

**ORIGINAL**Decision No. 45344

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of

STOCKTON CITY LINES, INC.

for an order granting permission to (a)  
increase its present token rate of fare  
from 5 tokens for 35¢ to 4 tokens for 30¢.  
(b) Cancel special or chartered car rates  
appearing in its tariff.

Application No. 30577

In the Matter of the Application of

STOCKTON CITY LINES, INC.

for a passenger stage certificate  
within and between Stockton and  
contiguous areas to supersede all  
existing Certificates.

Application No. 31894

JONES, LANE & WEAVER, by GILBERT L. JONES  
and DAN LANE, for Applicant.

BILL L. DOZIER, City Attorney and Oliver Xavier,  
City Traffic Engineer, for the City of Stockton,  
interested party.

THOMAS A. HOPKINS, Research Engineer, Transportation  
Department, of the Commission's staff.

By Application No. 30577, as amended, Stockton City Lines, Inc., requests authority to increase its rate of token fares and to cancel chartered car fares. By Application No. 31894 it requests authority to extend two routes of operation in the northerly and northwesterly portions of the City of Stockton. It also seeks a new certificate to replace those it now holds which would include the extensions sought. The applications were consolidated at the public hearing held thereon at Stockton, November 13, 1950, before Examiner Paul and submitted.

Applicant provides a local passenger stage service in the City of Stockton and adjacent areas. The service area is divided into two zones. Zone 1 includes all points within or adjacent to the City of Stockton except points south of the intersection of 13th Street and Sharp's Lane. Zone 2 includes points south of the City from the intersection of 13th Street and Sharp's Lane to the United States Army Air training field.

The present adult fares and those proposed by applicant are as follows:

	<u>Present</u>		<u>Proposed</u>	
	<u>Cash</u>	<u>Reduced</u>	<u>Cash</u>	<u>Reduced</u>
Intra Zone - Zone 1	10¢	7¢	10¢	8-1/3¢ <sup>(1)</sup>
" " - Zone 2	13¢	-	13¢	-
Between zones 1 and 2	13¢	-	13¢	-

The application, as amended, alleges that a steady and continuing decline in passenger traffic has been experienced since October 28, 1947, when it was authorized to establish its fares now in effect (Decision No. 40779). Applicant has granted two general wage increases to its employees, one effective January 1, 1948, and the other July 1, 1949, which resulted in a total increase in basic rates of pay of eight cents per hour. It is asserted that the loss in passenger traffic and the continuing downward trend, together with other increased costs of operation, make it necessary for applicant to obtain the increased token fare as sought so that it can maintain a sound financial condition.

A comparison of applicant's income and profit and loss statement for the nine months ending September 30, 1950, (Exhibit No.2)

(1) In the original application filed August 26, 1949, applicant proposed to sell tokens at 4 for 30 cents. This proposal was changed to 3 tokens for 25 cents in the amended application filed October 30, 1950. A token would be accepted in lieu of 10 cents cash fare. No change is proposed in the fares for children.

with the same months for 1949 and the calendar year 1949, as shown in reports filed with the Commission in summary shows the following:

	Period <u>1/1 - 9/30/50</u>	Period <u>1/1 - 9/30/49</u>	Period <u>1/1-12/31/49</u>
Total Operating Revenue	\$422,997.49	\$488,448.13	\$643,328.93
" " Expenses	<u>390,505.94</u>	<u>431,768.41</u>	<u>574,564.10</u>
Net Income from Operations	\$ 32,491.55	\$ 56,679.72	\$ 68,764.83
Other Income	<u>2,874.22</u>	<u>(2,306.23)</u>	<u>(1,704.34)</u>
Net Income before Federal Income Taxes	35,365.77	54,373.49	67,060.49
Provisions for Federal Income Taxes	<u>11,685.00</u>	<u>19,640.00</u>	<u>18,600.00</u>
Net Operating Profit	\$ 23,680.77	\$ 34,733.49	\$ 48,460.49

(red figure)

