

Decision No. 81365**ORIGINAL**

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of Peerless Stages, Incorporated )  
requesting authority to increase )  
certain of its rates of fare and )  
to increase its express rate. }

Application No. 53793  
(Filed January 17, 1973;  
amended January 26, 1973)

OPINION AND ORDER

Peerless Stages, Incorporated is an urban and interurban passenger stage corporation serving the cities of Oakland, San Jose, Santa Cruz, and Palo Alto and certain intermediate points via specified routes. It also operates as a charter-party carrier to both intrastate and interstate passengers. Applicant seeks authority to increase its passenger stage fares and express rates as follows:

- (a) Increase all one-way fares in the Oakland, San Jose, Santa Cruz, and Palo Alto Divisions by 10 percent; all round-trip fares to 190 percent of one-way fares; and raise such adjusted fares to the nearest "0" or "5".
- (b) Increase all 20-ride commute book fares and 30-ride school book fares in the Oakland, San Jose, Santa Cruz, and Palo Alto Divisions by 10 percent and raise such adjusted fares not ending in "0" or "5" to the next higher "0" or "5".
- (c) Increase express rates to the level of Greyhound Lines, Inc. and Continental Pacific Lines local and joint express rates.
- (d) Increase round-trip fare from San Jose to Golden Gate Fields from \$3.65 to \$4.05.
- (e) Increase the minimum fares in all divisions to \$.50.

- (f) Eliminate one-way special fares as published in 6th Revised Page 7-A of Local and Inter-divisional Passenger Tariff No. 27.

Portions of applicant's present fares and express rates have been in effect since November 1, 1963, October 1, 1965, December 1, 1967, and March 16, 1969. Since applicant's fares and rates were last adjusted it has experienced substantial increases in costs of operations. For example, the wages of drivers and shop personnel have increased approximately 15 percent. The contributions to employees' health and welfare funds have also increased significantly. Applicant has also experienced substantial increases in the costs of petroleum products, materials, and parts.

Financial statements and estimates of the results of operations under the present and proposed passenger fares and express rates are attached to the application. A study of applicant's financial condition and estimated results of operations for the rate year ending December 1973 was made by the Commission's Transportation Division staff. The report of the staff study is received in evidence as Exhibit 1.

Applicant estimates that for the rate year ending December 31, 1973 it will experience a net operating loss of \$41,006 and an operating ratio of 104.53 percent under present fares and express rates. Should the proposed fares and rates be authorized applicant's projected results of operations for the rate year indicate a net operating loss of \$9,590 and an operating ratio of 101.02 percent.

The estimated results of operations prepared by the staff for the rate year ending December 31, 1973 indicate an operating ratio under existing passenger fares and express rates of 111.44 percent for the mainline common carrier operations. At the requested fares and express rates the staff estimates applicant will realize an operating ratio of 96.54 percent and a rate of return of 5.48 percent from its mainline operations, excluding charter-party operation which constitutes a major segment of applicant's operations.

The staff recommends applicant be authorized by ex parte order to increase its passenger fares as requested and that the increase sought in express rates also be authorized by ex parte order to the level of Greyhound Lines, Inc., Interdivision and Joint Express Tariff No. Z-14-B, effective November 10, 1972.

Copies of the application were served upon the cities affected thereby. The application was also listed on the Commission's Daily Calendar for January 17, 1973. No protests or requests for public hearing have been received.

Findings

1. Applicant has conducted passenger stage operations during the past year at a substantial financial loss.
2. Applicant's passenger stage operations have sustained a loss in operating revenues while at the same time experiencing marked increases in labor costs, allied payroll expenses, materials, and supplies.
3. Applicant's present passenger fares and express rates have been shown to be inadequate.
4. The proposed fares and rates, modified as recommended by the Commission's staff and subject to the limitation that such increased fares and rates be adjusted only to the nearest "0" or "5", will not provide excessive earnings.
5. The increases resulting from the establishment of the passenger fares and express rates authorized herein have been shown to be justified.
6. In compliance with Rule 23.1 of the Commission's Rules of Practice and Procedure the record in this proceeding demonstrates that:
  - (a) The increases in applicant's passenger fares and express rates found justified herein are cost justified and do not reflect future inflationary expectations.

- (b) The increases in applicant's fares and rates are required to assure continual, adequate, and safe service.
- (c) The increases found justified herein take into account obtainable productivity gains.
- (d) The dollar amount of additional revenues which the increase is expected to provide applicant is estimated to be about \$61,800.
- (e) Pursuant to reasonable opportunity to be heard, no other passenger stage corporation has come forward to express a willingness and capacity to perform the transportation service at the existing level of rates.

The Commission concludes that Application No. 53793, as amended, should be granted as set forth in the order herein.

IT IS ORDERED that:

1. Peerless Stages, Incorporated is authorized to establish the increased passenger fares proposed in Application No. 53793, as amended, such increased fares being adjusted upward or downward to the nearest "0" or "5", and raise its express rates to the level of rates published in Greyhound Lines, Inc., Interdivision and Joint Express Tariff No. Z-14-B, effective November 10, 1972. Tariff publications authorized to be made as a result of the order herein shall be filed not earlier than ten days after the effective date hereof and on not less than ten days' notice to the Commission and to the public.
2. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.
3. In addition to the required posting and filing of tariffs, applicant shall give notice to the public by posting in its buses and terminals a printed explanation of its fares. Such notice

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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 is the date hereof.

Dated at San Francisco, California, this 8th  
day of MAY, 1973.

Vernon L. Stevenson  
President  
William J. Brown, Jr.  
[Signature]  
[Signature]  
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.