

ALJ/rr/md

Decision 83 06 053 JUN 15 1983**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GREYHOUND LINES, INC.
for authority to discontinue
commuter service between
San Francisco and Vallejo,

Application 83-01-46
(Filed January 21, 1983;
amended January 28, 1983)

Guiton Charter Lines for authority to
operate as a passenger stage
corporation to provide home-to-work
service between Vallejo and
San Francisco.

Application 83-02-21
(Filed February 9, 1983)

FRANK C. MC CLENDON, JR. for
authority to operate as a passenger
stage corporation to provide home-to-
work service between Napa, CA;
Imola, Albany, and Berkeley, Oakland
in San Francisco, CA.

Application 83-02-23
(Filed February 10, 1983)

Application of GREYHOUND LINES, INC.
for an order authorizing a 100%
increase in intrastate multiride
passenger fares between San Francisco
and Vallejo and intermediate points,
and to establish a two-day multiride
fare between these points.

Application 83-02-40
(Filed February 17, 1983)

In the Matter of the Application
of Dennis Clemente, an individual,
dba Dennis Charter Service for
authority to operate as a passenger
stage corporation in a home-to-work
service between Vacaville, Fairfield,
Sacramento, Pinole, Benicia, Concord
Dixon, Davis, San Francisco, et al
Sacramento, Yolo, Solano, Contra Costa
and San Francisco Counties.

Application 60532
(Filed May 7, 1981)

In the matter of the Application,
of William T. Childs an individual
dba Fairfield Area Rapid Transit
for authority to operate a passenger
stage corporation in a home-to-work
service between points in Vacaville,
Fairfield, Cordelia, Vallejo, and
San Francisco in the Solano and
San Francisco County Area.

Application 83-03-40
(Filed March 14, 1983)

Lat J. Celmins, Attorney at Law, for
Greyhound Lines, Inc.; William T. Childs,
for himself, Elmerrean Guiton, for Guiton
Charter Lines; and Ray Greene, Attorney at
Law, for Trans Voyager International Tours,
Inc.; applicants.
Michael D. Kirchanski and Messrs. Meyhard,
Anderson, Nussbaum, Reilly & Freitas, by W.
Kent Khtikian, Attorney at Law, for
Amalgamated Transit Union #1225; John M.
Powers, City Attorney, for City of Vallejo;
and Bob Berman, for himself; protestants.
Francisco J. Plasencia, Attorney at Law, Marc
Gottlieb, and James R. Panella, for the
Commission staff.

O P I N I O N

Summary of Decision

Greyhound Lines, Inc. (Greyhound) requests authority to either discontinue its commuter schedules between Napa-Vallejo and San Francisco, or to increase its fares for this service by 100%.

Evidence shows Greyhound would require significant increases to be profitable in this corridor, although the precise amount of increase would be somewhat less than its request for doubled fares.

Two applicants, Trans Voyager International Tours, Inc. (Trans Voyager) and Andre Guiton, doing business as Guiton Charter Lines (Guiton), desire to perform the service. Trans Voyager, with

less experience, would operate essentially the same schedules at Greyhound's present fares. Guiton would perform a similar service but would increase the Vallejo-San Francisco fare from \$46.45 to \$65.00 for 20 rides--an increase of about 40%.

The decision allows Greyhound to discontinue and Guiton the opportunity to perform the service as requested on a reduced schedule basis. It finds that Trans Voyager's expenses, primarily costs for leasing equipment and maintenance facilities, amount to far more than the revenue available in this commuter corridor.

The decision also authorizes William Childs, doing business as Fairfield Area Rapid Transit (Fairfield), to operate his requested home-to-work passenger stage service between Vallejo and San Francisco. However, it restricts his Vallejo service to the pickup and delivery of passengers with only one bus.

Introduction

These six matters were consolidated because each involves essentially the same subject--passenger stage commuter service between Vallejo and Napa on the one hand and San Francisco on the other hand.

Duly noticed evidentiary hearings were held in San Francisco before Administrative Law Judge (ALJ) John Lemke March 21-23, 1983. The matters were submitted upon the receipt of written closing statements.

Greyhound presently operates 12 commuter trips from Vallejo to San Francisco. Two of the trips are operated daily, the others Monday through Friday. It operates 10 commuter schedules from San Francisco to Vallejo. Two of these are daily schedules, the others run Monday through Friday. One commuter schedule is operated daily from Napa to San Francisco and return.

In its application Greyhound projects an annual loss of \$265,581 in connection with these commuter operations. The projection shows 271,348 annual miles operated at a cost of 221.65

cents per mile; whereas revenues produce only 123.76 cents per mile. Therefore, Greyhound requests that it be authorized to abandon its commuter service between San Francisco, Vallejo, and Napa or, alternatively, that it be authorized to increase its fares by 100%.

Frank C. McClendon, Jr., filed his application requesting authority to provide the service Greyhound wants to abandon. Since that filing he has formed a corporation--Trans Voyager. Trans Voyager is now the applicant in Application (A.) 83-02-23.

Guiron also requests authority to provide this commuter service.

Fairfield requests authority to provide home-to-work service as a passenger stage corporation between Vallejo and San Francisco.

Finally, Dennis Clemente, doing business as Dennis Charter Service, had requested authority in May 1981 to provide service between Vallejo and San Francisco. By Decision (D.) 93386 dated August 4, 1981 in A.60532 we granted Clemente authority to operate between Mare Island Naval Shipyard on the one hand and various points, on the other hand. In our decision we advised Clemente that the portion of his request pertaining to operations between Vallejo and San Francisco would be treated in a supplemental decision after Greyhound had been served with his application. Clemente's application was consolidated with the other requests heard on this record for the purpose of determining whether he is still interested in providing this service. Although Clemente was notified of the hearings, he did not appear or participate.

