

Decision No. 77027

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of CONTINENTAL TRAILWAYS, INC.,)
 a Delaware corporation; AMERICAN)
 BUSLINES, INC., a Delaware corpo-)
 ration; and CONTINENTAL PACIFIC)
 LINES, a California corporation,)
 for authority to increase one-way)
 and round trip intrastate passen-)
 ger fares and express charges)
 pursuant to Sections 454 and 491)
 of the Public Utilities Code.)

Application No. 51715
 (Filed February 16, 1970)

O P I N I O N

Continental Trailways, Inc. (Trailways), American Buslines, Inc. (American), and Continental Pacific Lines (Continental Pacific) seek an ex parte order authorizing increases in their intrastate, local and joint passenger fares and express charges.

Trailways operates generally between San Francisco and Los Angeles and intermediate points via Stockton, Fresno and Bakersfield and between Los Angeles and the California-Arizona state line at Needles and Blythe via San Bernardino and Riverside, respectively. American operates between Los Angeles and San Diego, both via U. S. Highway 101 and via Long Beach, and between Sacramento and the California-Nevada state line. Continental Pacific conducts operations between San Francisco and Stockton and the California-Oregon state line, via U. S. Highways 40 and 99. Applicants serve most intermediate points along their various routes. There are restrictions against local service within certain of the areas of higher population density along authorized routes.

Applicants' present and proposed fare scales are set forth in the following table.

TABLE I

Present and Proposed
One-Way Distance Fares

Miles		Rate Per Mile		With No Fare
Over	But Not Over	Present	Proposed	Less Than Fare For:
0	25	\$0.0368	\$0.0435	Minimum fare
25	50	0.0344	0.0407	25 miles
50	100	0.0324	0.0384	50 "
100	150	0.0295	0.0349	100 "
150	200	0.0283	0.0335	150 "
200	250	0.0276	0.0326	200 "
250	300	0.0270	0.0320	250 "
300	400	0.0264	0.0312	300 "
400	---	0.0258	0.0306	400 "

Minimum Fare \$0.35 \$0.40

Round-trip Fare 180% of One-way Fare

Applicants request authority to depart from the proposed mileage scale of rates set forth above to such extent as may be necessary to permit them to continue to establish rates on a point-to-point basis at the same level as the presently effective rates of Greyhound Lines - West Division of Greyhound Lines, Inc.

(Greyhound), as authorized in Decision No. 75939 (infra) between points served by both applicants and Greyhound. Such authority was granted applicants in Decisions Nos. 73087 and 75154 (infra).

Applicants further request that in the case of a ticket covering travel over both branchline and mainline routes, the fare will be based upon the full combination of fares. This is the same basis of constructing rates that has heretofore been authorized for applicants and Greyhound.

Applicants propose that any increase in 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, as the case may

be rounded to the next higher "0" or "5" cents. Applicants further propose that any increase in one-way fares resulting in amounts less than 60 cents and any increased round-trip fares less than \$1.10 shall be rounded to the nearest

and Greyhound.

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be rounded to the next higher "0" or "5" cents. Applicants further propose that any increase in one-way fares resulting in amounts greater than 60 cents and any increased round-trip fares

greater than \$1.10 shall be rounded to the nearest cent, one-half being considered nearest to the next higher cent.

Applicants intend to continue all of their present rules and regulations in conjunction with the proposed fare structure set forth herein.

Applicants allege that if the fare increases herein requested are authorized, approximately six months' time will be required to rework all of the point-to-point fares within the State over the lines of applicants. Applicants request that the Commission also authorize them to place the proposed increased fares into effect by means of a conversion table.

Applicants' proposed express rates are set forth in Exhibit D to the application. The application also sets forth proposed changes in various rules governing applicants' express rates. Said rules deal with size limitations, value limitations, excess value charges and collect shipment charges.

The application states that applicants' present fares and express rates were authorized by Decision No. 75154, dated December 27, 1968, in Application No. 50672.

The local and joint fares and express rates of applicants historically have been maintained on the same mileage scale as that authorized to Greyhound for its California intrastate operations.^{1/}

^{1/} Decision No. 75154, dated December 27, 1968, in Application No. 50672; Decision No. 73087, dated September 19, 1967, in Application No. 49543; Decision No. 71629, dated November 29, 1966, in Application No. 47847; Decision No. 70407, dated March 1, 1966, in Application No. 47847; and Decision No. 65989, dated September 10, 1963, in Application No. 44747.

At the present time applicants' fares are below the most recent increase in fares granted to Greyhound pursuant to Decision No. 75939, dated July 22, 1969, in Application No. 50792. Applicants seek to increase their local and joint fares and express rates to the levels authorized to Greyhound in Decision No. 75939. The increases sought are approximately eighteen percent in fares and 25 percent in express rates.

