (64 Cal.P.U.C. 641), general increase in mainline fares and commute fares, except Marin County commute fares; Decision No. 68661, dated February 25, 1965, in Application No. 46833 and Case No. 8009 (64 Cal.P.U.C. 102), dismissed portion of Application No. 46833 dealing with Marin County commute fares, concurrently with the reduction in tolls on the Golden Gate Bridge; Decision No. 50747, dated November 4, 1954, in Applications Nos. 34362 and 34363 (53 Cal.P.U.C. 634); Decision No. 45785, dated May 29, 1951, in Application No. 30868, et al. (50 Cal.P.U.C. 650); and Decision No. 44758, dated September 1, 1950, in Application No. 30868, et al.

applicant for recent years are incorporated in this record by reference.

A review of prior Commission decisions reveals the following concerning matters at issue herein: Marin-Sonoma commute operations continuously have been operated at a loss (Decisions Nos. 45785, 50747, 69539 and 74519); historically commute fares have not been set at levels which would cause Greyhound's Marin-Sonoma operations to be conducted at a profit (Decision No. 45785 (50 Cal.P.U.C. 650, at 682), Decision No. 50747 (53 Cal.P.U.C. 634, at 638); Decision No. 69539 (64 Cal.P.U.C. 641, at 661); Decision No. 74519 (unreported)); in the last general review of Greyhound's San Francisco area commutation fares, such fares were set at levels designed to return out-of-pocket costs, or approximately 90 percent of fully distributed costs (Decision No. 74519, supra); decisions involving Marin-Sonoma commutation fares issued subsequent to Decision No. 74519 have increased said fares on an offset basis to reflect increased wages incurred through collective bargaining agreements (Decisions Nos. 74831 and 76455).

In Decision No. 69539 (64 Cal.P.U.C. 641), the portion of Application No. 46833 requesting a 20 percent increase in Marin County commutation fares was dismissed, upon the indication that such action would result in approval by the Bridge District of a reduction in bus bridge tolls from \$1.00 to 13 cents per crossing. That decision states: "The record indicates that the proposed reduction in bridge tolls will approximate the amount of additional revenues originally sought in Application No. 46833 for the Marin-Sonoma commute service. The Transit District [Marin Transit District] requested dismissal of Greyhound's application insofar as it relates to increases in Marin commutation fares." (64 Cal.P.U.C.

102, 102.) That decision also provides as follows: "Greyhound stated that if its motion [to dismiss Application No. 46833] is acted upon favorably by the Commission, no increase in Marin-Sonoma commutation fares will be sought for a period of one year." (64 Cal.P.U.C. 102, 103.) Decision No. 68661 dismissed on February 25, 1965, that portion of Application No. 46833 seeking to increase Marin-Sonoma commutation fares and the Bridge District reduced bus tolls from \$1.00 to 13 cents.^{3/} The next increase in Marin-Sonoma commutation fares was made pursuant to Decision No. 71787 dated December 29, 1966 (66 Cal.P.U.C. 646).

Other Commission decisions also indicate that when bridge tolls are reduced, it is the intention of the Commission that such reductions should be flowed through to commuters in the form of reduced commutation fares (Decision No. 69539 (64 Cal.P.U.C. 641, 673), and Decision No. 74519, supra (mimeo pages 14 and 15)).

It is Greyhound's position and that of the Commission staff that the bridge toll increase should be reflected in Greyhound's Marin commutation fares. The only difference between Greyhound and the staff is the amount of the increase. Exhibit 3 of Greyhound and Exhibit 5 of the Commission staff set forth their calculations as to the annual increase in expenses resulting from the higher bridge tolls, the annual number of Marin commute books sold, and the added revenue per commute book required to return the added expenses resulting from the higher bridge tolls. It is the contention of Greyhound and the staff that the added revenue sought herein will offset, within a few dollars, the added annual

^{3/} Marin one-way and round-trip fares were not affected by Decision No. 68661, and such fares were increased pursuant to Decision No. 69539 issued August 12, 1965, in Application No. 46904 (64 Cal.P.U.C. 641).

costs resulting from the higher bridge tolls and, therefore, would not change Greyhound's net earnings on its Marin County operations nor its total intrastate operations within California; thus, it is not necessary to develop the total revenues, expenses, and rate base for Marin-Sonoma operations, nor for statewide operations.