Trans Voyager is a protestant to Guiron's application. Amalgamated Transit Union 1225 (ATU) is a protestant in the Greyhound abandonment application.

ATU's attorney questioned whether there had been adequate notice of the hearing to potential interested parties. Counsel for Greyhound advised that on February 16, 1983 Greyhound had distributed a notice of its discontinuance request to all commuters using the Vallejo-San Francisco service. Counsel advises there has been a significant response from these commuters, some of whom were in attendance at the hearing, and that the City of Vallejo had filed a formal protest to the abandonment proceeding.

It is Greyhound's belief that it has historically operated the Vallejo-San Francisco service at a significant loss: that because of the changing regulatory environment each service in the Greyhound system must now stand on its own; that there are several able, willing applicants who can conduct the service; that these applicants' costs are less than Greyhound's; and that it supports all of the applications being heard on this common record.

John Powers, City Attorney for the City of Vallejo, stated that his purpose in attending the hearing was to inform the Commission that if Greyhound's request to abandon service is authorized, whatever replacement service is selected should be substantial and reliable, and that the fares be reasonable.

Javier Plasencia, staff counsel, briefly addressed the relevance of the Bus Regulatory Reform Act of 1982 (Act). In essence, the portion of the Act relevant to these proceedings authorizes intercity bus carriers such as Greyhound to appeal decisions by state regulatory authorities to the Interstate Commerce Commission when it has not been successful in obtaining permission from state commissions to increase rates. Plasencia stated that while a rate increase would come under the purview of the Act, the discontinuance would not because it is not a complete abandonment: that is, it involves only the cessation of Greyhound's commuter service between the involved points.

The Evidence

Greyhound

Greyhound offered evidence through two witnesses. Vander Brown, its Regional Director, is responsible for Greyhound operations within northern California. Brown stated that because of the passage of the Act it is no longer possible for Greyhound to be assured of offsetting money-losing operations with profitable operations conducted elsewhere. This is mainly because of the liberalized entry provisions set forth in the Act.

Brown advised that Greyhound is willing to work with all applicants offering to provide the services it seeks to abandon. He stated that all of the runs which are the subject to this proceeding--the 9300 schedules--are performed in 43 passenger vehicles. He testified that on a given day a bus might be full, but that none of the buses on these schedules run full on a daily basis. He also stated that a substantial number of passengers have been lost over the last year to van pool operations.

Brown sponsored Exhibit 6, a document containing average load information. The exhibit shows that for the 9300 commuter runs between Vallejo and San Francisco for a two-week period during January 1983, rider averages ranged from a high of 36.7 to a low of 3.4. The average rider count for 22 schedules--12 eastbound and 10 westbound--is 21.7.

Bernard Rotenberg is Assistant to the Vice President--Accounting. He is responsible for Greyhound's accounting matters before regulatory bodies in 26 states. Rotenberg sponsored Exhibit 2, a Statement of Operating Revenues and Expenses for the involved operations. It is a 12-month projection at November 1982 cost and revenue levels. The thrust of the exhibit is that Greyhound will lose about \$267,000 in connection with these schedules at

present rate levels. The statement in Exhibit 2 includes only out-of-pocket costs. No indirect or overhead expenses are shown.

Appendix 4 of the Exhibit gives effect to the proposed 100% fare increase sought by Greyhound without consideration of any potential diminution in traffic. This projection shows that under the most favorable circumstances Greyhound would realize a profit before taxes of about \$52,000. But, the witness stated that realistically he would expect to see a large decline in Greyhound's ridership if the 100% fare increase were granted and that this would lead to another request for a significantly higher fare increase.

The witness stated that in connection with depreciation calculations in Exhibit 2 a 10-year life with a 15% salvage value was used for the 15 buses he assigned for accounting purposes to these runs. He conceded that this depreciation schedule is not the one ordinarily recognized by this Commission. He testified that this was a conscious decision because the 12-year schedule observed by the Commission was developed in the middle or early 1960s, at which time different equipment with a different usage was recognized and that in the 1960s buses operated about 80,000 miles per year while in 1982 annual mileage is 103,000.

Robert Berman

Robert Berman is a present user of the Greyhound commuter service. He protested the elimination of the Greyhound service as well as the proposed increase. He stated that the current Greyhound service is the only viable method which he and many passengers currently have for commuting to San Francisco. He testified that car pools and van pools do not work well for many patrons because of scheduling problems and that the Bay Area Rapid Transit (BART) system is not a very good alternative for many patrons because of the distance they must drive to get to the nearest BART station.

Berman sponsored Exhibit 3, a protest signed by 66 riders of the Greyhound Vallejo-San Francisco commuter service. He expressed concern that if Greyhound were authorized to abandon and another applicant authorized to perform the same service, the new bus line might not be able to perform adequately and riders would be without any commuter service. Berman stressed that the Greyhound service has been excellent and that it is the quality of service which will be offered by a new carrier which concerns him most. He stated that the availability of terminal facilities in Vallejo is important to those riders and that currently there is a Greyhound facility which affords refuge from inclement weather.

City of Vallejo

Pamela Belchamber, a transportation analyst for the City of Vallejo, testified that there are approximately 350 riders presently using the Greyhound commuter service on a daily basis between Vallejo and San Francisco. She further testified that there would be an adverse environmental impact in the Interstate Highway 80 corridor between Vallejo and San Francisco if there were a cessation of the Greyhound-type service. The City is presently undertaking a study--still in its infancy--concerning a possible extension of city transit lines services to a BART station, in the event Greyhound is authorized to discontinue its service and no other replacement service is substituted.

