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ORIGINAL

Decision No. 83777

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GREYHOUND LINES, INC. }
(WESTERN DIVISION), for an order }
authorizing a statewide increase }
in intrastate passenger fares and }
express rates and GREYHOUND LINES, }
INC. (WESTERN DIVISION), LAS VEGAS- }
TONOPAH-RENO STAGE LINE, INC., }
ORANGE BELT STATES, a corporation, }
PEERLESS STAGES, INC., and VACA }
VALLEY BUS LINES for an order }
authorizing a statewide increase in }
interline express rates. }

Application No. 54653
(Filed February 13, 1974;
amended August 2, 1974)

W. L. McCracken and Richard M. Hannon, Attorneys
at Law, for Greyhound Lines, Inc., Greyhound
Lines - West Division, applicant.
William H. Peake, for himself, protestant.
M. E. Mitchell, for Friends Outside; Dwight M.
Bissell, M.D., and Frank C. Nelson, for
themselves, interested parties.
Timothy E. Treacy, Attorney at Law, for the
Commission staff.

O P I N I O N

Greyhound Lines, Inc. (Greyhound) is a wholly owned subsidiary of The Greyhound Corporation. Greyhound Lines, Inc., through its Greyhound Lines - Western Division, transports passengers, baggage, and express in 26 western states. In California it performs main line intercity passenger and express service generally statewide, transporting both interstate and intrastate traffic.

Greyhound also provides extensive local commute and suburban passenger service.^{1/} In addition to the above passenger stage operations Greyhound conducts charter operations throughout the state.

In Application No. 54653 Greyhound initially sought authority for a fuel and labor cost offset interim increase of 11 percent. Upon subsequent development of an appropriate level of earnings for Greyhound's California intrastate operations a second-step increase of 5 percent was requested. By Decision No. 83064 issued June 25, 1974 in this proceeding Greyhound was authorized a 9 percent cost offset increase pending further hearing. On August 2, 1974 Greyhound amended its request for a second-step increase from 5 percent to 7.8 percent in addition to the 9 percent granted in order to obtain additional revenues sufficient to enable Greyhound's California intrastate operations to earn a 10.5 percent rate of return.

1/ The commute and suburban service areas are more specifically described as:

1. Peninsula (Ocean): San Francisco-Half Moon Bay.
2. Peninsula (Ocean-Skyline): San Francisco-San Bruno Ave.
3. Peninsula (Bay): San Francisco-San Jose.
4. East Bay (Vallejo): San Francisco-Vallejo.
5. *Contra Costa: San Francisco/Oakland-Walnut Creek, Concord, Martinez, Pittsburg, Antioch.
6. *Long Beach-Santa Monica.
7. Sacramento-Davis/Woodland.
8. *San Diego-San Ysidro.
9. Westmorland-Calexico.

*In pending Applications Nos. 55035, 55135, and 55179 Greyhound seeks authority to discontinue service, however, it should be noted that all showings in this record incorporate these operations in the financial operating results.

Further hearings were held before Examiner Gagnon on August 21 and 22, 1974 in San Francisco and the application was submitted on the latter date. A representative for Friends Outside, a volunteer community organization working with families of county, state, and federal prison inmates, presented testimony requesting Greyhound to provide direct bus service to the California Department of Corrections' Deuel Vocational Institution located at Tracy, California. Greyhound will endeavor to provide such service if it can be determined the operation can take place on local roads and will so notify Friends Outside. In addition to the evidence presented by Greyhound the staff of the Commission's Finance and Accounts Division submitted a report (Exhibit 13) pertaining to the financial position and operating results of Greyhound Lines - Western Division; Motor Coach Industries, Limited; and Motor Coach Industries, Inc. The additional sought relief is not opposed.

In this second phase of the proceeding Greyhound updated the financial statements previously introduced in Exhibit 2. The adjusted California intrastate results of operations for a projected test year ending December 31, 1974 set forth in Exhibit 2 and summarized in Table 3 of Decision No. 83064 are reproduced in Table 1 hereof:

A. 54653 eak

TABLE 1
(Reproduced from Table 3 in Decision No. 83064)

Adjusted Intrastate Results of Operations
For the test Year Ending 12-31-74
(000)

