

Decision No. 36654

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SACRAMENTO CITY LINES,

for (a) an order authorizing the
issuance of securities, and (b) a
Certificate of Public Convenience
and Necessity to operate a passenger
transportation system in the City of
Sacramento.

ORIGINAL

Application
No. 25793

Downey, Brand and Seymour, by Harry B. Seymour,
for Sacramento City Lines.
R. W. DuVal for Pacific Gas and Electric Company.
Hugh B. Bradford, City Attorney, and D. R. Cate,
Engineer, for the City of Sacramento.

BY THE COMMISSION:

O P I N I O N

Sacramento City Lines, a California corporation, asks permission to issue and sell at par for the purposes hereinafter stated, \$500,000 of common stock. Applicant also asks the Commission to grant it a certificate of public convenience and necessity to operate motor coach service over the routes delineated in Exhibit B, filed in this application, including authority to make minor changes and deviations in said routes as provided in the application.

Sacramento City Lines is a corporation organized under the laws of California. It has an authorized common stock issue consisting of 100,000 shares of the par value of \$10.00 per share

or of the aggregate par value of \$1,000,000. As stated, it asks permission to issue and sell, at par, \$500,000 par value of said stock. The \$500,000 of stock will be purchased by the Pacific City Lines, Inc. Exhibit 5 shows that the stock proceeds will be used for the following purposes:

- (a) To pay purchase price Pacific Gas and Electric Company properties....\$450,000
 - (b) To pay legal and organization expenses..... 5,000
 - (c) To provide working capital..... 25,000
 - (d) To purchase additional service equipment, provide a new parts room, make other improvements to buildings and facilities..... 20,000
- Total \$500,000

Our decision in Application No. 25794 authorizes Pacific Gas and Electric Company to sell its street railway and motor bus properties in Sacramento to the Sacramento City Lines.

There was filed at the hearing had on this application, as Exhibit 8, a copy of Ordinance No. 992, Fourth Series, which is an ordinance adopted by the City Council of the City of Sacramento granting to the Sacramento City Lines, its successors and assigns, a franchise to establish, maintain and operate a motor coach transportation system over certain streets (mentioned in the ordinance) in the City of Sacramento for the transportation of passengers for hire and fixing the terms and conditions thereof. While the ordinance specifically authorizes Sacramento City Lines to establish, maintain and operate a motor coach transportation system, it is granted with the express condition that Sacramento City Lines will abandon the street electric railway operations as are now conducted by Pacific Gas and Electric Company and will substitute motor coach operations therefor as

soon as appropriate governmental authority can be obtained for such abandonment and for the purchase of the necessary motor coach equipment. Counsel for applicant expressed the opinion that the franchise considered in connection with applicant's contract with Pacific Gas and Electric Company to assume all of the latter's utility obligations in respect to transportation, obligates applicant to continue the operation of the street railway service. He and the City Attorney have no objection to the cancellation of whatever street railway franchise rights Pacific Gas and Electric Company may possess if and when motor bus service is substituted for street car service. Applicant is paying nothing for Pacific Gas and Electric Company's franchises, which cover only a small part of the company's operation.

Ordinance No. 992, Fourth Series, obligates Sacramento City Lines to pay annually to the City of Sacramento during the term of the franchise the following percentages of the company's annual gross revenue derived from the operations within the City of Sacramento:

- (a) 2% of such annual gross revenue when the same exceeds Nine Hundred Thousand Dollars (\$900,000);
- (b) 1½% of such annual gross revenue when the same is more than Eight Hundred Thousand Dollars (\$800,000) but does not exceed Nine Hundred Thousand Dollars (\$900,000);
- (c) 1% of such annual gross revenue when the same does not exceed Eight Hundred Thousand Dollars (\$800,000).

Under war time conditions the annual operating revenues are estimated at \$908,000, while under normal times the estimated revenues are less than \$800,000.

J. L. Haugh, President of Sacramento City Lines testified that no part of the franchise payments to the City of

Sacramento will be allocated to any other city in which subsidiaries of Pacific City Lines, Inc. may operate.