Trans Voyager

Melvin Thompson testified in support of Trans Voyager's request. He is director for the Country Club Crest Improvement Association of Vallejo (Association). The Association is a social service organization concerned with implementing a teaching program where senior citizens tutor in the homes of underachieving youths. Thompson testified that members of the community require a

transportation service to San Francisco for jobs, medical care, legal services, and other functions; that Vallejo is more than 30 miles from San Francisco and that many members of the community do not own cars or are unable (especially the handicapped and elderly) to drive. Thompson noted that Trans Voyager will provide some of its passenger buses with wheelchair lifts, a service which Greyhound has not provided. He therefore sees Trans Voyager as a caring and service-minded local firm which is willing and able to help the community.

Evidence on behalf of Trans Voyager's application was offered principally through testimony and exhibits sponsored by Frank McClendon. Subsequent to the filing of A.83-02-23, McClendon caused his operations to become incorporated as Trans Voyager International Tours, Inc. The application was amended at the hearing to reflect the new name. The application was originally filed under the Commission's expedited procedure for one-year authority; it was amended at the hearing to reflect the applicant's desire for permanent authority.

Trans Voyager is presently authorized as a charter-party carrier and as a passenger stage corporation. Its passenger stage authority includes a route between Vallejo and San Francisco via Hilltop Mall in Richmond, and between Vallejo-Benicia and Concord. The Vallejo route is restricted against direct Vallejo to San Francisco carriage. Exhibit 8 is a list of 15 buses which Trans Voyager proposes to operate. Capacities range from 40 to 53 passengers. Three of the buses are equipped to handle wheelchairs. Eight are 1980 or 1981 American Eagles with 48-passenger capacity; three are 1979 Grumman Flexible 53-passenger buses with wheelchair facilities.

McClendon testified that Trans Voyager:

1. Intends to equip its entire fleet with radios;

2. Has acquired a 7,600 square foot maintenance building with 30,000 square feet of yard space and 1,000 square feet of offices;
3. Maintains a 1,400 square foot office facility in downtown Vallejo;
4. Maintains 10 drivers on line and an office staff of four; and
5. Has developed and maintains a driver testing program and believes it has a sufficient amount of drivers to execute the service it seeks to perform.

The carrier's balance sheet (Exhibit 14) dated March 18, 1983 indicates total assets of \$1.4 million, liabilities of about \$1 million and total corporate capital and surplus of \$408,000.

Trans Voyager proposes to operate (Exhibit 16) 12 schedules daily from Vallejo to San Francisco--four of these as express runs. It would provide 10 schedules daily from San Francisco to Vallejo. Three of these would be express runs and one of those would continue on from Vallejo to Napa.

Basically, the service proposed would duplicate the present Greyhound service. In addition, it would add four daily schedules to and from the City of Benicia with connecting service to Vallejo.

The fare structure which Trans Voyager proposes to implement is essentially the one presently maintained by Greyhound. Trans Voyager would use the same aisles at the Transbay Terminal in San Francisco presently used by Greyhound. McClendon testified that if the restriction in the present authority against Vallejo-San Francisco carriage were removed, Trans Voyager could duplicate the Greyhound service immediately.

He stated the number of daily commuter passengers between Vallejo and San Francisco averages between 325 and 350 and believes that buses Trans Voyager will have obtained, with a total capacity of 656 passengers, are more than able to fill the void should Greyhound be allowed to discontinue its service. McClendon testified that Trans Voyager would be willing to accept Greyhound's commuter tickets held by patrons during the transition period immediately following authorization of its abandonment and the establishment of a new service. He also stated that Trans Voyager is working out plans to provide multiride commuter tickets from Napa to San Francisco.

The witness testified that the corporation is presently operating four buses and that the other 11 shown on Exhibit 8 were in the process of being acquired at the time of the hearing. McClendon testified that the basic reason Trans Voyager will be able to perform the present Greyhound commuter service without any fare increase is because of the much lower wage levels paid its drivers.

If the Trans Voyager request is not granted he stated the 11 additional buses which the corporation is in the process of acquiring would be used in charter services.

Fairfield

Fairfield has been performing a daily commuter service from Solano County to San Francisco for several years. Three buses are operated daily from Fairfield to San Francisco. Fairfield's No. 2 Schedule presently stops at Vallejo.

The Fairfield operation involves home-to-work schedules where most of the people on a bus work in the same general area of San Francisco, and even for the same company. Several riders testified that the service has been thoroughly dependable. The drivers of the three schedules themselves work in San Francisco.

Fairfield maintains a maintenance facility in the City of Fairfield. Riders currently pay \$70 per month for the commuter service between Fairfield and San Francisco; riders from Vallejo pay \$65. William Childs, the proprietor of Fairfield, testified that he currently carries 119 passengers between Fairfield and San Francisco-- 29 of those ride between Vallejo and San Francisco. All riders pay the monthly fares whether they actually ride or not.

Childs stated that Fairfield does not intend to take over any of the authority which Greyhound may be authorized to discontinue, but simply to provide the service for their present passengers. The purpose of this application is simply to legitimize the Vallejo service, which Fairfield is not presently authorized to perform. Except for the Vallejo riders, all passengers board Fairfield's buses in the morning at Fairfield and disembark there in the evening. While Fairfield had temporary authority at one time to perform a service between Vallejo and San Francisco, that authority lapsed. Childs stated that he does not intend at the present time to add any new schedules to those he presently maintains.