The application alleges that wages paid to drivers and other personnel subject to collective bargaining agreements have substantially increased since the last fare and express rate adjustments were authorized and that they have experienced increases in costs of materials, supplies and equipment.

The application avers that the increases in operating expenses incurred by Greyhound, as discussed in Decision No. 75939, apply equally to applicants. Applicants are competitive with Greyhound at substantially all points they serve. The application states that past experience has demonstrated that an increase in fares to Greyhound without a corresponding increase in the fares of applicants results in increased losses to applicants because any increase in the volume of traffic handled by applicants as a result of the disparity in rates does not offset the added costs of performing such additional transportation service. The application alleges that it is therefore necessary for applicants to increase their fares to a parity with those of Greyhound. Applicants' intrastate intercity passenger revenue is approximately one percent of Greyhound's corresponding revenue.

There are a number of exhibits attached to the application which show applicants' results of operation for their system and California intrastate services under present fares. Substantial

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operations are conducted by applicants outside of California. California intrastate results of operations, as shown in exhibits attached to the application, are developed using allocation methods described therein.

The following table, from Exhibit 0 to the application, sets forth applicants' estimates of their: (a) actual intrastate service in 1969, based on data for the first eleven months of 1969, annualized, and (b) results of operations at present and proposed fares for the year 1969, adjusted to give effect to known increases in operating expenses.

TABLE II

Estimated California Intrastate
Results of Operations of
Continental Trailways Companies
(Consolidated)

	Actual 1969	Test Year	
		Present Rates	Proposed Rates
<u>Operating Revenue</u>			
Passenger Revenue	\$ 563,163.96	\$ 563,163.96	\$ 664,029.15
Special Bus Revenue	441,068.48	441,068.48	441,068.40
Baggage Revenue	485.73	485.73	485.73
Mail Revenue	18.47	18.47	18.47
Express Revenue	51,557.02	51,557.02	67,835.20
Newspaper Revenue	2,511.78	2,511.78	2,511.78
Misc. Station Revenue	7,232.66	7,232.66	7,232.66
Other Operating Revenue	<u>9,542.96</u>	<u>9,542.96</u>	<u>9,542.96</u>
Total Operating Rev.	\$1,075,581.06	\$1,075,581.06	\$1,192,724.43
<u>Operating Expenses</u>			
Equipment Maint. & Garage	\$ 217,144.02	\$ 233,646.97	\$ 233,646.97
Transportation Expense	372,783.69	399,996.90	399,996.90
Station Expense	210,410.32	216,512.22	216,512.22
Traffic Solicitation & Advertising	45,865.71	49,351.50	49,351.50
Insurance & Safety Exp.	36,775.75	36,775.75	36,775.75
Administrative Expense	73,681.58	78,102.47	78,102.47
Depreciation Expense	89,401.80	89,401.80	89,401.80
Operating Taxes & Licenses	<u>100,984.56</u>	<u>104,720.99</u>	<u>104,720.99</u>
Total Operating Exps.	\$1,147,047.43	\$1,208,508.60	\$1,208,508.60
Net Operating Rev.	\$ (71,466.37)	\$ (132,927.54)	\$ (15,784.17)
Operating Ratio	106.6%	112.4%	101.3%
(Loss)			

The application was served in accordance with the Commission's procedural rules, and also was listed on the Commission's Daily Calendar of February 17, 1970. There are no protests.

The Commission finds as follows:

1. Applicants heretofore have been authorized to maintain their local and joint one-way and round-trip fares and express rates on the same level as that authorized to Greyhound Lines, Inc. Present fares and express rates are below the fare levels authorized to Greyhound in Decision No. 75939. Increases in applicants' local and joint fares and express rates to the levels authorized to Greyhound will be reasonable and such fares and express rates will not result in an operating profit for applicants' California intrastate operations (Table II).

2. The increases in fares and express rates proposed in the application herein are justified.

3. Pending amendment of tariffs to reflect the revised fares sought herein, the publication of the increased fares by means of a conversion table is justified.

4. A public hearing is not necessary.

The Commission concludes the application should be granted.

O R D E R

IT IS ORDERED that:

1. Continental Trailways, Inc., American Buslines, Inc., and Continental Pacific Lines are authorized to establish the increased fares proposed in Application No. 51715, and are authorized to depart from the mileage scale of fares to the extent necessary to establish fares on a point-to-point basis at the level currently authorized to Greyhound Lines, Inc. between points served both by applicants and Greyhound. Tariff publications authorized to be made

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as a result of the order herein may be made effective not earlier than five days after the effective date of the order herein, 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 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 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, applicants shall give notice to the public by posting in their buses and terminals a printed explanation of their fares.

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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 twenty days after the date hereof.

Dated at San Francisco, California, this 31st
day of MARCH, 1970.

William S. Gross Jr.
President

Deputy

J. William

James L. Stinson

Commissioners