

Decision No. 83487

**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 corporation; and  
Continental Pacific Lines, a California  
corporation, for authority to increase  
one-way and round-trip intrastate  
passenger fares and express charges  
pursuant to Sections 454 and 491 of the  
Public Utilities Code.

Application No. 55033  
(Filed July 11, 1974)

O P I N I O N

Continental Trailways, Inc. (Continental Trailways), a corporation, American Buslines, Inc. (American), a corporation, and Continental Pacific Lines (Continental Pacific), a corporation, seek an ex parte order authorizing their existing intrastate local and joint passenger fares be made subject to a 1.36 percent fuel cost offset surcharge. The proposed surcharge was previously authorized Greyhound Lines, Inc. (Greyhound Lines - West Division) by Decision No. 82540 dated March 5, 1974 in Application No. 54569.

Applicants are presently conducting operations as passenger stage corporations. Continental Trailways conducts its operations 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 conducts its operations between Los Angeles and San Diego and most intermediate

points via both U.S. Highway 101 and Long Beach, and between Sacramento and the California-Nevada state lines. Continental Pacific conducts its operations between San Francisco and Stockton and the California-Oregon state line generally via U.S. Highways 40 and 99. All of the 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.

The present level of applicants' California intrastate fares was established by Decision No. 82774 dated April 23, 1974 in Application No. 54271. The decision authorized applicants to establish fares at the same level authorized Greyhound Lines, Inc. (Greyhound Lines - West Division) in Decision No. 81647 dated July 31, 1973 in Application No. 53787.<sup>1/</sup>

The Commission has previously found over the past several years that applicants' passenger stage operations have been conducted at a loss. Historically, applicants' local and joint fares have been maintained on the same level as those of Greyhound Lines, Inc. Applicants are competitive with Greyhound Lines, Inc. at substantially all common points served. The Commission's findings in justification for the authority granted Greyhound Lines, Inc. to increase its fares assertedly apply equally to the operations of applicants. A results of operations table for Continental Trailways was attached to the application to demonstrate the adjusted results of operation under the general fare increase effective May 14, 1974 authorized by Decision No. 82774 and the proposed fuel cost offset surcharge. It shows:

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<sup>1/</sup> Subsequent to the establishment of a fuel cost offset surcharge of 1.36 percent, Greyhound Lines, Inc. (Greyhound Lines - West Division) was granted authority to increase its passenger fares by an additional 9 percent by Decision No. 83064 dated June 25, 1974 in Application No. 54569.

TABLE 1

Continental Trailways, Inc.  
Income & Expense Statement Intrastate California  
For The Twelve Months Ended December 31, 1973 Reflecting  
The General Increase Approved Effective May 14, 1974  
And Proposed Surcharge Increase

	Intrastate California	Approved Increase	Constructive Year Including Increase	Proposed Surcharge	Constructive Year Including Surcharge
<u>Operating Revenue</u>					
Passenger	\$1,804,538	\$82,458	\$1,886,996	\$25,663	\$1,912,659
Special Bus	516,490	-	516,490	7,024	523,514
Baggage	797	-	797	-	797
Mail	2	-	2	-	2
Express	95,784	3,564	99,348	1,351	100,699
Newspaper	7,159	-	7,159	-	7,159
Misc. Station	23,137	-	23,137	-	23,137
Other Misc.	33,015	-	33,015	-	33,015
Total Oper. Rev.	\$2,480,922	\$86,022	\$2,566,944	\$34,038	\$2,600,982
<u>Operating Expenses</u>					
Equip. Maint. & Gar. \$	433,235	\$ -	\$ 433,235	\$ -	\$ 433,235
Transportation	912,552	-	912,552	-	912,552
Station	532,965	4,301	537,266	1,702	538,968
Traf. Solic. & Adv.	167,264	-	167,264	-	167,264
Insurance & Safety	107,728	-	107,728	-	107,728
Administrative	189,202	-	189,202	-	189,202
Depreciation	167,350	-	167,350	-	167,350
Oper. Taxes & Lic.	234,955	-	234,955	-	234,955
Operating Rents	53,830	-	53,830	-	53,830
Total Oper. Exp.	\$2,799,081	\$ 4,301	\$2,803,382	\$ 1,702	\$2,805,084
Net Operating Revenue	\$ (318,159)	\$81,721	\$ (236,438)	\$32,336	\$ (204,102)
Other Income	\$ 40,370	\$ 0	\$ 40,370	\$ 0	\$ 40,370
Other Expenses	\$ 29,051	\$ 0	\$ 29,051	\$ 0	\$ 29,051
Net Income Before Taxes	\$ (306,840)	\$81,721	\$ (225,119)	\$32,336	\$ (192,783)
Income Taxes	\$ (86,529)	\$22,820	\$ (63,709)	\$ 9,119	\$ (54,590)
Net Income After Taxes	\$ (220,311)	\$58,901	\$ (161,410)	\$23,217	\$ (138,193)
Oper. Ratio Before Taxes	112.8%		109.2%		107.8%
Oper. Ratio After Taxes	108.9%		106.3%		105.3%

