

Decision No. 78354

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion of procedures for determining California intrastate operating results of interstate bus carriers operating in California.

Case No. 9168
(Filed December 22, 1970)

W. L. McCracken, Attorney at Law, for Greyhound Lines, Inc. (West Division) and California Parlor Car Tours, Inc.; Silver, Rosen & Johnson, by Bertram Silver and John P. Fischer, Attorneys at Law, for Gray Line Scenic Tours, Inc., dba California-Nevada Golden Tours; Russell & Schureman, by Carl Fritze, Attorney at Law, for American Bus Lines, Inc., Continental Pacific Lines, dba Continental Pacific Trailways, and Continental Trailways, Inc.; respondents.

T. J. Hays, H. F. Kollmyer and A. D. Poe, for California Trucking Association, interested party.

Donald Meaney, Attorney at Law, and M. J. DeBarr, by Michael N. Braver, for the Commission staff.

INTERIM OPINION

This proceeding is an investigation on the Commission's own motion instituted for the purpose of determining methods and procedures for separation and allocation of interstate and intrastate revenues, expenses, investments and related matters of interstate bus carriers providing intrastate passenger and express service between California points, and incorporating such methods and procedures into a manual applicable to all such carriers.^{1/}

1/ The following passenger stage corporations are named as respondents in the Order Instituting Investigation herein:

Amador Stage Lines, Inc.; American Buslines, Inc. (a corp.); Gray Line Scenic Tours, Inc., dba California-Nevada Golden Tours; California Parlor Car Tours, Inc.; Continental Pacific Lines, dba Continental Pacific Trailways; Continental Trailways, Inc. (a corp.); Greyhound Lines, Inc., dba Greyhound Lines-West; Las Vegas-Tonopah-Reno Stage Line, Inc. (a corp.); Orange Belt Stages (a corp.); Peerless Stages, Inc. (a corp.); Reno-Loyalton-Calpine Stage Lines, Inc. (a corp.); Sun Valley Bus Lines, Inc. (a corp.); Yosemite Park and Curry Co. (a corp.); Eureka-Redding Stages, Inc. (a corp.); Yreka Western Railroad Company (a corp.).

A duly noticed hearing was held before Examiner Mallory at San Francisco on February 1, 1971, at which time the proceeding with respect to respondents Greyhound Lines, Inc. (Greyhound) and California Parlor Car Tours, Inc. was taken under submission. The proceeding with respect to other respondents was continued on the calendar.

A senior transportation engineer from the Commission's Transportation Division presented Exhibits 1 and 2 containing proposed separation and allocation procedures for determining the intrastate operating results of passenger stage corporations operating in interstate commerce in California. The witness also explained the background of the study presented herein. The testimony of the witness is summarized in the following paragraphs.

History of Allocation Procedure Development

Most of the fundamental procedures used in Exhibit 1 herein were developed by the staff of the Commission in 1956 and presented in hearings before the Commission in Application No. 38019 of Pacific Greyhound Lines. Numerous improvements to the 1956 procedures were incorporated in a 1961 manual presented in hearings before the Commission in Application No. 40057 of Western Greyhound Lines. The procedures of that manual were adopted for the purposes of that proceeding by Decision No. 62959. The improvements were especially the result of the use of data processing equipment and changes in special study techniques.

The 1961 manual was in two volumes which were presented as exhibits in hearings on Western Greyhound Lines' applications; the first, containing the general separation and allocation procedures for all accounts, was introduced as Exhibit No. 73 in Application No. 40057 (Amended) and the second, containing the special studies

and statistical data concerning station expenses and referred to in the first volume, was introduced as Exhibit No. 41, in Application No. 49658.

The 1961 manual was the product of a joint effort by the staff of the Commission's Transportation Division, Engineering Economics Branch, and the management of Western Greyhound Lines to develop fair and equitable separation and allocation procedures acceptable to both parties.

Purpose and Scope

The manual (Exhibits 1 and 2) has been prepared to present methods of separations and allocations of revenues, expenses, taxes and investment of a total company to determine the results of operations for a particular service or to determine intrastate results of operations for services which are common to both interstate and intrastate services.

The 1971 manual is the result of a joint effort by the Commission staff and representatives of Greyhound Lines-West.

The procedures contained in this manual, although specifically designed for Greyhound's operation in California, are considered to be generally appropriate for any intercity motor coach operation under any jurisdiction. In certain situations, further analysis and studies may be required in order to adapt the procedures to additional separations.

Greyhound Lines-West Services

Greyhound Lines-West (GL-W), a division of Greyhound Lines, Inc., ^{2/} is engaged in furnishing intrastate and interstate passenger

^{2/} Greyhound Lines, Inc., is a wholly owned subsidiary of The Greyhound Corporation.

and express motor coach transportation service generally throughout the United States. Its intrastate services are subject to the jurisdiction of various state regulatory bodies and the interstate services are subject to the jurisdiction of the Interstate Commerce Commission. Two distinct types of service are rendered by GL-W; one is intercity or mainline, between metropolitan areas, or between distinct cities; the other is commute and transit or inter-urban, within a metropolitan area. The intercity service is involved in the common transportation of both intrastate and interstate traffic; whereas, the commute and transit service is predominately devoted to intrastate transportation in certain metropolitan areas of California. In terms of bus miles operated, the intercity service represents 95% of GL-W operations. The major portion of the company's facilities is used in common for both intrastate and interstate traffic. Similarly, the major portion of the company's expenses is incurred in providing these joint services. A uniform method of separation between intrastate and interstate traffic is essential so that revenues, expenses, taxes and investment subject to the respective types of traffic may be determined.