	<u>Intrastate Operations</u>		
	<u>Total</u>	<u>Intercity</u>	<u>Local</u>
<u>Operating Revenues</u>			
Passenger	\$41,056	\$32,340	\$ 8,716
Express	5,441	5,441	-
Charter	3,641	3,641	-
Other	1,259	974	285
Fuel Surcharge (1.36%)	378	301	77
Total	<u>\$51,775</u>	<u>\$42,697</u>	<u>\$ 9,078</u>
<u>Operating Expenses</u>	\$47,894	\$36,519	\$11,375
Increased Costs: Cal. Gross Rept. Tax	(529)	(516)	(13)
Commissions: Pass. - Reg.	119	94	25
Pass. - Surcharge	16	13	3
Express	42	42	-
Charter	17	17	-
Wages & Salaries	3,847	2,763	1,084
Pension	280	202	78
Health & Welfare	440	326	114
Federal Soc. Sec. Taxes	417	312	105
Fuel	868	683	185
Total	<u>\$53,411</u>	<u>\$40,455</u>	<u>\$12,956</u>
Operating Income	\$ (1,636)	\$ 2,242	\$ (3,878)
Income Taxes	(654)	897	(1,551)
Net Income	\$ (982)	\$ 1,345	\$ (2,327)
Operating Ratio	101.9%	96.8%	125.6%
Rate of Return	-	5.8%	-

(Red Figure)

A. 54653 eak

The adjusted results of operations shown in Table 1 reflect fare and express rate levels in effect prior to the 9 percent cost offset increase authorized by Decision No. 83064. Greyhound brought forward the adjusted results of operations summarized in Table 1 to reflect subsequent increases in both revenues and expenses (Exhibit 11). The further adjusted results are:

TABLE 2

Adjusted Intrastate Results of Operations
For the Projected Test Year Ending 12-31-74
At Present Passenger Fares and Express Rates
(000)

	<u>Intrastate Operations</u>		
	<u>Total</u>	<u>Intercity</u>	<u>Local</u>
<u>Operating Revenues (Table 1)</u>	\$51,775	\$42,697	\$ 9,078
Fuel Offset Surcharge			
Annualized (1.36%)	100	79	21
Decision No. 83064 - Phase 1 (9%)			
Passenger	3,136	2,515	621
Express	490	490	-
Discontinued Operations			
Oakland-Concord	(345)	-	(345)
Total	\$55,156	\$45,781	\$ 9,375
<u>Operating Expenses (Table 1)</u>	\$47,894	\$36,519	\$11,375
Commissions	381	327	54
Wage & Salaries	3,847	2,763	1,084
Supervisory Wage Increase	195	144	51
Pension	280	202	78
Pension Supervisory Wage Increase	23	17	6
Health & Welfare	440	326	114
Federal Soc. Sec. Taxes	417	312	105
Increased Fuel Costs	952	748	204
Tire Rental	137	109	28
Elimination Gross Rec. Tax	(529)	(516)	(13)
Discontinued Operations			
Oakland-Concord	(602)	22	(624)
Insurance Expense	36	29	7
Total	\$53,471	\$41,002	\$12,469
Operating Income	\$ 1,685	\$ 4,779	\$(3,094)
Income Taxes	701	1,988	1,287
Net Income	\$ 984	\$ 2,791	\$(1,807)
Rate Base	\$28,306	\$23,247	\$ 5,059
Operating Ratio (After Taxes)	98.2%	93.9%	119.3%
Rate of Return	3.5%	12.0%	-

(Red Figure)

In Table 2 Greyhound's California intrastate adjusted results of operations have been updated to reflect the following major changes in revenues and expenses:

A. Revenues:

- (1) A 1.36 percent fuel cost offset surcharge authorized by Decision No. 82540 dated March 5, 1974 in Application No. 54569.
- (2) A first-step 9 percent fuel and labor cost offset increase in fares and express rates authorized by Decision No. 83064.
- (3) Estimated revenue loss due to discontinuance of the Oakland-Concord local service.

B. Expenses:

- (1) Supervisory wages increased by 10 percent on May 15, 1974 which includes a related increase in pensions.
- (2) A fuel cost adjustment of approximately 1-1/2 cents per gallon to reflect April 1974 fuel prices of about 25 cents per gallon.
- (3) Increase in tire rental expense of about 17 percent based on comparison of contractual rental rates for February 1973 versus 1974.
- (4) Increase in liability insurance premiums of approximately \$150,000.
- (5) Projected savings in "out-of-pocket" operating expenses due to discontinuance of the Oakland-Concord local service. Expenses charged to this operation but not eliminated were re-allocated to the various retained services on the basis of remaining historical cost.