Guiton

Evidence was offered on behalf of Andre Guiton, doing business as Guiton Charter Lines, primarily through the testimony of Victor Cardenas, its operations manager for commuter service from Contra Costa County. Guiton's original application was a request for temporary authority; it was amended at the hearing to a request for permanent authority. Cardenas testified that Guiton operates somewhere between 40 and 90 buses, ten of which are used in the Contra Costa County service. The remainder is used principally in charter operations on weekends. Guiton currently provides home-to-work commuter service from Contra Costa County to San Francisco. If

his application is granted, Guiton would basically duplicate the present Greyhound service between Vallejo and San Francisco. The original application did not seek authority to provide service between Napa and San Francisco; however, the application was amended at the hearing to include Napa. Cardenas testified that initially Guiton would begin operations with eight buses, but that more could be added if necessary.

While Guiton originally proposed in his application the fares shown in Table 1:

Table 1

<u>Between Vallejo and:</u>		<u>Between Crockett Jct. and:</u>	
Richmond	\$24.10		
Oakland	38.65	Oakland	\$37.40
San Francisco	46.45	San Francisco	45.05

the proposed fares were increased at the hearing, without cost justification, to the levels shown in Table 2:

Table 2

<u>Between Vallejo and:</u>		<u>Incr.</u>	<u>Between Crockett Jct. and:</u>		<u>Incr.</u>
Richmond	\$24.10				
Oakland	45.00	16.4%	Oakland	\$40.00	7.0%
San Francisco	65.00	39.9%	San Francisco	55.00	22.1%

No fare was stated for Napa service; a fare of not more than \$75 could reasonably be imputed given the additional distance involved. Single-ride tickets are available on Greyhound and would apparently also be offered by Guiton; single-ride fares of approximately one-fifteenth the 20-ride commuter ticket books would be reasonable under the circumstances.

Guiton's present fare for 20 rides between Concord and San Francisco is \$55. The Concord-San Francisco one-way distance is about 5 miles less than Vallejo-San Francisco, and requires the traverse of only one toll bridge instead of the two toll bridges on the Vallejo route.

Cardenas made it clear that Guiton will be interested in providing the service which Greyhound seeks to abandon only if he

could do so without competition, i.e., he would not be willing to share the total ridership with Trans Voyager. Guiton does not object, however, to continuance of the limited service from Vallejo presently performed by Fairfield.

There is one particular run in Greyhound's commuter operation, No. 9367, which Guiton would not be interested in maintaining because of its low rider count--an average of 3.4 passengers per day.

Further, Guiton does not propose to operate another of the schedules which Greyhound presently performs. This schedule, leaving San Francisco at 3:53 p.m., is not included in Greyhound's schedule portrayed in Exhibit 1 because Greyhound contends that it is simply an extra bus. Cardenas testified that Guiton is willing to commit himself to offer sufficient bus service to the commuting public between Vallejo and San Francisco and between Napa and San Francisco. He stated that if ridership diminishes, schedules will diminish; if ridership increases, so will schedules. Cardenas testified that of his own knowledge there are approximately 300 commuter books sold per month to riders in the Vallejo-San Francisco corridor. He determined this information from Greyhound personnel at their terminals in Vallejo and San Francisco. Cardenas worked for Greyhound for 27 years before his employment with Guiton.

Guiton has operated his Contra Costa to San Francisco commuter service since October 1, 1982. Cardenas indicated that Guiton would erect a shelter or shelters at the points of greatest concentrations of passenger pickups. At the present time Guiton plans to offer no weekend service between Vallejo or Napa and San Francisco.

ATU

Michael Kirchanski testified on behalf of ATU. He has been employed by Greyhound as a bus driver for five years, driving between Vallejo and San Francisco during that period. He is the shop steward for the Vallejo Greyhound Drivers and Station Employees.

Kirchanski sponsored Exhibits 22 and 23. These exhibits purport to demonstrate actual wages paid drivers in connection with the Vallejo-San Francisco commuter corridor. In Exhibit 23 Kirchanski has developed a cost for Detailed Assignment Service (DAS) which represents nondriving time worked by drivers at a terminal in activities such as shuttling buses, handling baggage, and mail, etc. He stated that in his opinion the DAS work which he has performed would have to be done even if the 9300 series schedules were abandoned. He estimated that based upon his knowledge of the duties performed by the Vallejo-San Francisco drivers, there would be work required in DAS duties to keep four drivers busy on a full-time basis in the San Francisco terminal.

Exhibit 25 is a summary of the data from Exhibit 23. It shows the annual cost of driver's wages performing the Vallejo-San Francisco 9300 schedules. For example, Exhibit 23 shows a cost of \$39.06 as a wage expense for run No. 0-100 which consists of corridor schedules 9376 and 9377. This combined cost of \$39.06 is made up of a charge of \$18.23 for each schedule run plus a DAS expense of \$2.60. Exhibit 25 multiplies the 0-100 run by five, since it is a daily schedule except for weekends. It summarizes all of the 9300 schedules whether on a five-day or seven-day basis, and arrives at a weekly total of \$4,679.66. It then extends the weekly total to an annual drivers' wage expense of \$243,342.

The exhibit total is about \$40,000 less than the driver wage cost shown in Greyhound's Exhibit 2. The main thrust of this line of evidence is to show that some drivers who work the 9300 schedules are not really needed on DAS in the San Francisco terminal every day, and to include this work increases Greyhound's costs. ATU would prefer, as a viable alternative to deleting all the 9300 schedules, to identifying those nonproductive runs and deleting only those runs.

