

ORIGINAL

Decision 93716 NOV 3 1981

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 TRAILWAYS, INC. for: (1) permission
 to make effective and continue in
 force time schedules as set forth in
 15th Revised Section 1 of applicant's
 Timetable No. 2 filed June 29, 1981;
 and (2) authorizing deviation for the
 provisions of General Order 11.42 to
 the extent required to permit said
 time schedules to become effective on
 their scheduled effective date either
 on an interim basis pending hearing
 or permanently as the Commission may
 deem appropriate.

Application 60729
 (Filed July 9, 1981)

Russell and Hancock, by Theodore W. Russell,
 Attorney at Law, for Trailways, Inc.,
 applicant.

James P. Jones, for United Transportation Union,
 interested party.

Sheldon Rosenthal, Attorney at Law, and
Raymond D. Yick, for the Commission staff.

O P I N I O N

Trailways, Inc. (Trailways), a corporation duly organized under the laws of the State of Delaware, is engaged in business as a passenger stage corporation as defined in Public Utilities Code §§ 225 and 226. It serves between all points and places described in the restated certificate of public convenience and necessity issued in Decision (D.) 86517 dated October 13, 1976 and D.86711 dated December 7, 1976 in Application (A.) 54272 and A.55211. This certificate of public convenience and necessity authorizes Trailways to engage in passenger stage operations between San Francisco and Los Angeles and intermediate points via Stockton, Fresno, and Bakersfield and between Los Angeles and the California-

Arizona state line at Needles and Blythe via San Bernardino and Riverside, respectively.

By this application, Trailways requests authority to place its revised Section 1 of Timetable 2 in effect either permanently or on an interim basis which would eliminate service to the public along Interstate I-5 and change all remaining service offered to the public from express service to local service only along State Highway 99. The existing and proposed time schedules are as follows:

1. Schedule 1856 from Fresno to San Francisco will be canceled.
2. Schedule 1825 from San Francisco to Los Angeles will be canceled.
3. Northbound Schedule 1830 from Los Angeles to San Francisco over CA 99 and northbound Schedule 1610 from Los Angeles to Sacramento over I-5 are to be replaced by a new Schedule 1610 from Los Angeles to Sacramento over CA 99.
4. Southbound Schedule 1613 from Sacramento to Los Angeles over I-5 and Schedule 1823 from San Francisco to Los Angeles over CA 99 are to be replaced by proposed Schedule 1613 from San Francisco to Los Angeles over CA 99.

The only points at which service will be eliminated by the combination and rerouting of present Schedules 1610, 1613, 1823, and 1830 are Hayward, Oakland, and San Francisco. New Schedules 1610 and 1613 will be converted from express to local service.

The Commission staff recommended that the application be granted without a public hearing. The United Transportation Union and City of Merced filed written requests for a public hearing to provide an opportunity for public expression on the proposed elimination of service.

A public hearing was scheduled and held on August 24, 1981 in San Francisco, before Administrative Law Judge Edward G. Fraser.

Evidence was presented by Trailways through the testimony of its regional vice president. Other witnesses were the Trailways' station agents from Tulare, Visalia, and Merced, a substitute driver for Trailways, and a representative of the San Joaquin Board of Supervisors. The Commission staff assisted in developing the record but presented no evidence.

Trailways' Exhibit 1 shows a loss (in Trailways' Western Division) of \$4,315,422 for the 12 months ended June 30, 1981. The total includes intrastate and interstate operations. Exhibit 2 illustrates how Trailways increased service over main north-south routes in California from April 3 through June 1, 1980. Fares were also reduced by 50% on certain routes for a period of 30 days, but original fares had to be restored and service reduced because the decline in patronage continued. Trailways' Western Division (includes California, Oregon, Washington, Nevada, Arizona, and New Mexico) has been operating at a loss for more than two years. Approximately 50% of this loss is the result of intrastate and interstate operations in California. Losses amounted to \$420,159 from January 1, through May 31, 1980; losses for the same period in 1981 increased to \$1,282,318. The revenue and costs per bus mile were as follows:

<u>Period</u>	<u>Revenue Per Bus Mile</u>	<u>Cost Per Bus Mile</u>	<u>Loss</u>
1-1-80 through 5-31-80	\$1.4794	\$1.4863	\$0.0069
1-1-81 through 5-31-81	1.3418	1.5442	0.2024

Trailways analyzed the operating results during the month of May on four of its north-south schedules which it has petitioned to either eliminate or consolidate with other schedules.

<u>Schedule</u>	<u>Origin-Destination</u>	<u>Revenue Per Bus Mile</u>
1856	Fresno-San Francisco	\$0.47
1830	Los Angeles-San Francisco	1.15
1823	San Francisco-Los Angeles	.53
1825	San Francisco-Los Angeles	.65

It was noted that in view of the cost per mile in the previous table, Trailways has been losing a minimum of a dollar per mile on these schedules. Trailways' witness estimated the loss at \$1,500 per day as a minimum. He also testified that operating cost was \$1.68 per mile in August 1981 and is increasing. He testified that a minimum of 25 passengers per bus was required to break even on most of these schedules.