Ordinance No. 992, Fourth Series also provides that there is reserved to the City of Sacramento to and including December 31, 1945 the right to purchase the property of Sacramento City Lines used and useful in the exercise of the franchise at a price equivalent to the cost of said property to Sacramento City Lines plus 10% less depreciation. The cost, as used in the franchise, shall be construed to be the aggregate of the purchase price paid by Sacramento City Lines for said property, applicant's actual, reasonable organization, legal and preliminary expenses and the actual cost to it of all additions and betterments. Depreciation shall be calculated at the rate of 10% per annum from date of acquisition by applicant in respect to all items of physical property of applicant used and useful in the exercise of the franchise, but excluding therefrom real property and the buildings situated thereon. The franchise also reserves to the City of Sacramento the right to purchase the property of applicant on and after January 1, 1946 and sets up a procedure to be followed in the event the city undertakes the acquisition of the properties on or after that date.

The record shows that applicant has paid the City of Sacramento \$119.55 in connection with the application and granting of the franchise.

In Exhibit 6 the present value of the properties being acquired by applicant is reported at \$500,000. This appraisal, however, was made after giving effect to the negotiated purchase price. Included in the \$500,000 is the \$50,000 which applicant is obligated to pay to the City of Sacramento when it abandons

the Number 3 and Number 6 car lines. Appraisals of the properties made prior to the signing of the contract varied from \$506,000 to \$525,000. The consideration paid for the properties does not ipso facto establish the value of the properties for the purpose of fixing rates.

For the time being applicant will operate the properties at the same rates and under the same rules and regulations now on file with the Commission by Pacific Gas and Electric Company. In regard to the operation of the properties, J. L. Haugh, President of Sacramento City Lines testified as follows:

Mr. Haugh: "Well, first, our sole business is operation of City transit properties and we will operate in Sacramento so as to develop that system to the public welfare to such an extent that people will be attracted to the service. As soon as it is possible to get motor equipment the street car lines will be abandoned and motor coach operation substituted for it.

We will continue in purchasing new equipment to retire the old; we will make extensions from time to time as public necessity requires and as the Commission may approve, and there are some extensions that could and should be made now if we were not in this war situation and were not limited by our ability to purchase equipment.

Some of these extensions may be beyond the City limits into the County, but they will be taken up in the future from time to time as the conditions warrant and as the situation develops. At present we are applying only for certification of the routes now actually operated, with no change."

While the Order herein grants to applicant a certificate of public convenience and necessity to exercise rights and privileges granted by said Ordinance No. 992, Fourth Series, the Commission by such action does not waive any of its jurisdiction over the rates and service of Sacramento City Lines.

No one appeared at the hearing to protest the granting of this application.

O R D E R

A public hearing having been held on this application and the Commission having considered the testimony submitted at such hearing and it being of the opinion that the money, property or labor to be procured or paid for by Sacramento City Lines through the issue of \$500,000 of common stock is reasonably required for the purposes herein stated; that the expenditures for said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that a certificate of public convenience and necessity subject to the provisions of this Order should be granted to Sacramento City Lines, therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity is hereby granted to Sacramento City Lines to establish and operate the street railway and the motor bus passenger business referred to in this application and to exercise the rights and privileges granted to said Sacramento City Lines by Ordinance No. 992, Fourth Series, of the City of Sacramento, provided that the authority herein granted is subject to the provisions of Section 52(b) of the Public Utilities Act and further to the condition that Sacramento City Lines, its successors or assigns, shall never claim before this Commission or any court or any public body a value for said certificate of public convenience and necessity an amount in excess of that paid to the State or to the City of Sacramento as the consideration for such right.

IT IS HEREBY FURTHER ORDERED that in providing service pursuant to the foregoing certificate, Sacramento City Lines

shall comply with and observe the following service regulations:

1. Sacramento City Lines shall file a written acceptance of the certificate herein granted within a period of not to exceed thirty (30) days from the date hereof.

2. Sacramento City Lines shall comply with the provisions of General Order 79 and Part IV of General Order 93-A by filing in triplicate and concurrently making effective tariffs and time schedules satisfactory to the Commission within thirty (30) days from the date hereof and on not less than five (5) days' notice to the Commission and to the public.