Exhibit 26 is a reconstruction of Greyhound's Exhibit 2, Appendix 1, a revenue/cost statement for Greyhound's 9300 schedules for a 12-month period based upon October and November 1982 cost and revenue levels. Kirchanski has used the same basic revenue figure--\$329,395--employed in the Greyhound exhibit; however, he has added \$23,000 to that figure. This latter figure represents an amount which he believes could be realized if two additional schedules not included in the Greyhound statement, but which could be operated by drivers working on DAS (perhaps idle) during the day.

Commission Staff

Ken Sanchez, a transportation representative with the Commission's Compliance and Enforcement Branch, testified that he rode a Trans Voyager bus from Vallejo to San Francisco. He stated that his assignment was to determine whether Trans Voyager was presently operating a through service between Vallejo and San Francisco and that the bus he rode went through Richmond, where the driver determined that there were no passengers to pick up, and continued to San Francisco.

We hereby take official notice of the passenger stage authority held by McClendon. By D.82-08-062 dated August 18, 1982, McClendon's authority was modified. First Revised Page 2 of PSC 1069 contains five provisions. The provision in Paragraph C states as follows:

"No passenger will be transported whose entire trip is directly between Vallejo and San Francisco."

James Panella, a Transportation Engineer, sponsored Exhibit 27, a portrayal of the method for determining depreciation expense of buses set forth by this Commission in D.69539, dated August 12, 1965. Essentially, Panella employed a 12-year period for depreciation, compared with Greyhound's 10-year useful life. His method produced a total depreciation expense during 1982 of \$92,200. compared with Greyhound's \$124,455. Panella conceded that the specific study performed by Greyhound analyzing particular life, miles, and service may more accurately reflect a proper depreciation schedule than a general formula applying to several carriers. (Tr. p. 445).

Discussion

The essential arithmetic applicable from the foregoing is as follows:

1. Greyhound projects an annual loss of \$267,000, and a need for a fare increase of 100%. The increase would yield a profit of approximately \$52,000, if there is no attrition in riders.
2. ATU differs with Greyhound's estimate, but still determines that a loss of \$117,000 will occur under its most favorable reconstruction of the 9300 commuter costs. This estimate also assumes a steady ridership with no loss in patronage after a fare increase.
3. Guiton would only provide the service if the present Vallejo fare is increased by approximately 40%.
4. Trans Voyager would offer the service at present Greyhound fares.

History has demonstrated that when fares are increased, attrition occurs; the greater an increase, the more loss of riders. All too often this pattern is continued until ultimately there are too few remaining riders to make service profitable at any fare level. Sudden, very large increases are especially odious to users of any service.

The Greyhound profit estimate is therefore unrealistic. There will certainly be a significant loss of riders if its rates are doubled.

Attrition will also occur, although to a lesser extent, if the Guiton proposal or ATU's suggestion for the Greyhound service were implemented. Both contemplate an approximate 40% fare increase, on a somewhat reduced service basis.

Trans Voyager's offer is the best from the standpoint of fares. But it is not economically viable. This carrier would duplicate Greyhound's service at no increase in fares. However, there is a maximum of about \$335,000 in revenue available in this Greyhound commuter service at present fare levels. (Exhibit 2.)

Trans Voyager's Exhibit 14, a balance sheet dated March 18, 1983, indicates carrier operating property of \$1,104,500 and a building worth \$2,000,000. However, Trans Voyager has only two buses which are owned. These are a 1970 Eagle and a 1966 GMC (Exhibit 8). Two other leased buses are shown in Exhibit 8--a 1972 MCI and a 1966 GMC. Exhibit 28 (late-filed) shows five more buses, all 1981 Eagles, on which the carrier has entered into 5-year leases, with option to purchase. The agreement calls for monthly payments of \$2,990 per bus. Annually this amounts to \$179,400. Furthermore, this exhibit refers to the imminent acquisition of three 1979 Flexible buses. However, based on the record, Trans Voyager does not yet have

possession of the three 1979 buses. If they are in fact in its possession, we must assume they carry a heavy debt cost--probably not quite as much as the five Eagle buses, but significant for this small carrier. Assuming a lease cost for these three Flexible buses (53-passenger capacity with wheelchair facilities) of \$2,000 per month amounts to \$72,000 annually. There is also some lease expense associated with the 1972 MCI and the 1966 GMC, but there is no evidence of that cost. Assigning an annual cost of \$15,000 to these two buses appears reasonable. Exhibit 8 also contains a copy of the 5-year lease agreement for the carrier's maintenance facility in Benicia. Forty of the sixty monthly payments are for amounts of \$2,500. Annually, this represents \$30,000. Annual lease costs thus total approximately \$297,000. The only liquid assets Trans Voyager possesses are \$30,000 in cash and \$36,053 in accounts receivable. But it also has an accounts payable liability of \$20,250.

Trans Voyager will also incur approximately the following expenses if it operates 12 buses 271,000 miles as Greyhound does:

1. Driver wages--\$60,000 (4 hours/day times \$6.00/hour times 255 days times 10 drivers).
2. Maintenance material, tires, and tubes--\$20,000 (Greyhound expense shown in Exhibit 2).
3. Fuel--\$46,000 (Exhibit 2).
4. Oil--\$1,000 (Exhibit 2).
5. Tolls--\$2,000.
6. Dispatching--\$15,000.
7. Insurance--\$12,000 (Exhibit 2).
8. Supervision and officers' salaries--\$20,000.
9. Vallejo office rental (1,400 sq. ft.)--\$12,000.
10. Taxes (Fuel, Vehicle, FICA)--\$15,000.