Trailways provided a set of exhibits to show passenger patronage during June and July of 1981 on all schedules to be discontinued or merged. Schedule 1823 leaving San Francisco for Los Angeles at 12:15 p.m. had an average of 15 passengers; Schedule 1825 (to be eliminated) leaving San Francisco for Los Angeles at 10 p.m. had an average of 19 passengers; Schedule 1827 leaving San Francisco for Los Angeles at 10:30 p.m. had an average of 29 passengers; Schedule 1830 leaving Los Angeles for San Francisco at 10:40 p.m. had less than five passengers; Schedule 1856 (to be eliminated) leaving Fresno for San Francisco at 7:30 a.m. had seven passengers; Schedule 1857 leaving San Francisco for Fresno at 6 p.m. had less than five passengers; Schedule 1610 leaving Los Angeles for Bakersfield at 12:30 p.m. had 39 passengers; and Schedule 1613 leaving Sacramento for Los Angeles at 1:00 p.m. had 15 passengers.

Trailways' witness testified that reducing fares by half and providing more schedules did not increase patronage. There is

a recession and buses, trains, and airlines are transporting fewer people. Several airlines have suspended or discontinued operations and Amtrak is expected to request an additional subsidy. He testified that Trailways has also been inconvenienced by a decline in charter business. Charter revenue once supported many unprofitable routes but is no longer dependable, as, he contends, there are too many companies competing for the available business. He stated that the period of May through September determines whether bus service operates at a profit or a loss. The rest of the year is seldom good. He further testified that if this application is denied it may be necessary for Trailways to discontinue service and sell its certificate. Exhibit 11 was placed in evidence to show that Greyhound Lines, Inc. (Greyhound) has more than 20 schedules northbound and southbound, in addition to the service proposed by Trailways.

Late-filed Exhibit 12 was placed in evidence at the request of the Commission staff. It shows that during the 12-month period ending June 30, 1981 Trailways' passenger revenue and miles operated are as follows:

Passenger revenue, Intercity Schedules ..	\$12,778,937
Miles operated, Intercity Schedules	10,837,599

It is noted on Exhibit 12 that "The proposed schedule changes in this application will result in a reduction of 458,440 annual schedule miles operated."

No one challenged Trailways' evidence. The Trailways agent from Tulare testified that many of the buses are two hours late on arrival so some passengers change to Greyhound. It was admitted that not many ride out of Tulare in either direction. The Visalia agent requested that the application be denied. He advised that at least five passengers get on the bus every morning and any reduction in service is a possible reduction in income. The Merced agent testified that he has workers riding to the Bay area

every working day. They return on the 6 p.m. bus out of San Francisco to Fresno. He further testified that proper notice of the application and hearing were never posted in either the buses or the agencies. The representative from San Joaquin County read a statement from the County Board of Supervisors regarding the need for adequate bus service in and out of the area. The Trailways' bus driver testified that he operates as an extra driver out of the Fresno office. He stated he has seen no notices on any of the buses he has been driving. He also stated that he has four years seniority so he will remain in Fresno even if this application is granted.

Trailways' witness returned to rebut the testimony on lack of notice. He testified that all agents are required to post all directives that come to the agency by bus or through the mail. All agents receive timetables and all proposed changes to the timetables. They also receive copies of Russell's Guide, which lists bus operators and the service they provide. Notices of the proposed changes in service were posted and mailed to all agents.

Discussion

The testimony of the public witnesses has suggested that adequate notice was not provided. We disagree. We have received letters referring to the application from a State Senator and three members of the State Legislature; from the Cities of Delano, Madera, Tulare, and Merced; also from the Merced County Chamber of Commerce. The Commission staff was notified no later than June 24, 1981 and received a telegram from the United Transportation Union on July 3, 1981 regarding the proposed changes in service six days before the application was filed. Several valley newspapers called before or after the hearing on August 24, 1981. No letters were received from the riding public, but this may indicate lack of interest rather than lack of notice. It is obvious that some people were notified prior to July 1, 1981. Most of the letters received were dated during

the first two weeks in August. This is no indication when the writers received notice.

We believe adequate notice has been provided. Also, our public hearing was attended by valley newspapers who reported it, and since our hearing we have not received further protests from potentially affected Trailways' riders.

Findings of Fact

1. Trailways has proposed changes in its San Francisco-Los Angeles, Fresno-San Francisco, and Sacramento-Los Angeles service, including the elimination of two schedules.

2. Trailways is curtailing service to reduce the loss suffered from California interstate and intrastate operation.

3. The curtailment of service will have no adverse effect on the public. Greyhound provides more than 20 daily schedules in each direction, in addition to Trailways' modified service.

4. Proposed schedule changes were mailed or delivered by bus to all concerned agents.

5. There is an immediate need to grant the application to lessen Trailways' financial loss, so this order should be made effective on the date it is signed.

Conclusions of Law

1. The application should be granted.

2. Trailways has provided adequate public notice of the proposed schedule changes and cancellations.

IT IS ORDERED that Trailways, Inc. is granted authority to file its revised Section 1 of its Timetable 2 and to discontinue the schedules identified in the application 10 days after the effective date of this order.

This order is effective today.

Dated NOV 3 1981 at San Francisco, California.

JOHN E. BRYSON
President
EDWARD D. GRAVELLE
LEONARD M. GRIMES, JR.
ANTONIO CALVO
FRANCESCA C. CREW
Commissioners

I certify that this decision was approved by the above Commissioners today.

John E. Bryson
JB