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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GREYHOUND LINES, INC.)
for authority to revise Route 7.09)
and portion of Route 7.03 to provide)
Special Operations between Four)
Corners and junction of California)
Highway 37 and Interstate Highway)
101 (Ignacio). }

Application No. 58917
(Filed June 6, 1979)

Anthony P. Carr, Attorney at Law, for
applicant.
Suzan Hatfield, Attorney at Law, Peter J.
Steinert, and Hal Wood, for County of
Sonoma; Brock T. Arner, for City of
Sonoma; and Brian Kahn, for himself;
interested parties.
Ora A. Phillips, for the Commission staff.

O P I N I O N

On June 6, 1979 Greyhound Lines, Inc. (Greyhound) filed an application to discontinue regular service over Route 7.09 and requests that the Commission reauthorize this route in special operations only. Route 7.09 runs from Schellville, over California Highway 121 to the junction with California Highway 37 (Sears Point), then over California Highway 37 to the junction with U.S. Highway 101 at Ignacio. The route covers portions of Marin and Sonoma Counties.

The application also requests revision of Route 7.03 to delete regular service over the portion of the route between Four Corners and Schellville and requests the Commission reauthorize this portion of the route in special operations only. Route 7.03

runs from Santa Rosa, over California Highway 12 to Warfield, then over unnumbered highway via Glen Ellen, Madrone, Hanna Center School and Agua Caliente Junction, then over California Highway 12 to Verano, then over unnumbered highway via El Verano to El Verano Junction, and then over California Highway 12 to Schellville.

Route 7.03 is entirely in Sonoma County.

The portion of Route 7.03 between Santa Rosa and the junction of unnumbered highway and California Highway 12 at Four Corners will remain in regular service.

Concurrently with the changes in Routes 7.03 and 7.09, Greyhound proposes to discontinue operation of Schedules 6636, 6637, 6638, and 6639.

Greyhound conducts all special operations under tariffs and the rules and regulations provided with respect thereto, filed with the Commission. These operations are conducted in non-scheduled service over regular routes to accommodate groups of 32 people (minimum) moving over authorized routes of Greyhound between common points of origin and destination where payment for the transportation is on an individual fare basis.

Copies of the application were served on the Board of Supervisors, Marin and Sonoma Counties, and on the City Clerks of Sonoma, Santa Rosa, and Petaluma. Duly noticed public hearing was held in San Francisco on January 7, 1980 before Administrative Law Judge Mary Carlos and the matter was submitted on that date.

Position of the Parties

Greyhound alleges that the decline in passengers traveling over the area herein concerned has reached the point where it is not economically feasible to continue regular service and that the continuation of regular service would be financially disastrous.

In support of its position, Greyhound submitted four exhibits showing a seven-day traffic study of tickets listed in the operation of Schedules 6636, 6637, 6638, and 6639. The studies covered the period October 25-31, 1979 with some November 1979 data being submitted for certain days when October data was unavailable. These studies show a high of 24 passengers on board at any one time and a low of 5 passengers on board at any one time.

In addition, Greyhound submitted an exhibit showing an average load factor for eleven months ended November 30, 1979 of 12.0 passengers. An average load is based on riders on the bus for the entire distance between San Francisco-Sonoma-Santa Rosa. Based on a 43-passenger bus capacity, this represents a load factor of 27.9 percent.

Greyhound also submitted an avoidable cost statement for the 12 months ended October 31, 1979 for Schedules 6636, 6637, 6638, and 6639 showing annual passenger revenues of \$85,803 and total avoidable costs of \$109,795 with a net avoidable loss of \$23,992.

Brian Kahn, a Sonoma County supervisor, appearing for himself, opposed the discontinuance of service in the Sonoma Valley, noting that Greyhound had recently received a rate increase which assured it of an overall profitable rate of return. He further noted that Greyhound did little to promote ridership on its Sonoma Valley routes and that with spiraling gasoline prices and the continuing rise in costs of operation of private vehicles, it would make little economic sense to restrict mass transit by granting Greyhound's application.

Brock Arner, appearing as city manager for the city of Sonoma, opposed the application to reduce service on the grounds that the uniqueness of the Sonoma Valley required public transportation and noting that Greyhound currently provides the only true public transportation. He also noted that Greyhound had recently made

application for a rate increase on a statewide basis and observed that it must have included any deficit from the Sonoma Valley operation in the overall projections made for the rate increase.

Peter J. Steinert, appearing for the county of Sonoma (County), urged that Greyhound not stop its service in the Sonoma Valley but that it add to the service by changing its schedules to make it more convenient for employees at Sonoma State Hospital to use Greyhound transportation between the hospital and Santa Rosa.