Trans Voyager will thus incur expenses of approximately \$500,000 before any consideration is given to maintenance labor, office expenses, employee welfare, or any sinking fund payments for vehicle replacement. Therefore, total annual costs for this carrier require well in excess of a 50% increase in fares if the operation is to break even. Clearly, this carrier is not financially able to provide the service at the fares proposed. There is no evidence of past or prospective charter business adequate to offset the cash flow problem demonstrated above. Nor is there evidence of sufficient equipment presently on hand to adequately perform the service.

Guiron's current financial picture is much different. Late-filed Exhibit 29 shows assets of \$3.2 million and a net worth of \$2.5 million. It also shows that Guiron possesses 54 buses "free and clear" and is purchasing seven others. Furthermore, Guiron has been providing a passenger stage commuter service from Contra Costa County to San Francisco for the better part of a year, and has operated a charter bus service for 20 years. Guiron has the ability, financial capability, and experience necessary to provide this service.

The issuance of two certificates--one to Guiron and another to Trans Voyager--is a possibility we might consider if the facts were different. But both of these carriers have expressed a disinterest in sharing the corridor. If we were to allow Trans Voyager the opportunity to provide the service and it proved financially impossible, as our analysis indicates, and it were to cease service after several months, we have no assurance that any carrier would be interested at some later time in serving this corridor and the 300+ daily passengers would be totally without commuter transportation.

Two applicants, Trans Voyager/McClendon, and Fairfield, are performing or have performed unauthorized passenger stage services. Trans Voyager's offering of carriage at Vallejo to San Francisco and

its actual transportation of witness Sanchez directly along its Richmond route with Sanchez's origin at Vallejo and destination at San Francisco, are in direct violation of the certificate provision noted above. Fairfield, while it once held authority at Vallejo, does not possess that authority at this time. Trans Voyager, McClendon, and Childs (Fairfield) are hereby placed on notice that any further unauthorized operations such as these will not be condoned and may subject them to fines and penalties as provided by law.

William Childs, despite his unauthorized operations, should be authorized to continue his Vallejo operations, limited to the level of bus service he presently operates. There is a demonstrated public need for his service and, on balance, we are persuaded that this public need outweighs our normal reluctance to issue authority to operators of unauthorized services. None of the other applicants has protested Childs' proposal if he does not expand his operations. Child's request is to "legitimize" his present one-bus operation at Vallejo, only, with no plans for additional service. We will accordingly limit his Vallejo authority to a one-bus round trip per day.

Dennis Clemente's application will be denied since he did not participate in the hearings and there is no evidence of his current intent to provide the service from Vallejo.

The ATU protest to Greyhound's request to discontinue requires discussion. ATU takes exception to Greyhound's inclusion of the DAS expense in driver wages shown in Exhibit 2. However, even its development shows that Greyhound would lose \$117,000 at present fares, assuming no attrition in riders. ATU proposes that Greyhound be granted a 40% fare increase, integrate two 9300 schedules currently in DAS runs with other non-9300 schedules, and eliminate one 9300 run.

The ATU reconstruction of Greyhound's 9300 cost and scheduling analysis is arbitrary and overly optimistic. It is also

significant that both the Greyhound and ATU exhibits address only out-of-pocket costs. Furthermore, the reconstruction is based upon the testimony of Kirchanski who, while an expert driver, is not qualified as an expert nor authorized by Greyhound to dictate policy in matters involving changes, realignments, or elimination of schedules. We do not intend to dictate to Greyhound, based upon the evidence in this record, precisely how to restructure or make profitable a commuter operation which is losing money. It is enough to say that Greyhound is losing money even on an out-of-pocket basis based on the evidence. On a fully allocated cost basis it is obvious that it would show a significantly greater loss. Not included in the Greyhound or ATU cost exhibits are such indirect expenses as supervisors' and general officers' salaries, legal expenses, accounting expenses, utilities, building depreciation, terminal costs, printing of tickets and schedules, etc. Altogether, these overhead expenses add significant amounts to total operating costs.

Kirchanski used an equipment depreciation cost which is only one-half of that shown in Greyhound's Exhibit 2--\$63,226 compared with \$124,455, commenting that he believed it to be a ballpark figure.

He added \$23,000 to Greyhound's revenue figure based on his presumption that Greyhound could reactivate schedules it once operated, and stated that \$23,000 would not be an unreasonable figure in his opinion. But no market analysis was made to validate his estimate.

On balance, Kirchanski's recomputation of out-of-pocket costs shown in Exhibit 26 is based primarily upon his arbitrary judgment.

It is apparent, based upon the foregoing, that Greyhound would require an increase in fares to a level substantially more than Guiton's proposed fares in order to be profitable on either a fully allocated or an out-of-pocket basis.

Greyhound points to the fact that even under the staff's analysis, the depreciation expense difference amounts to only \$32,255 (\$124,455 versus \$92,020), and even if that adjustment were allowed, Greyhound's variable costs would still be in excess of the revenues.

Concerning the use by Greyhound of a 10-year life for its bus depreciation schedule, we will not approve or disapprove this method in this decision. However, we will comment that in order for its more specific proposal to be approved we would require supporting data such as numbers, costs and ages of equipment, miles operated, etc., before approving Greyhound's methodology.

Greyhound's tariffs on file with the Commission provide that the 20-ride commute ticket books may be refunded if not completely used by a passenger. However, the refund is calculated by taking the 20-ride price and subtracting from it the full regular one-way fares for any tickets the customer did use before presenting his/her 20-ride book for refund. This provision is reasonable under ordinary circumstances because the 20-ride ticket book is a discount fare, designed to benefit regular passengers who patronize Greyhound on a daily or almost daily basis. To allow persons to purchase the discounted 20-ride ticket books and obtain full pro rata refunds for unused tickets, would in effect undermine the carrier's regular single-ride tariff fares. However, the present circumstances are not ordinary. Here, it is the carrier and not the passengers which is seeking to sever the carrier/passenger relationship, so that it will be Greyhound and not the passengers which is responsible for passengers' unused tickets after the discontinuance of Greyhound commuter schedules. Therefore, Greyhound should be required to refund unused rides at full pro rata value (example: refund one-half of the purchase price if 10 of the original 20 tickets are presented for refund).