A. 54653 cak

At the present level of fares and express rates and current operating expenses Table 2 indicates that Greyhound anticipates a 3.5 percent rate of return from its intrastate operations. To accomplish this result, a 12 percent rate of return from Greyhound's intercity operations is required to offset existing local service operating deficits. In this phase of the proceeding authority is sought for an additional 7.8 percent increase in fares and express rates in order to raise Greyhound's rate of return to 10.5 percent. An operating statement showing Greyhound's adjusted results of intrastate operations for the 1974 test year under the proposed 7.8 percent increase plus a related 10.3 percent upward adjustment in charter rates as of September 15, 1974 was introduced in evidence and is summarized in Table 3:

TABLE 3

Adjusted Intrastate Results of Operations
For the Test Year Ending 12-31-74
At Proposed Passenger Fares and Express Rates
(000)

	<u>Intrastate Operations</u>		
	<u>Total</u>	<u>Intercity</u>	<u>Local</u>
<u>Operating Revenues (Table 2)</u>	\$55,156	\$45,781	\$ 9,375
Charter (10.3% increase)	172	172	-
Proposed Second-Step Increase			
Passenger Fares - 7.8%	2,931	2,352	579
Express Rates - 7.8%	463	463	-
Total	\$58,722	\$48,768	\$ 9,954
<u>Operating Expenses (Table 2)</u>	\$53,471	\$41,002	\$12,469
Commission on Increased Revenues			
Charter	11	11	-
Passenger	124	99	25
Express	48	48	-
Total	\$53,654	\$41,160	\$12,494
Operating Income	\$ 5,068	7,608	\$(2,540)
Income Taxes	2,108	3,165	(1,057)
Net Income	\$ 2,960	\$ 4,443	\$(1,483)
Rate Base	\$28,306	\$23,247	\$ 5,059
Operating Ratio (After Taxes)	95.0%	90.9%	114.9%
Rate of Return	10.5%	19.1%	-

(Red Figure)

Table 3 shows that the proposed increases will enable Greyhound's intrastate operations to realize earnings sufficient to yield a 10.5 percent rate of return and an after tax operating ratio of 95.0 percent. It is contended that when measured within the context of current economic conditions such a rate of return, which is equal to 12.8 percent return on common equity, is within the range which must be considered reasonable.

In Statement 1 of Exhibit 12, which deals with the cost of capital for Greyhound Lines, Inc. - Western Division, a 12.8 percent return on common equity is shown to produce a return of 10.45 on depreciated rate base. A summary of such capital costs are:

TABLE 4
Greyhound Lines Inc. - Western Division

	Capital Ratios <u>12/31/73</u>	Cost Factor	Weighted Cost Totals
Long-Term Obligations	32.43%	6.89%	2.23%
Minority Interest	5.14	4.75	.24
Preferred Stock	.05	3.00	-
Common Equity	<u>62.38</u>	12.80	<u>7.98</u>
	100.00%		10.45%

Source: Annual Report to Stockholders.

In Statement 2 of Exhibit 12 several recent decisions issued by the regulatory commissions of California, Oregon, and Washington are cited wherein the rates of return on common equity allowed certain electric, gas, and telephone utilities under the jurisdiction of these commissions vary from a low 9.47 percent to a high of 12.75 percent for an average of 11.49 percent. It is stated that under the doctrine of "corresponding risk" Greyhound Lines, Inc. is entitled to higher earning ratios than these regulated utility companies.

The cash requirements and sources of funds for Greyhound Lines - West Division are analyzed in Statement 5 of Exhibit 12. This analysis indicates that if capital is to be generated from earnings a 12.7 percent rate of return on rate base is required to maintain Greyhound's historical rate of capital investment. The results of Greyhound's analysis are:

TABLE 5	
GREYHOUND LINES, INC.	
(Greyhound Lines - West Division)	
<u>Cash Requirements and Sources of Funds</u>	
(000)	
<u>Required Use of Funds</u>	
Capital Expenditures	
Buses	\$10,565
Lands & Buildings	2,471
Dividends	5,402
	<u>\$18,438</u>
<u>Source of Funds</u>	
Net Income After Taxes	\$11,627
Depreciation Expense	6,811
Total Funds Available	<u>\$18,438</u>
<u>Rate Base (1)</u>	
Working Capital	\$ 8,266
Net Tangible Op. Property	83,413
	<u>\$91,679</u>
Rate of Return on Rate Base $\left(\frac{\text{Net Income}}{\text{Rate Base}} \right)$	12.7%

(1) Average, computed on beginning and ending balances for 1973.