Preparation of 1971 Revision of Manual

The 1961 manual has been used from 1962 to the present date as the basis for separations and allocations of revenues, expenses, taxes and investment for motor coach transportation services. This 1971 revision and refinement of the 1961 manual has been prepared to accommodate changes in accounting procedures, corporate organization and data processing; to provide for separations and allocations from a parent organization to a subsidiary organization and from either Intercity or Commute & Transit operations to a suboperation; and to present guides for adjustments

applicable in determining a future year's operations based upon historical operations. Other changes have been made to update examples and to clarify the language in certain of the allocation procedures.

This manual has been prepared in six sections.

Section 1 is an introduction which is similar to the "Foreword" of the 1961 manual.

Section 2 deals with an explanation of the approach to and solution of allocation problems involved in the major accounts. It presents the processes in developing the important equivalent passenger mile factor and/or equivalent bus mile factor. This section is similar to Section 1 of the 1961 manual.

Section 3, similar to Section 1 of the 1961 manual, sets forth in general the procedures used for each individual account and is, first, a working outline for the use of those thoroughly familiar with the special studies and techniques employed and, second, a general outline for those wishing to further explore the bases used for allocating each account.

Section 4 is a new section which presents a listing of the subaccounts to be allocated and further places them into groups of subaccounts which have common procedures for allocation.

Section 5 was formerly a separate volume, commonly known as the "Station Manual". It presents methods for allocating station-related accounts and factors applicable to California stations.

Section 6, another new section, presents guidelines in determining the results of operations for a future or rate year.

For convenience, a glossary of terms is included at the end of the manual as Section 7.

Position of the Parties

The record shows that the parties were furnished copies of Exhibit 1 only on the working day preceding the hearing.

Respondents other than Greyhound had no opportunity to review the contents of the proposed manual prior to the hearing. The current manual is not applicable to any of the respondents other than Greyhound. Said respondents requested and were granted further time to review the proposed manual and to determine its effect on their operations. Hearing with respect to these respondents was continued to March 1, 1971.

Greyhound, having worked closely with the staff in the development of the proposed manual, is thoroughly familiar with its contents. Counsel for Greyhound pointed out that prior decisions of the Commission have stated that revisions of the separations and allocation procedures applicable to Greyhound should be considered in a proceeding separate from a fare increase proceeding, so that the fare increase proceeding may be handled expeditiously and without the added complication of a review of separations procedures. The Commission has also stated in recent Greyhound fare proceedings that existing separations procedures should be brought up-to-date. Counsel for Greyhound stated that the proposed procedures set forth in Exhibits 1 and 2 are eminently satisfactory to that carrier and to California Parlor Car Tours.^{3/} Counsel further stated that Greyhound is in urgent need of additional revenues from its California traffic; that it is preparing basic studies for a fare increase proceeding; and that such studies can be ready for hearing in early

^{3/} California Parlor Car Tours, Inc. is a subsidiary of The Greyhound Corporation.

May if the procedures proposed herein are adopted beforehand. Therefore, Greyhound urges that Exhibits 1 and 2 immediately be adopted to govern Greyhound's operations.

Findings

1. Methods of separations and allocations of revenues, expenses, taxes and investment of Greyhound Lines, Inc., and its parent company The Greyhound Corporation set forth in Exhibits 1 and 2 are reasonable for the purpose of developing California intrastate revenues, expenses and rate base in a future Greyhound fare proceeding. Said procedures also are found reasonable for California Parlor Car Tours, Inc., a subsidiary of Greyhound Corporation.

2. Adoption or rejection, or modification of the separation procedures in Exhibits 1 and 2 for other respondents should be based on the additional evidence to be received in the adjourned hearing in this proceeding.

The Commission concludes that an interim order should be issued reflecting finding 1, above.

INTERIM ORDER


IT IS ORDERED that the separations and allocations procedures set forth in Exhibits 1 and 2 in Case No. 9168 shall serve as a basis for the development of California intrastate revenues, expenses, investment and taxes in studies presented to

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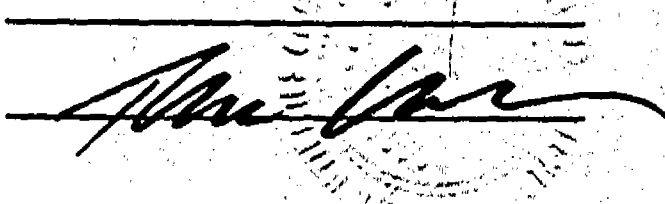
support revisions of the fares of Greyhound Lines, Inc. (West Division), and California Parlor Car Tours, Inc. (subsidiaries of The Greyhound Corporation) until further order of the Commission.

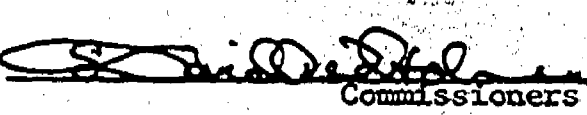
The effective date of this order is the date hereof.

Dated at San Francisco, California, this 22nd
day of FEBRUARY, 1971.



Chairman





Commissioners

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

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.