The order below should be effective immediately because of the need to resolve these matters within the time limits imposed by the federal Bus Regulatory Reform Act of 1982, and because of the public need for these important passenger stage services.

Findings of Fact

1. Greyhound operates a commuter bus service between Napa and Vallejo, on the one hand, and San Francisco, on the other hand.

2. Greyhound's current out-of-pocket operating expenses exceed the revenue derived from providing the service. It would require significant fare increases to be profitable on either an out-of-pocket or a fully allocated cost basis.

3. ATU's calculations for Greyhound's out-of-pocket costs in providing this commuter service are mainly judgmental and arbitrary, based upon the testimony of its witness who possesses neither cost allocation nor scheduling expertise.

4. Trans Voyager's total costs would prevent it from operating the Greyhound commuter service profitably at present Greyhound fare levels. It does not possess the financial capability necessary to provide the service at any reasonable fares.

5. Guiton has the ability and financial responsibility to perform the Greyhound service, on a reduced schedule basis, at rates approximately 40% in excess of present Greyhound fares.

6. William Childs possesses the ability and financial responsibility to provide a bus commuter service between Vallejo and San Francisco, limited as proposed to one round trip bus per day.

7. Dennis Clemente did not participate in the duly noticed hearings conducted for the purpose of determining his ability and financial capability with respect to providing this commuter service.

8. Greyhound should refund any outstanding commute ticket books at full pro rata value.

9. Childs and Trans Voyager have transported passenger(s) with direct Vallejo to San Francisco service after appropriate passenger stage authority expired (Childs), or in direct violation of a certificate provision (Trans Voyager).

Conclusions of Law

1. Greyhound should be authorized to discontinue its 9300 schedule commuter service.

2. Guiton should be granted a certificate of public convenience and necessity to commence operations, on a reduced schedule basis, between Napa-Vallejo, and San Francisco. It should begin service with no fewer than 10 schedules from Vallejo, including one from Napa to San Francisco, and no fewer than 9 schedules from San Francisco to Vallejo, including one to Napa, week-days, excluding holidays.

3. Trans Voyager's application should be denied.

4. Dennis Clemente's application should be denied.

5. William Childs should be granted a certificate of public convenience and necessity to commence service between Vallejo and San Francisco. Service should be restricted to the use of one round trip bus per day.

6. Childs and Trans Voyager should be ordered to cease and desist from offering or providing further unauthorized passenger carriage or carriage in violation of certificate provisions.

O R D E R

IT IS ORDERED that:

1. Greyhound Lines Inc. is authorized to discontinue, effective July 1, 1983, its 9,300 commuter service between Napa and Vallejo, on the one hand, and San Francisco, on the other hand, and intermediate points, subject to commencement of replacement service by Guiton.

2. Andre Guiton (Guiton) is granted a certificate of public convenience and necessity as a passenger stage corporation between Napa, Vallejo, San Francisco, and intermediate points, as set forth in First Revised Page 1 canceling Original Page 1 and in Original Pages 4 and 5 of Appendix PSC-1257, attached. Guiton shall commence this service on July 1, 1983, and shall operate initially with no fewer than 10 schedules from Vallejo, including one schedule from Napa, to San Francisco, and no fewer than 9 schedules from San Francisco to

Vallejo, including one schedule to Napa, on week-days, excluding holidays. Guiton's initial Napa to San Francisco tariff shall not exceed \$75.00 for a 20-ride ticket and \$5.50 for single rides. Guiton's other fares shall be as discussed above, and shall include provisions for single ride tickets at fares not to exceed one-fifteenth of the authorized 20-ride ticket prices.

3. William Childs is granted a certificate of public convenience and necessity as a passenger stage corporation between Vallejo and San Francisco, as set forth in Second Revised Pages 1 and 2 canceling First Revised Pages 1 and 2 of Appendix PSC-1124, attached.

4. Guiton and Childs shall:

- a. File a written acceptance of these certificates within 30 days after this order is effective.
- b. Establish the authorized service and file tariffs and timetables within 120 days after this order is effective.
- c. State in their tariffs and timetables when service will start: allow at least 10 days' notice to the Commission; and make timetables and tariffs effective 10 or more days after this order is effective.
- d. Comply with General Orders Series 79, 98, 101, and 104, and the California Highway Patrol safety rules.
- e. Maintain accounting records in conformity with the Uniform System of Accounts.

5. A.60532 is denied insofar as it has not previously been granted.

6. A.83-02-23 and A.83-02-40 are denied.

7. Greyhound shall refund commute ticket books applicable to its discontinued schedules at full pro rata value based on the number of tickets remaining and the original purchase price.

8. William T. Childs, Frank C. McClendon, Jr., and Trans Voyager International Tours, Inc. shall cease and desist from offering to transport or transporting any passenger(s) having both origin and destination points at Vallejo and San Francisco, except as Childs is authorized by Ordering Paragraph 3 or as the Commission may subsequently authorize.