County made its direct presentation through Hal Wood, a supervising civil engineer in the Public Works Department. County opposes the application of Greyhound.

In support of its position, County presented an exhibit which set forth the efforts of County to assure that the transit needs of its residents are met. The exhibit discusses the activities of the Paratransit Coordinating Council to coordinate the existing and proposed transit services, the Five Year Transportation Plan for Sonoma County, and the County's efforts to secure available Transportation Development Act and Urban Mass Transportation Act funds to subsidize transit in Sonoma County.

The Commission staff participated in this matter through cross-examination but did not take a position with respect to the application.

Summary of the Evidence

Greyhound's avoidable cost statement for the 12 months ended October 31, 1979 (Exhibit 9) shows a net avoidable loss of \$23,992 if Schedules 6636, 6637, 6638, and 6639 are discontinued. Greyhound received a statewide 13 percent increase in passenger rates in Decision No. 90740 on August 28, 1979 (Application No. 58347) which is reflected in Exhibit 9 for the period September 5, 1979 to October 31, 1979. The major effect of the rate increase

is not reflected. Also not reflected is the fuel offset increase in passenger fares and express rates not to exceed 2.7 percent granted in Decision No. 91149 and made effective December 21, 1979 by Decision No. 91179 (Application No. 59041). In addition, the figures shown on Exhibit 9 do not include overhead costs or revenues from express package service, both items being very small according to Greyhound. While admitting that the revenue figures shown do not reflect the full effect of the rate increases granted in late 1979, Greyhound notes that the expense figures also do not reflect increases caused by continuing inflation or rising fuel prices. According to Greyhound, the exhibit was designed to show, realistically and conservatively, what Greyhound would save if the operation were discontinued.

Greyhound also submitted Exhibit 8 showing yearly bus miles, passenger miles, and passenger counts for the routes in question. This exhibit showed an average load for 11 months ended November 30, 1979 of 12.0. Greyhound admitted that that figure was probably slightly higher at the time of hearing in early January 1980. The figure is up sharply from an average load of 9.1 in 1978 and nearly reaches the average load of 12.6 shown for 1969. The Golden Gate Bridge and Highway District began furnishing transportation services in Marin and Sonoma Counties about 1970-1971 and Greyhound's average load shows a slow decline from 1969 through 1976 and a slow rise in 1977 and 1978.

The results of a seven-day passenger traffic study (Exhibits 3, 4, 5, and 6) of the scheduled service on Schedules 6636, 6637, 6638, and 6639 conducted by Greyhound during October and November 1979 indicate the following:

Northbound

<u>Schedules</u>	<u>6636</u>	<u>6638</u>
Origin-SF	7 a.m.	5:15 p.m.
On-SF	59	109
Sonoma Valley Points ON	21	38
Sonoma Valley Points OFF	(43)	(134)
Arrive Santa Rosa	37	13
Total handled	80	147
Daily average	11.4	21

Southbound

<u>Schedules</u>	<u>6637</u>	<u>6639</u>
Origin-Santa Rosa	7:15 a.m.	5:10 p.m.
On-Santa Rosa	11	36
Sonoma Valley Points ON	97	82
Sonoma Valley Points OFF	(21)	(40)
Arrive SF	87	78
Total handled	108	108
Daily average	15.4	15.4

A similar passenger traffic study was performed by Greyhound in October 1971 in support of Application No. 52929 which was a request to abandon certain routes in Marin and Sonoma Counties, including routes in Route Groups 7 and 9 under consideration in the present application. Decision No. 79479 dated December 14, 1971, mineo. p. 4, shows the results of that passenger study. Excluding the data shown thereon for San Rafael and Highway 101 which is not relevant here, the daily average number of passengers to and from the Sonoma Valley on similar time schedules is slightly lower than the daily average number of passengers shown on the October 1979 survey, supra. In Decision No. 79479 in Application No. 52929, the Commission found:

"Until such time as the [Golden Gate Bridge and Highway] District is ready to replace applicant's service to and from points within the Sonoma Valley, public convenience and necessity require the continuation of applicant's service as presently provided." (Mimeo. p. 6.)

With respect to other bus transportation in the Sonoma Valley, Greyhound testified that although the Transit District in Marin County had declined to take over Sonoma Valley, it was currently engaged in chartering buses from private companies in San Francisco area and using the buses to transport commuters from Sonoma Valley into San Francisco. There are four buses originating in Sonoma Valley with pickups from Boyes Springs through downtown Sonoma. Seats are sold for \$45 per month with the remaining cost of the contract subsidized by the Golden Gate Bridge and Highway District. There is a waiting list for seats. Greyhound asserts that the transit district is maintaining a commute operation on a subsidized basis but they are requiring a guaranteed load from Sonoma Valley instead of assuming the obligation to provide service to the general public as Greyhound is required to do.

