

ORIGINAL

Decision No. 79567

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 cor- )  
poration; and Continental Pacific )  
Lines, a California corporation, )  
for authority to increase one-way )  
and round trip intrastate passen- )  
ger fares and express charges pur- )  
suant to Sections 454 and 491 of )  
the Public Utilities Code. )

Application No. 52984  
(Filed November 8, 1971)

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 interim increases in their intrastate, local and joint passenger fares and express charges. The proposed fare and express rate schedules are the same as was authorized Greyhound Lines in Decision No. 78939, dated July 27, 1971, in Application No. 52591.<sup>1/</sup> The proposed increase is about 6½ percent.

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, and between Sacramento and the California-Nevada state line. Continental Pacific conducts operations between San Francisco and Stockton and the California-Oregon state line. Applicants serve

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<sup>1/</sup> Tariff filing authorized therein was suspended by Decision No. 79036, dated August 17, 1971, because of the Executive Order of the President of the United States imposing a freeze on price increases. That suspension order was vacated by Decision No. 79368, dated November 22, 1971.

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		<u>Rate Per Mile</u>		<u>With No Fare Less Than Fare For:</u>
<u>Over</u>	<u>But Not Over</u>	<u>Present</u>	<u>Proposed</u>	
0	25	\$0.0435	\$0.0463	Minimum fare
25	50	0.0407	0.0433	25 miles
50	100	0.0384	0.0409	50 "
100	150	0.0349	0.0372	100 "
150	200	0.0335	0.0357	150 "
200	250	0.0326	0.0347	200 "
250	300	0.0320	0.0341	250 "
300	400	0.0312	0.0332	300 "
400	-	0.0306	0.0326	400 "

Minimum Fare \$0.40                      \$0.45

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. 78939 between points served by both applicants and Greyhound. Such authority was granted applicants in Decisions Nos. 73087, 75154 and 77027. 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 be raised 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 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.

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.<sup>2/</sup>

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. 78939, apply equally to applicants. Applicants are competitive with

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<sup>2/</sup> Decision No. 77027, dated March 31, 1970, in Application No. 51715; 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.

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 showing the financial conditions of applicants. Those exhibits do not show the anticipated California intrastate operating results under the proposed rates and fares for all of the applicants. It is stated that other than the exhibits pertaining to Trailways, information permitting said projections is not currently available and can be secured only after special studies and investigations. Applicants request that under Rule 78 of the Commission's Rules of Practice and Procedure that the requirements of Rule 23 thereof regarding said exhibits be waived.

The applicants herein are under common control and management, and their consolidated reports of operations have heretofore been considered in matters involving a general increase in passenger fares for all of the companies. Trailways is the dominant member of the Continental Trailways System (applicants as a group). Exhibit "G" to the application sets forth the results of California intrastate operations of Trailways for the year 1970 together with a projection of said results under the proposed increased fares and rates and at current expense levels. Those results are summarized in Table I, below.

TABLE I  
CONTINENTAL TRAILWAYS, INC.

Summary of Revenues and Expenses from California  
Intrastate Operations for the Year 1970 and pro-  
jected Results of Operation Under Proposed Fares  
and Rates

<u>Operating Revenues</u>	<u>Year 1970</u>	<u>Projected Increases</u>	<u>Construc- tive Year</u>
Passenger Revenue	\$ 529,623	\$ 32,856	\$ 562,479
Special Bus Revenue	135,038		135,038
Baggage Revenue	1,509		1,509
Mail Revenue	5		5
Express Revenue	58,689	3,815	62,504
Newspaper Revenue	6,834		6,834
Misc. Station Revenue	23,342		23,342
Other Operating Revenue	8,759		8,759
Total Operating Revenue	<u>\$ 763,799</u>	<u>\$ 36,671</u>	<u>\$ 800,470</u>
<u>Operating Expenses</u>			
Equipment Maint. & Garage	\$ 134,239	\$ 10,139	\$ 144,428
Transportation	248,846	17,369	266,215
Station	157,625	9,678	167,303
Traffic Solicitation & Adv.	38,156	4,003	42,159
Insurance & Safety	21,008	1,050	22,058
Administrative	48,146	3,852	51,998
Depreciation	60,370	3,019	63,389
Operating Taxes & Licenses	60,130	6,013	66,143
Operating Rents	11,906	(1,063)	10,843
Total Operating Expenses	<u>\$ 780,426</u>	<u>\$ 54,110</u>	<u>\$ 834,536</u>
Net Operating Revenue	<u>\$ (16,627)</u>	<u>\$ (17,439)</u>	<u>\$ (34,066)</u>
Other Income	<u>5,839</u>	<u>-</u>	<u>5,839</u>
Other Expenses	<u>6,022</u>	<u>-</u>	<u>6,022</u>
Net Income before Taxes	<u>\$ (16,810)</u>	<u>\$ (17,439)</u>	<u>\$ (34,249)</u>
Income Taxes	<u>( 7,279)</u>	<u>( 7,551)</u>	<u>(14,830)</u>
Net Income after Taxes	<u>\$ ( 9,531)</u>	<u>\$ ( 9,888)</u>	<u>\$ (19,419)</u>
Operating Ratio before Taxes	102.2%		104.3%
Operating Ratio after Taxes	101.2%		102.4%

(Red Figure)

The foregoing results of Trailways may be compared with those set forth in Table II of Decision No. 77027 showing the 1969 consolidated results of California intrastate operations for all applicants together with the projected results under the current fares and express rates which were authorized therein. In 1969 the combined passenger revenues amounted to \$563,164, the combined express revenues amounted to \$51,557, and the combined total operating revenues amounted to \$1,075,581. The projected results set forth in said Table II show passenger revenues of \$664,029, express revenues of \$67,835., total operating revenues of \$1,192,724., total operating expenses of \$1,208,509, and an operating loss of \$15,785 for an operating ratio of 101.3 percent. The comparison confirms that Trailways is the dominant member of the group of applicants with respect to California intrastate transportation. The other applicants were subject to the same increases in costs as was Trailways so that it is readily apparent that the proposed increases in fares and express rates will not be sufficient to offset increases in expenses already incurred and that the applicants as a group will continue to conduct California intrastate operations at a loss under the proposed increased fares and rates.

The application was served in accordance with the Commission's procedural rules, and also was listed on the Commission's Daily Calendar of November 10, 1971. 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. 78939. 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.

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.

The Commission concludes the application should be granted, that a public hearing is not necessary and that the requirements of Rule 23 of the Commission's Rules of Practice and Procedure should be waived in connection with the instant application.

The proposed passenger fares and express rates are in the lower zone of reasonableness and are consistent with the purposes of the Federal Government's economic stabilization program in that the increases will not be in excess of the cost increases previously incurred.

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. 52984, 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 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. Such notices 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.

5. Applicant's request that the requirements of Rule 23 of the Commission's Rules of Practice and Procedure be waived in connection with the instant application is granted.

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

Dated at San Francisco, California, this 17<sup>th</sup> day of JANUARY, 1972.

[Signature]  
 Chairman

William Ayres - Jr

[Signature]

[Signature]

[Signature]  
 Commissioners