Applicant, through its general auditor, and the Commission's engineering staff presented estimates of the operating results covering a twelve-month period ending November 30, 1951, on the basis of present fares of ten cents cash or five tokens for 35 cents and on the proposed basis of ten cents cash or three tokens for 25 cents. The Commission's staff presented estimates on alternative bases of ten cents cash or four tokens for 30 cents as proposed by applicant in its original application and on the basis of ten cents cash or seven tokens for 50 cents. Comparisons of the results of these estimates are set forth in the following tables:

Comparison of Estimated Results of Operation  
under Present and Proposed Fares for a 12-month  
period ending November 30, 1951

ITEM	Present fares : 10¢ cash, tokens 5/35¢		Proposed fares : 10¢ cash, tokens 3/25¢	
	: PUC Staff Cs. I : Appl's (a) : Ex. 8	: Ex. 11 & 12 (a)	: PUC Staff Cs. II : Appl's (a) : Ex. 8	: Ex. 11 & 12 (a)
Esti. Coach Miles	1,553,000	1,537,000	1,553,000	1,531,000
Operating Revenue	\$571,150	\$574,865	\$599,250	\$611,785
Operating Expenses	556,105	545,545	559,695	544,875
Net Operating Income	15,045	29,320	39,555	66,910
Operating Ratio before Income Taxes	97.37%	94.90%	93.40%	89.06%
Provision for Income Tax (b)	\$ 3,310	\$ 8,025	\$ 12,000	\$ 26,870
Net Income	11,735	21,295	27,555	40,040
Rate Base	\$348,854	\$334,260	\$348,854	\$334,260
Operating Ratio after Income Taxes	97.95%	96.30%	95.40%	93.46%
Rate of Return	3.36%	6.37%	7.90%	11.98%

ITEM	Alternate proposals by PUC Staff : 10¢ cash, tokens 4/30¢ : 10¢ cash, tokens 7/50¢	
	: PUC Staff Cs. III : Ex. 11 & 12 (a)	: PUC Staff Cs. IV : Ex. 11 & 12 (a)
Esti. Coach Miles	1,534,000	1,536,000
Operating Revenue	\$592,475	\$583,175
Operating Expenses	545,185	545,360
Net Operating Income	47,290	37,815
Operating Ratio before Income Taxes	92.02%	93.52%
Provision for Income Tax (b)	\$ 16,850	\$ 12,195
Net Income	30,440	25,620
Rate Base	\$334,260	\$334,260
Operating Ratio after Income Taxes	94.86%	95.61%
Rate of Return	9.11%	7.66%

(a) Based on Exhibits as modified by oral testimony  
(b) Cases I to IV, Federal income taxes computed on present corporation income tax rate for 1951, as provided in Revenue Act of 1950, and the Excess Profits Tax Act of 1950.

A comparison of the evidence introduced by applicant and by the Commission's staff shows that generally they are in relatively close agreement except as to certain items of gross expenses and gross revenues under applicant's proposed fares. Applicant estimates gross expenses at approximately \$559,000 for the rate year compared with that of the Commission's staff of approximately \$544,000, a difference of \$15,000. Applicant, in calculating gross expenses estimated a management fee of \$29,940 whereas the staff estimated this expense at \$20,145, a difference of approximately \$10,000. Most of the remaining difference occurs from the smaller estimate by the staff of the number of miles which applicant would operate annually. While applicant estimates gross revenues for the rate year of approximately \$599,000, under the proposed fares, the staff estimates such revenues at approximately \$611,000. This difference results from divergent conclusions based upon the trends of traffic as shown by past records of the volume of traffic carried. Applicant's calculations were based upon a continuing down trend of more than two per cent annually, while the staff based its estimate upon a virtual levelling off of the down trend of traffic based upon the operations during the period of January to October, 1950.

The City Attorney of the City of Stockton appeared as an interested party and participated in the examination of witnesses. No direct evidence was offered by him.

After full consideration of all the facts and circumstances of record, it is our conclusion that the proposed fares have not been justified. However, applicant has shown some need for additional revenue. It is our opinion and we so find that the record justifies an increase in applicant's token fares to four tokens for 30 cents, which will be authorized herein. It is estimated that this will result in an operating ratio of 94.86 for the test year and a rate of

return of 9.11% upon the adopted rate base of \$334,260.