At the present time, there is also a limited van service available to senior citizens and the handicapped provided by FISH of Sonoma Valley between Sonoma and Oakmont, an area in the northern part of Santa Rosa. The service currently runs two days a week, with the fare being a voluntary donation. The contract between FISH and County to run the service expires in one year.

County has established a Paratransit Coordinating Council and has adopted a five-year transportation plan which addresses transit needs in Sonoma County; however, except for the contract with FISH, County is not currently providing any funds

or transportation services over the routes which are the subject of this application.

By Resolution No. 65266, the Sonoma County Board of Supervisors requested the Metropolitan Transportation Commission on January 22, 1980 to support the use of Caltrans' discretionary Section 18 (Urban Mass Transit Act) funds to provide operation assistance for Greyhound in serving the Santa Rosa, Sonoma, and Ignacio area. County's witness Wood estimated that the Metropolitan Transportation Commission might act on the resolution by April 1980 and that Caltrans would have to make a decision on the matter after that so that County would not know whether it had the use of funds for subsidy until well into the summer of 1980.

As we noted in Decision No. 90740 in Application No. 58347:

"...the stark facts of life in an era of decreasing petroleum supplies are just beginning to reintroduce our citizens to the vital and convenient service provided by the bus, and increasing numbers of travelers are and will be turning to this safe, reliable and relatively economical transportation mode for more and more of their travel needs."
(Mimeo. p. 21.)

It is apparent from the passenger counts and from this rise in average load over the last year that there is still a need for the service Greyhound provides in the Santa Rosa, Sonoma Valley, and San Francisco corridor. It is also apparent that the need may be growing, although it is too soon to tell whether the 1979 growth in ridership will be sustained. If gasoline costs continue to rise as they have in 1979, we anticipate that more and more people will find that travel by bus is less costly than by private automobile in this transportation corridor.

While Greyhound asserts that it is losing money on these routes, we question whether the net amount of avoidable loss is as high as shown on Exhibit 9, since those figures reflect only a small part of the general rate increase and none of the fuel offset increase granted in 1979. Further, we note that should the cost of fuel continue to erode Greyhound's rate of return we would expect that Greyhound will apply for further fuel offset increases and, if necessary, for general rate relief. Additionally, there is the possibility of subsidy from the County.

Further, we note that the average daily number of passengers traveling through the Sonoma Valley between Santa Rosa and San Francisco is substantially the same as it was in 1971 when we denied Greyhound's request to abandon service in the Sonoma Valley until Golden Gate Bridge and Highway District took over the provision of public transportation in that area. Although it appears that there is some service being provided through the Golden Gate Bridge and Highway District subsidy, that service cannot be called regular scheduled service available to the general public.

Findings of Fact

1. The average load and load factor percentage between Santa Rosa-Sonoma-San Francisco on Schedules 6636, 6637, 6638, and 6639 rose in 1979 almost to a level equal to that of 1969 and exceeded that of 1971.
2. There has been a rise in ridership on Schedules 6636, 6637, 6638, and 6639 in the first 11 months of 1979 over 1978.
3. Competing service subsidized by Golden Gate Bridge and Highway District between Sonoma and San Francisco has not apparently reduced Greyhound's passenger count.

4. Sonoma County currently has no bus service to replace Greyhound's service if the Commission were to grant Greyhound's request to abandon regular service from San Francisco through the Sonoma Valley to Santa Rosa.

5. Greyhound was authorized a statewide rate increase and a fuel offset increase which are not fully reflected in its calculation of avoidable loss.

6. County has requested that the Metropolitan Transportation Commission support the use of Caltrans' discretionary Section 18 of the Urban Mass Transit Act funds to provide operation assistance for Greyhound over the routes that are the subject of this application.

Conclusions of Law

1. Public convenience and necessity require that Greyhound continue to provide regular service on Schedules 6636, 6637, 6638, and 6639 between Santa Rosa, Sonoma, Ignacio, and San Francisco.

2. The application herein should be denied.

O R D E R

IT IS ORDERED that the application of Greyhound Lines, Inc. for authority to revise Route 7.09 and a portion of Route 7.03 to provide special operations between Four Corners and the junction

of California Highway 37 and Interstate Highway 101 (Ignacio) is hereby denied.

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

Dated JUL 15 1980, at San Francisco, California.

John E. Bryson
President
William J. ...
Robert ...
Edward J. ...
James ...
Commissioners