Motions to dismiss the application on the basis that Greyhound has not sustained the burden of proving the sought increases are necessary were made by the Bridge District and by the County of Marin. These public bodies urge that it is necessary to show total revenues and expenses for Marin County operations in order to show that Greyhound's commute operations in said area will not provide excessive profits under the fares proposed herein. Greyhound argued in opposition to the granting of this motion that the proposed fare increase would produce an annual increase in revenue substantially less than 1 percent of Greyhound's California intrastate revenues; and that under Section 454 and the Commission's Rules of Procedure adopted pursuant thereto (Article 7 - Rule 25) if no protests were received, the application herein could have been granted without hearing. Greyhound and the staff asserted that the revenue increase herein merely offsets an added expense, without making any material change in Greyhound's earning position; Greyhound's commute fares are set on an out-of-pocket basis; the expense sought to be offset herein is an out-of-pocket expense and, as such, should be reflected in the fare levels; and that for the foregoing reasons the motions should be denied.

Marin County urged that if its motion to dismiss is denied, the order herein should provide sufficient time for review by the Bridge District, with the view that such review may cause the Bridge District to rescind the toll increase. The League of Women Voters of Central Marin indicated that it will oppose the bus toll increase at future meetings of the Bridge District with the intent that said District rescind its action increasing bus tolls. Therefore, no increase should be authorized at this time. The parties stipulated that at meetings on January 9 and January 16, 1970, the Bridge District voted down motions to rescind its action with respect to the bus bridge toll increase.^{4/}

The motions to dismiss the application will be denied. Inasmuch as the Bridge District has refused on two separate occasions to rescind its action increasing bus bridge tolls, and as Greyhound has incurred since December 26, 1969, the increase in operating expense resulting from the imposition of higher tolls, it will not be reasonable to further delay the requested increases in fares designed to offset said increase in operating expense. Therefore, the requests of Marin County and the League of Women Voters will be denied.

There remain for discussion the differences in the showings of applicant and the staff. Witnesses for Greyhound and the staff agreed that the number of commute books sold between November 1, 1968 and October 31, 1969 was 103,089. Greyhound showed that the number of bus crossings of the Golden Gate Bridge in this period was 103,258. The staff reduced this total by the number of bus crossings

^{4/} The record shows the Bridge District did rescind a portion of the increase in automobile commute tolls at its January 16 meeting.

required to provide charter service with commuter buses in off-peak hours, producing a total annual number of bus crossings of 101,467, and a resulting annual increase in toll expense of \$88,276. The number of crossings and the toll expense increase estimated by the staff are reasonable and will be adopted. The staff witness determined that said increase in annual expense, when divided by the annual number of commute books sold, would result in an increase amounting to 85.6 cents per commute books sold. The staff witness recommended that each Marin County 20-ride commute book fare be increased by 85 cents per book.

The Greyhound witness followed generally the method employed by the staff except that he gave consideration to diminution of traffic in the amount of 5.667 percent of the increase in fares, and to an increase in agency commissions and gross revenue tax, both of which are determined as a percent of gross revenues. Greyhound's witness estimated that the additional revenue required to offset diminution in traffic would be \$2,183 per year, and the increase in agency commissions and gross revenue tax would be \$2,202, resulting in a total annual increase in expenses of \$89,785. The witness recommended an increase of 95 cents per commute book.

The staff witness testified that he did not give consideration to diminution in traffic because diminution factors reflecting defection from the bus to private automobile would be minimized because auto tolls were raised concurrently with bus tolls. The staff witness also testified that if consideration were given to traffic diminution, consideration also should be given to a reduction in expenses based on bus miles, because bus miles would decrease with the decrease in traffic. The staff witness testified that if consideration were given to the foregoing changes in expenses and to

increased agency commissions and gross receipt taxes, the total annual revenue required to offset the annual increase in bridge tolls would be \$90,110, or 38.1 cents per commute book. The witness stated that said amount should be rounded to the nearest multiple of 5 cents, or to 90 cents per book.

We find as follows:

1. Greyhound Lines - West Division of Greyhound Lines, Inc., operates as a passenger stage corporation between points in California, and provides a commutation service in the San Francisco Bay Area, including commute service between points in Marin and Sonoma Counties, on the one hand, and San Francisco, on the other hand.

2. Commutation fares within the San Francisco Bay Area are generally set on an out-of-pocket cost basis, or approximately 90 percent of fully allocated costs. Said fares are not designed to return a profit to Greyhound (Decision No. 74519, supra).

3. Prior decisions of the Commission indicate that Marin-Sonoma commute operations of Greyhound have not been conducted at a profit (Decisions Nos. 45785, 50747, 69539 and 74519, supra).

4. Bridge tolls are out-of-pocket expenses and changes in bridge tolls, therefore, should be reflected in Greyhound's commute fare structure (Decisions Nos. 45785, 69539 and 74519, supra).

5. A requested fare increase in 1965 for Greyhound's Marin-Sonoma commute service was dismissed upon representation by the Golden Gate Bridge, Highway and Transportation District that the bus toll on the Golden Gate Bridge would be reduced from \$1.00 to 13 cents (Decision No. 68661, supra).