Statement 6 of Exhibit 12 presents the results of a study to determine a fair and just profit margin for Greyhound Lines - West Division which in turn can be translated into a fair and just operating ratio or a return on investment. The observation is first made as to the general inverse relationship between profit margin and the ratio for capital turnover.^{2/} A company with a high turnover ratio usually operates with a lower profit margin and a higher related operating ratio than an enterprise with a low turnover ratio. It is explained that the capital turnover ratio for Greyhound Lines, Inc., the parent company controlling all of Greyhound's public transportation efforts, is characteristic of all Greyhound bus operations and has been computed to be 1.5. This is equivalent to a profit margin of approximately 7.5 percent.^{3/} Greyhound has compared its turnover ratio and profit margin with the average turnover ratios and profit margins computed for 317 selected companies for the year 1964 through 1971. The 231 industrial corporations included in the study reflect approximately 45 percent of all industrial sales in the United States. The remaining 86 companies are utilities operating under various state and

2/ Capital turnover and profit margin ratios are defined as a function of:

- | | | |
|-----|--|-----------------------------|
| (a) | $\frac{\text{Revenues}}{\text{Net Fixed Assets plus Working Capital (Rate Base)}}$ | = Ratio of Capital Turnover |
| (b) | $\frac{\text{Net Profit, after taxes and prior to Interest Expense}}{\text{Revenues}}$ | = Ratio of Profit Margin |

3/ Greyhound Corporation annual reports for 1970 through 1973.

federal regulations. Greyhound presented supporting data designed to show that competition confronted by the bus industry, and Greyhound Lines - West Division in particular, is more severe than that experienced by the regulated utilities included in the study. The conclusion is reached that the profit margin for Greyhound Lines - West Division should be akin to the average profit margin experienced by the nonregulated industries and fall within the range experienced by the industries and utilities included in the sample.^{4/} A review of the graphic delineation of the industrial and utility profit margins developed by Greyhound supports this objective. Therefore, Greyhound contends that the data which forms the basis of its rate of return analysis suggests that within the context of the present economy a profit margin of 7.5 percent after taxes, which is equivalent to an operating ratio of 92.5 percent or a rate of return on rate base of 11.25 percent, reflects a just and reasonable level of earnings for Greyhound Lines - West Division.

Greyhound employed other measurements to test the reasonableness of its proposed level of intrastate earnings. Such methods, while somewhat more sophisticated and controversial as to their probative value for ratemaking purposes, suggest similar conclusions. Further comment thereon is, therefore, unnecessary.

^{4/} In FPC v Hope Natural Gas (1944) 320 US 591, 603, the court held that "the rate to the equity owner should be commensurate with the return on investments in other enterprises having corresponding risks".

The Commission's Finance and Accounts Division staff stated that, pursuant to its study and investigation of Greyhound's further sought relief, it is its conclusion that a 10.5 percent rate of return is not unreasonable. The Transportation Division states that it concurs with the several additional expense adjustments made by Greyhound, and that its review of costs is largely incorporated in the previous two fare increase proceedings. Therefore, the staff does not oppose Greyhound's proposed increase of 7.8 percent in passenger fares and express rates.

Proposed Fares and Rates

Greyhound has demonstrated (Table 3) that an increase of 7.8 percent over the level of fares and rates authorized by Decision No. 83064 will generate \$3,394,000 in additional annual revenues. The 10.3 percent increase in unregulated charter fares is expected to provide \$172,000 in additional revenues, making a total of \$3,566,000 projected increase in intrastate revenues for the 1974 test year. Authority is requested to incorporate the sought 7.8 percent increase into Greyhound's existing fare and rate structures as follows:

1. Passenger Fares - Main Line Mileage Scale

Present and Proposed Mileage Scale
For One-Way Main Line Passenger Fares

<u>Over</u>	<u>But Not Over</u>	<u>Present Per Decision 83064</u>	<u>Increased 7.8%</u>
0	25	.0601	.0648
25	50	.0561	.0605
50	100	.0530	.0571
100	150	.0483	.0521
150	200	.0463	.0499
200	250	.0450	.0485
250	300	.0442	.0477
300	400	.0431	.0465
400		.0422	.0455

Present minimum fare \$0.55 for adults and children.
Proposed minimum fare \$0.60 for adults and children.