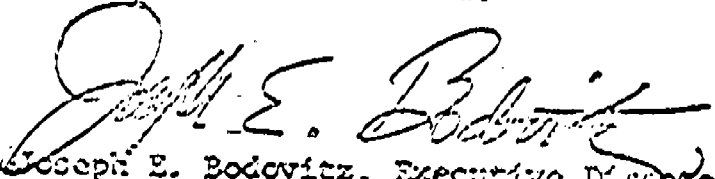
This order is effective today.

Dated JUN 15 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovitz, Executive Director

SECTION 1. GENERAL AUTHORIZATIONS. RESTRICTIONS. LIMITATIONS,
AND SPECIFICATIONS.

Andre Guiton, by the certificate of public convenience and necessity granted by the decision noted in the margin, is authorized as a passenger stage corporation to transport home-to-work passengers between "the points and along the routes hereinafter described subject, however, to the authority of this Commission to change or modify this authority at any time and subject to the following provisions:

- a. All transportation of passengers shall originate at and shall be destined to the service points specified in Section 2.
- b. When route descriptions are given in one direction, they apply to operation in either direction unless otherwise indicated.
- *c. Authority for routes R and T expire on October 20, 1983 in accordance with Decision 82-10-066, dated October 20, 1982 in Application 82-09-42.
- d. Schedules on Route N may commence at either Napa or Vallejo provided adequate service is afforded to the entire route and, additionally, that at least one San Francisco roundtrip per day serve Napa and Imola.

Issued by California Public Utilities Commission.

83 05 053

*Amended by Decision _____, Application 83-01-46 et al.

SECTION 2. ROUTE DESCRIPTIONS. (Continued)

*Route N Napa-Vallejo-San Francisco Express

Commencing with service points at the following locations:
 1620 Main (Greyhound Depot), Napa; Highway 29 and Imola Avenue
 (Flagstop), Imola; Sonoma Blvd. and York Street (Greyhound Depot),
 Vallejo; then via the most appropriate streets and highways to service
 point at the Transbay Terminal in San Francisco.

*Route V Vallejo-West Contra Costa-San Francisco Local

Commencing with service points at the following locations:

Vallejo

Sonoma Blvd. and York Street (Greyhound Bus Depot)
 Sonoma Blvd. and Lemon Street
 Sonoma Blvd. and Magazine Street

Crockett

Pomona Avenue under Interstate 80

Tormey

Front of School on San Pablo Avenue

Oleum

Oleum plant intersection on San Pablo Avenue

Bay-O-Vista

San Pablo Avenue and California Street

Rodeo

2nd Street and Pacific Avenue

Pinole

San Pablo Avenue and Pinole Valley Road
 San Pablo Avenue and Laurel Avenue (3 Bros Hardware)
 San Pablo Avenue and 5th Avenue (Nob Hill Plaza)
 San Pablo Avenue and Meadow Avenue (Gables Motel)
 San Pablo Avenue and Crestview Drive
 San Pablo Avenue and Del Monte Drive

Lower Tara Hills

Tara Hills Drive and San Pablo Avenue

Upper Tara Hills

Shamrock Drive and San Pablo Avenue

Issued by California Public Utilities Commission.

*Amended by Decision 83 06 053, Application 83-01-46 et al.

SECTION 2. ROUTE DESCRIPTIONS. (Continued)

El Sobrante

Montalvin Manor (Standard Station)
San Pablo Dam Rd. and El Portal Drive (Shell Station)

San Pablo

23rd Street and Brookside Drive

Richmond

23rd Street and Market Avenue
23rd Street and Rheem Avenue

23rd Street between MacDonald and Exchange (Greyhound Depot)
Fairmount Avenue (between San Pablo Avenue and Carlson Blvd)

Albany

San Pablo and Solano Avenues

Berkeley

San Pablo and University Avenues
San Pablo and Ashby Avenues

Oakland

San Pablo and Standford Avenues
San Pablo Avenue between Grove and Castro (Greyhound Depot)

Emeryville

San Pablo Avenue and 40th Street

Then via the most appropriate streets and highways to
service point at the following location:
Transbay Terminal, San Francisco

Issued by California Public Utilities Commission.

83 06 053

*Amended by Decision _____, Application 83-01-46 et al.

T/jc

Appendix PSC-1174

WILLIAM T. CHILDS

Second Revised Page 1

Cancels

First Revised Page 1

SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS,
AND SPECIFICATIONS.

William T. Childs, by the certificate of public convenience and necessity granted by the decision noted in the margin, is authorized as a passenger stage corporation to transport home-to-work passengers and their baggage between points in Vacaville, Fairfield, and Vallejo*, on the one hand, and San Francisco, on the other hand, subject, however, to the authority of this Commission to change or modify this authority at any time and subject to the following provisions:

- a. All transportation of passengers shall originate at and shall be destined to the service points specified in Section 2.
- b. When route descriptions are given in one direction, they apply to operation in either direction unless otherwise indicated.
- c. Service at Vallejo shall be restricted to one round-trip per day.

Issued by California Public Utilities Commission.

83 66 053

*Amended by Decision _____, Application 83-01-46 et al.

SECTION 2. ROUTE DESCRIPTIONS.

*Route 1: Vacaville - San Francisco

Commencing with service points at the following locations:

Davis and East Main Streets, Vacaville;
Atlantic Avenue and North Texas Street, Fairfield;
Kathy Ellen Drive and Redwood Street, Vallejo.

Then via the most appropriate streets and highways
with service points in San Francisco at:

4th and Mission Streets (inbound only)
10th and Mission Streets (inbound only)
4th and Folsom Streets
9th and Folsom Streets (outbound only)
2nd and Folsom Streets (outbound only)

Issued by California Public Utilities Commission.

*Amended by Decision 83 66 653, Application 83-01-46 et al.