6. The Bridge District increased the bus tolls on the Golden Gate Bridge from 13 cents to \$1.00 effective December 26, 1969.

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7. Adjustment of Marin County commutation fares should be made to offset the increase in out-of-pocket expenses resulting from said increased bridge tolls.

8. The increased annual operating expenses resulting from the toll increase is \$88,056; the net change in related expenses to give effect to traffic diminution, reduced bus-mile expenses and increases in revenue-related expenses is \$2,054; resulting in a net increase in operating expenses of \$90,110 per year. Based on the annual sale of 102,233 Marin County commute books (after applying diminution), the increase per commute book required to offset such net annual increase in expenses is 88.1 cents per book; which when rounded to the nearest 5 cents, amounts to 90 cents per book.

9. An increase of 90 cents per 20-ride commute book for service between San Francisco and the Marin County points shown in Appendix A is justified.

The Commission concludes that the application should be granted to the extent provided in the order which follows. The Commission also concludes that should the bridge toll increase which prompted the commute fare increases authorized herein be rescinded, said fare increases should also be rescinded, but only after said increased fares have remained in effect the same number of days as the higher bridge tolls are in effect.

O R D E R

IT IS ORDERED that:

1. Greyhound Lines, Inc. is authorized to increase by 90 cents per book its twenty-ride commutation fare books applicable between San Francisco and Marin County points shown in Appendix A.

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2. The tariff publications authorized to be made as a result of the order herein may be made effective not earlier than two days after the effective date of this order on not less than two days' notice to the Commission and the public.

3. The authority granted in paragraph 1 shall expire unless exercised within sixty days after the date hereof.

4. The fare increase of 90 cents per commute book will be withdrawn in the event that the Golden Gate Bridge, Highway and Transportation District rescinds the increase in bridge tolls for buses made effective by that body on December 26, 1969, but only after said fare increase has remained in effect the same number of days as the increase in bus bridge tolls is in effect. Applicant is authorized and directed to make appropriate tariff filings, on one day's notice, to accomplish said fare reduction upon notification that bus bridge tolls have been reduced. This ordering paragraph shall expire 120 days after the effective date of the order herein.

5. In addition to the required posting and filing of tariffs, applicant shall give notice to the public of the fare increases established pursuant to the order herein by posting of a printed explanation of its fares in its buses and terminals serving Marin County commuters. Such notice shall be posted not less than two days before the effective date of the fare change and shall remain posted for a period of not less than thirty days.

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6. Motions to dismiss the application herein and all other motions not ruled upon heretofore are denied.

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

Dated at San Francisco, California, this 3rd day of MARCH, 1970.

William Synovs Jr.
President

J. Robert J.
John M. ...
Vernon L. Stingen
Commissioners

*I will file a
Concurring opinion.
August*

APPENDIX A

MARIN COUNTY
COMPARISON OF PRESENT AND PROPOSED
ADULT TWENTY-RIDE COMMUTATION FARES

<u>To Zone</u>	<u>From San Francisco - Zone 1</u>		<u>Cost of 20-Ride Commutation Book</u>		
	<u>Points Included</u>	<u>Miles</u>	<u>Present</u>	<u>Proposed</u>	<u>Amount of Increase</u>
			\$	\$	\$
2	Sausalito	10	9.10	10.05	.95
3	Mill Valley	16	12.50	13.45	.95
4	San Rafael	19	13.60	14.55	.95
5	Terra Linda	22	14.75	15.70	.95
6	Novato	30	15.90	16.85	.95
7	Petaluma	41	19.25	No Change	-
8	Cotati	49	22.65	No Change	-
9	Santa Rosa	57	26.05	No Change	-
10	Dias Ranch	16	12.50	13.45	.95
11	Alpine Lodge	18	13.60	14.55	.95
12	Stinson Beach	25	15.90	16.85	.95
13	Bolinas	35	19.25	20.20	.95
14	Woodacre	28	15.90	16.85	.95
15	Lagunitas	32	17.00	17.95	.95
16	Pt. Reyes Station	43	22.65	23.60	.95
17	Inverness	47	23.80	24.75	.95
18	Tiburon	24	13.60	14.55	.95

Tariff Authority - Commutation Fares - Local Passenger Tariff
No. L-455-F, Cal. P.U.C. No. 70, Effective
December 3, 1969.

(End of Appendix A)

COMMISSIONER A. W. GATOV, Concurring:

I concur in the decision with the exception of that part of the conclusion on mimeographed page 5 and that part of ordering paragraph 4 which provides that in the event the Golden Gate Bridge Highway and Transportation District rescinds the increase in bridge tolls for buses made effective by that body on December 26, 1969, the said fare increases are to remain in effect the same number of days as the increase in bus bridge tolls will have been in effect.



Commissioner

Dated at San Francisco, California,
March 3, 1970.