Round-trip fare 190% of one-way fare.

- (a) In the case of tickets covering travel over both branch line and main line routes, the fare will be based upon the combination of fares.
- (b) In the case of a ticket covering travel over the San Francisco-Oakland Bay Bridge (3 miles), the Golden Gate Bridge (3 miles), the Carquinez Straits Bridge (1-1/2 miles), or any combination thereof, the non-commute fares will continue to be based upon mileage computations including full constructive mileage over each bridge.

2. Passenger Fares - Commute and Suburban Areas

Increase 10-ride, 20-ride, and one-way single ride fares by 7.8 percent.

- (a) The commutation fares so constructed to be adjusted to the nearest cent, 0.5 cent being considered nearest to the next higher cent. One-way single ride fares to be adjusted to the nearest "0" or "5" cents (2.50 cents being considered nearest to the next higher amount ending in "0" or "5" cents).
- (b) Round-trip fares will be (2) times one-way fare where the one-way fare is one dollar (\$1.00) or less. Round-trip fares, where the increased one-way fare is \$1.05 or more, shall be constructed on the basis of 190 percent of the one-way fare, subject to a minimum round-trip fare of \$2.00.
- (c) The minimum one-way single ride fare for adults and children shall be \$0.60.

3. Express Rates

- (a) Local, interdivision, and interline rates to be increased 7.8 percent and adjusted to the nearest "0" or "5" cents.

The Las Vegas-Tonopah-Reno Stage Line, Inc., Orange Belt Stages, Inc., Peerless Stages, Inc., and Vaca Valley Bus Lines join with Greyhound in seeking increases in express rates applicable to interline shipments which move, in part, over routes of Greyhound and, in part, over routes of one or more of the aforementioned passenger stage corporations. The same level of express rates is sought for interline shipments as for local express service.

The application states that the sought rate increase will have only a small effect on the revenues of these carriers. The precise amount of additional revenue which will accrue to applicants from the increase in interline express rates can only be determined by special and detailed studies. Based upon preliminary information, however, applicants believe such total increase in gross revenue will not exceed \$7,600 annually.

In view of the minimal nature of the increased revenues to be derived by all applicants from an increase in interline express rates, applicants other than Greyhound request that, pursuant to Rule 87 of its Rules of Practice and Procedure, the Commission waive the informational requirements of Rule 23 to the extent such information is not included herein. This same request was previously granted in Decision No. 83064 under like circumstances and similar action is indicated in this proceeding.

Findings

1. Greyhound was granted interim ex parte authority to make its California intrastate passenger fares subject to a fuel cost offset surcharge of 1.36 percent pursuant to Decision No. 82540 dated March 5, 1974 in Application No. 54569.

2. Decision No. 83064 dated June 25, 1974 in Applications Nos. 54569 and 54653 granted Greyhound authority to increase its California intrastate passenger fares and express rates by 9 percent pending further hearing for the receipt of additional evidence relative to the final disposition of Application No. 54653, as amended. This latter fuel and labor cost offset increase was made effective on July 1, 1974 and is in addition to the fuel offset surcharge of 1.36 percent authorized by Decision No. 82540.

3. In Application No. 54653, as amended, Greyhound requests authority for a second-step increase of 7.8 percent in its California intrastate passenger fares and express rates. This second-step increase in regulated fares and express rates when combined with a 10.3 percent increase in unregulated intrastate charter fares will provide Greyhound with additional revenues sufficient to enable its intrastate operations to attain a rate of return of 10.5 percent on rate base.

4. Greyhound's adjusted California intrastate results of operations for a projected test rate year ending December 31, 1974 previously introduced in the initial phase of this proceeding (Exhibit 2, Appendix A-4) were also employed as the basis for the sought second-step adjustment in fares and rates.

5. The adjusted results of intrastate operations developed by Greyhound for the 1974 test year do not reflect the modifications found reasonable in Finding 10 of Decision No. 83064. However, since Greyhound's recent increase of 10.3 percent in charter fares was imposed as a partial effort to achieve a 10.5 percent rate of return for its intrastate operations, the unmodified adjusted results of operations for the 1974 test year will, in this particular instance, reasonably reflect the projected results of that portion of Greyhound's California intrastate operations for which additional authority to increase passenger fares and express rates is requested.