3. Subject to the authority of this Commission to change or modify them at any time by further order, said Sacramento City Lines shall conduct said street railway and/or motor bus operations over and along the following routes:

McKINLEY AND FOLSOM BOULEVARDS ROUTE NO. 1:

From terminal at 57th Street and Folsom Boulevard west on Folsom Boulevard to Capitol Avenue, west on Capitol Avenue to 15th Street, north on 15th Street to J Street, west on J Street to 7th Street, north on 7th Street to F Street, east on F Street to Alhambra Boulevard, north on Alhambra Boulevard to McKinley Boulevard, east on McKinley Boulevard to D Street, east on D Street to 46th Street, south on 46th Street to F Street, east on F Street to 50th Street, north on 50th Street to terminal at 50th Street and Coloma Way, thence north on Coloma Way to Pala Way, thence southwest on Pala Way to F Street and return over the same route.

RIVERSIDE BOULEVARD AND LAND PARK DRIVE ROUTE NO. 2:

From terminal on Riverside Boulevard at west entrance to William Land Park, north on Riverside Boulevard to Broadway, west on Broadway to 10th Street, north on 10th Street to P Street, west on P Street to 9th Street, north on 9th Street to K Street, east on K Street to 15th Street, south on 15th Street to Broadway, east on Broadway to 16th Street, south on 16th Street to Caramay Way, west on Caramay Way to Land Park Drive, south on Land Park Drive to 11th Avenue, east on 11th Avenue to 18th Street, south on 18th Street to terminal at 18th Street and Lincoln Avenue; then north-west to 11th Avenue, and return over the same route.

"J" STREET ROUTE NO. 3:

From terminal at Southern Pacific Depot, west to 3rd Street, south on 3rd Street to J Street, east on J Street to a terminal at 46th Street and J Street, and return over the same route to 4th Street and J Street, thence north on 4th Street to the Southern Pacific Depot.

"J" STREET ROUTE NO. 3-A:

From J Street and 46th Street, east on J Street to a terminal at 57th Street and J Street, returning over the same route.

ELMHURST ROUTE NO. 4:

From terminal at 57th Street and 5th Avenue, north on 57th Street to V Street, west on V Street to 55th Street, north on 55th Street to T Street, west on T Street to 15th Street, north on 15th Street to K Street, west on K Street to 6th Street, north on 6th Street to terminal at 6th and J Streets, thence east on J Street to 7th Street, south on 7th Street to K Street, and return over the same route.

"P" STREET ROUTE NO. 5:

From terminal at Southern Pacific Depot, west to 3rd Street, south on 3rd Street to K Street, east on K Street to 15th Street, south on 15th Street to P Street, east on P Street to 28th Street, south on 28th Street to Broadway, east on Broadway to Sacramento Boulevard, southeast on Sacramento Boulevard to 35th Street, south on 35th Street to 4th Avenue, east on 4th Avenue to Stockton Boulevard, north on Stockton Boulevard to terminal at main entrance of State Fair Grounds, and return over the same route.

21ST STREET ROUTE NO. 6:

From terminal at Southern Pacific Depot, west to 3rd Street, south on 3rd Street to K Street, east on K Street to 21st Street, south on 21st Street to 2nd Avenue, east on 2nd Avenue to 24th Street, south on 24th Street to 5th Avenue, east on 5th Avenue to terminal at 35th Street and 5th Avenue, and return over the same route.

FRANKLIN ROUTE NO. 7:

From terminal at Sacramento Boulevard and 12th Avenue, west on 12th Avenue to Franklin Boulevard, north on Franklin Boulevard to Broadway, west on Broadway to 15th Street, north on 15th Street to P Street, west on P Street to 10th Street, north on 10th Street to K Street, west on K Street to 6th Street, north on 6th Street to terminal at 6th and J Streets, thence east on J Street to 7th Street, south on 7th Street to K Street, and return over the same route.