(Red Figure)

Table 1 shows that the intrastate operations of Continental Trailways are conducted at a loss with the proposed fuel cost offset surcharge having but little effect thereon. The proposed surcharge is expected to provide \$34,038 in additional revenues to offset fuel cost increases effective as of March 1974. The allocation of fuel cost increases to the California intrastate operations of Continental Trailways was determined as follows:

TABLE 2

Continental Trailways, Inc.  
Allocation of Fuel Cost Increases to Intrastate  
California Operations

	<u>System</u>	<u>State of California</u>	<u>Intrastate California</u>
Transportation cost 1973	\$11,395,133	\$3,185,172	\$912,552
% to System cost		27.95%	8.01%
System fuel cost 1973	\$1,066,599		
\$1,066,599 x 8.01% = Intrastate fuel cost 1973			<u>\$ 85,435</u>
System projected fuel cost 1974	\$ 1,921,616		
\$1,921,599 x 8.01% = Intrastate fuel cost 1974 at March, 1974 cost			<u>\$153,920</u>
Increase in Intrastate Fuel Cost			<u>\$ 68,485</u>
Intrastate Surcharge Requested			<u>\$ 34,038</u>
Deficit of Surcharge Requested to offset Fuel Increase			<u>\$(34,447)</u>
(Red Figure)			

Based on 1973 California intrastate fuel consumption and fuel prices effective as of March 1974, Continental Trailways expects its projected intrastate fuel costs to increase by \$68,455. Only about one-half of this amount of fuel cost increase is expected by applicants to be offset by the proposed surcharge.

The Commission finds that due to the existing energy crisis, resulting fuel shortages, and accelerating costs therefore, applicants have incurred significant increases in their fuel costs attributable to their California intrastate operations and not currently reflected in their passenger fares. It is concluded that the authority requested in Application No. 55033 should be granted. A public hearing is not necessary.

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. 55033 as follows:

- (a) Increase all fares by 1.36 percent.
- (b) Rounding of the individual amounts to be calculated to the nearest one cent, except rounding to the nearest 0 or 5 cents (2.51 cents being considered nearest to the next higher amount ending in 0 or 5 cents), shall be applied in areas where exact fares are required.
- (c) Minimum fares not to be increased.

2. Pending establishment of the specific fares authorized in paragraph 1 hereof, applicants are authorized to make effective increases in passenger fares published on a point-to-point basis by application of the conversion tables attached to the application as Exhibit 1 thereto, providing the tariffs containing such fares are republished within six months after the effective date of this order to eliminate the use of the aforementioned conversion tables.

3. Applicants' request for waiver of Rule 23(g) of the Commission's Rules of Practice and Procedure is granted.

4. Tariff publications authorized to be made as a result of this order shall be filed not earlier than the effective date of this order and may be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and to the public.

5. The authority granted herein shall expire unless exercised within ninety days after the effective date of this order.

6. 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 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.

7. Applicants, in establishing and maintaining the fares and express rates authorized hereinabove, are hereby authorized to depart from the provisions of Section 460 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorization; such outstanding authorization is hereby modified only to the extent necessary to comply with

this order; and schedules containing the rates published under this authority shall make reference to the prior orders authorizing long- and short-haul departures and to this order.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 24<sup>th</sup>  
day of SEPTEMBER, 1974.

Vernon L. Stinson  
President  
William J. Quinn  
William J. Quinn  
William J. Quinn  
William J. Quinn  
Commissioners

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.