6. Greyhound has shown that when its adjusted results of intrastate operations for the 1974 test year are brought forward to reflect current revenues and expenses, such projected intrastate operations yield earnings resulting in a 3.5 percent rate of return.

7. Greyhound has demonstrated that under the proposed second-step increase in passenger fares and express rates plus the recent increase in charter fares its adjusted results of intrastate operations for the 1974 test year will reflect increased revenues sufficient to yield a 10.5 percent rate of return.

8. An operating ratio of 96.0 percent (after taxes) and a 7 percent rate of return were found not to be unreasonable for Greyhound's total California intrastate operations in Greyhound Lines, Inc. (1969) 69 CPUC 761, 769. This finding was later affirmed in Greyhound Lines, Inc. (1969) 70 CPUC 429 and in Decision No. 80545 dated September 26, 1972 in Application No. 52591. In Decision No. 81647 dated July 31, 1973 an operating ratio of 96.6 percent (after taxes) and a 6.8 percent rate of return were found not to be unreasonable.

9. Greyhound employed several types of earning ratios or techniques in an effort to show that a 10.5 percent rate of return and a 12.8 percent return on common equity are reasonable if investment capital requirements for its California intrastate operations are to be generated from earnings in lieu of funded debt financing.

10. The Commission's Finance and Accounts staff states that its investigation of the further relief sought in this proceeding shows that a 10.5 percent rate of return for Greyhound's California intrastate operations is not unreasonable. The staff does not oppose Greyhound's proposed increase of 7.8 percent in passenger fares and express rates.

11. Within the context of the current economy an operating ratio of 95.0 percent (after taxes) and a 10.5 percent rate of return have been shown not to be unreasonable for Greyhound's California intrastate operations.

12. The proposed second-step increase of 7.8 percent in Greyhound's California intrastate passenger fares and express rates has been shown to be justified. This will result in \$3,394,000 in additional revenue.

13. All other applicants should be authorized to adjust their interline express rates to reflect the increases authorized Greyhound. Such increase in express rates is justified and will result in an approximate \$7,600 increase in revenue.

14. In view of the minimal nature of the increased interline revenues to be derived by all applicants, the requested waiver of the informational requirements of Rule 23 of the Commission's Rules of Practice and Procedure by all applicants other than Greyhound is reasonable and should be granted.

Conclusions

1. The second-step increase in California intrastate passenger fares and express rates proposed in Application No. 54653, as amended, should be granted.

2. Applicants should be authorized to publish the resulting increased passenger fares and express rates on five days' notice to the Commission and the public.

3. The requested waiver of Rule 23 of the Commission's Rules of Practice and Procedure by all applicants other than Greyhound relative to the increase authorized in interline express rates should be granted.

4. Pending the reissuance of passenger tariffs containing fares on a point-to-point basis, Greyhound should be authorized to place in effect the increases authorized herein by use of a conversion table as requested. This tariff relief should expire with July 1, 1975.

5. Authority to depart from the long- and short-haul provisions of Section 460 of the Public Utilities Code to establish the increased fares and express rates should be granted.

O R D E R

IT IS ORDERED that:

1. Greyhound Lines, Inc. (Greyhound Lines - West Division) is authorized to establish a second-step increase of 7.8 percent in its California intrastate passenger fares and express rates proposed in Application No. 54653, as amended. When computing the increased fares and rates authorized herein, Greyhound's proposed minimum one-way fare of 60 cents and rule for the disposition of fractions shall apply.

2. Pending establishment of the specific fares authorized in paragraph 1 hereof, Greyhound Lines, Inc. is authorized to make effective increases in passenger fares published on a point-to-point basis by means of appropriate conversion tables, providing that the resulting increased fares do not exceed the fares authorized in paragraph 1 hereof, and that tariffs containing such fares are republished by July 1, 1975 to eliminate the use of the conversion tables.

3. Greyhound Lines, Inc. and the other applicants named in Application No. 54653, as amended, are authorized to increase their interline express rates by 7.8 percent as set forth in paragraph 1. The requested waiver of Rule 23 of the Commission's Rules of Practice and Procedure by all applicants other than Greyhound Lines, Inc. is granted.

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

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

A. 54653 eak

6. In addition to the required posting and filing of tariffs, Greyhound Lines, Inc. shall give notice to the public by posting in its buses and terminals a printed explanation of its 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 shall be twenty days after the date hereof.


Dated at San Francisco, California, this 26th
day of NOVEMBER, 1974.

I abstain:

, Commissioner


President


Commissioners