JUNIOR COLLEGE ROUTE NO. 8:

From terminal on Freeport Boulevard at entrance to Sacramento Junior College, north on Freeport Boulevard to 21st Street, north on 21st Street to terminal at 21st and F Streets, and return over the same route.

30TH STREET AND SACRAMENTO BOULEVARD ROUTE NO. 9:

From terminal at 44th Street and 12th Avenue, west on 12th Avenue to Sacramento Boulevard, north on Sacramento Boulevard to 5th Avenue, west on 5th Avenue to 35th Street, north on 35th Street to 3rd Avenue, east on 3rd Avenue to 37th Street, north on 37th Street to Miller Way, northeast on Miller Way to Stockton Boulevard northwest on Stockton Boulevard to P Street, west on P Street to 28th Street, north on 28th Street to K Street, east on K Street to 30th Street, north on 30th Street to F Street, east on F Street to terminal at Alhambra Boulevard and F Street, thence south on Alhambra Boulevard to G Street, west on G Street to 30th Street, and return over the same route.

5TH STREET ROUTE NO. 10:

From terminal at 15th and T Streets, west on T Street to 5th Street, north on 5th Street to J Street, east on J Street to terminal at 7th and J Streets, thence south on 7th Street to K Street west on K Street to 5th Street, and return over the same route.

"P" AND 10TH STREETS ROUTE NO. 11:

From terminal at Southern Pacific Depot, west to 3rd Street, south on 3rd Street to J Street, east on J Street to 10th Street, south on 10th Street to P Street, east on P Street to 28th Street, south on 28th Street to Broadway, east on Broadway to Sacramento Boulevard, southeast on Sacramento Boulevard to 35th Street, south on 35th Street to terminal at 35th Street and 5th Avenue, and return over the same route.

FREEPORT BOULEVARD ROUTE NO. 12:

From terminal on Freeport Boulevard at entrance to Sacramento Junior College, north on Freeport Boulevard to 21st Street, north on 21st Street to terminal at 21st Street and 2nd Avenue, then east on 2nd Avenue to Florence Place, south on Florence Place to Castro Way, west on Castro Way to 21st Street, and return over the same route.

VALLEJO WAY ROUTE NO. 14:

From terminal at Riverside Boulevard and Vallejo Way, east on Vallejo Way to Freeport Boulevard, north on Freeport Boulevard to 21st Street, north on 21st Street to terminal at 21st Street and 2nd Avenue, thence east on 2nd Avenue to Florence Place, south on Florence Place to Castro Way, west on Castro Way to 21st Street, and return over the same route.

4. Sacramento City Lines may turn its motor vehicles at termini or intermediate points on any of its routes either in the intersection of the streets or by operating around the block contiguous to such intersections in either direction.

IT IS HEREBY FURTHER ORDERED that Sacramento City Lines be, and it is hereby, authorized to issue, on or before December 31, 1943, at not less than par, \$500,000 of its common capital stock and use the proceeds for the following purposes:

- (a) To pay purchase price of properties acquired from Pacific Gas and Electric Company not exceeding.....\$450,000
 - (b) To pay legal and organization expenses not exceeding..... 5,000
 - (c) To provide working capital not exceeding..... 25,000
 - (d) To purchase additional service equipment, provide a new parts room, and make other improvements to buildings and facilities not exceeding..... 20,000
- Total \$500,000

provided that the consideration paid for the properties of Pacific Gas and Electric Company will not be regarded by applicant as ipso facto establishing the value of said properties for the purpose of fixing rates.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective upon the date hereof and that Sacramento City Lines shall, from time to time, file with the Railroad Commission reports required by the Commission's General Order 24-A, which order, insofar as applicable, is made a part of this Order.

IT IS HEREBY FURTHER ORDERED that within thirty (30) days after the issue of said \$500,000 of stock Sacramento City

Lines shall file with the Railroad Commission a true and correct copy of the deed and bill of sale under which it holds title to the properties acquired from Pacific Gas and Electric Company.

Dated at San Francisco, California, this 19th day of October, 1943.

Francis A. Hoover
H. H. DAKA
Justus J. Casper
Richard K. Baker
Chas. W. DeLoe
Commissioners