Special or chartered coach service is rendered by applicant at rates on a mileage basis when equipment is available. This service is not between fixed points or over regular routes. Therefore, rates for the service should not appear in its published tariffs. Their cancellation will be authorized.

In Application No. 31894, as above noted, applicant requests authority to extend its Route No. 1 in the area known as the College View district, a distance of 0.9 of a mile. It also requests authority to extend its Route No. 2, a distance of approximately 2 miles, to an area in the northwesterly portion of Stockton known as the Inman tract. In making this extension, service would be discontinued along Kensington Way and Monterey Street between Mendocino Street and Pacific Avenue. The portion proposed to be discontinued forms a part of the return loop of the present Route No. 2. Applicant also requests authority to discontinue a small portion of the loop presently operated at the westerly end of its Route No. 4 by discontinuing service from the intersection of Michigan Avenue and Mission Road, thence along Mission Road to Euclid and Grange Avenue to Michigan Avenue and in lieu thereof to operate along Michigan Avenue between Mission Road and Grange Avenue. The area presently served by this portion of Route No. 4 would be served by the proposed extended Route No. 2.

There was no objection to the proposed extensions and abandonments. The City of Stockton was in accord with applicant's proposal and was of the opinion that it would meet requirements of residents of that area. Based upon the evidence of record the Commission finds that public convenience and necessity require the proposed extended service and it will be authorized. Applicant has requested the

Commission to restate all of the routes which it may serve in Stockton and adjacent areas. This will be done by granting a new certificate to applicant which will supersede all of its present operative rights and include the extensions and abandonments proposed.

O R D E R

Applications therefor having been filed, a public hearing having been held, the matters considered, the Commission being fully informed therein and based upon the findings set forth in the foregoing opinion,

IT IS ORDERED:

(1) That Stockton City Lines is hereby authorized to establish on not less than five days' notice to the Commission and the public, token fares in Zone 1 to be sold at the rate of four tokens for 30 cents, in lieu of five tokens for 35 cents.

(2) That Stockton City Lines is hereby authorized to cancel present rates for special or chartered car service on not less than five days' notice to the Commission and the public.

(3) That a certificate of public convenience and necessity is hereby granted to Stockton City Lines, Inc., authorizing the establishment and operation of service as a passenger stage corporation, as defined in Section 2½ of the Public Utilities Act, for the transportation of passengers within the City of Stockton and between the City of Stockton, Stockton Airport, McKinley Tract, Yosemite Subdivision, Port of Stockton, Country Club Manor, Pacific Gardens, Inman Tract, West Lane Heights, Sheltered Oaks, Garden Acres, Burket Gardens, Morrison Garden Farm and intermediate points.

(4) Applicant is authorized to turn its motor vehicles at termini or enroute either in the intersection of streets or by

operating around a block contiguous to street intersections provided that local municipal traffic regulations are observed.

(5) That the certificate of public convenience and necessity granted in paragraph (3) of this order shall supersede passenger stage certificates granted by the decisions listed below, as well as any other passenger stage operative rights held by applicant, all of which are hereby cancelled, revoked and annulled, together with any orders amendatory thereof:

<u>Decision No.</u>	<u>Application No.</u>
34573	24380
35561	25085
36030	25085
36100	24380
36846	25966
36894	25966
37092	(26153
	(25085
37476	26273
37644	26524
37713	26580
38028	26738
38029	26580
39273	26834
39274	26580
40406	27816
41238	29021
41943	29463
42473	29960
43820	30954
44006	31031
44032	31145
44260	31405

(6) That in conducting passenger stage operations pursuant to the certificate granted by this decision, applicant shall comply with and observe the following service regulations:

- a. Applicant shall file a written acceptance of the certificate herein granted within a period of not to exceed 30 days after the effective date hereof.
- b. Subject to the authority of the Commission to change or modify them by further order, applicant shall conduct operations pursuant to the certificate herein granted over and along the following routes or any combinations thereof.



Route No. 1 - McKinley Tract - College View

Starting at the intersection of Sutter and Ellis Streets, thence along Ellis Street, San Joaquin Street, Fulton Street, El Dorado Street, Essex Street, Sutter Street, Pine Street, California Street, Weber Avenue, San Joaquin Street, 8th Street, McKinley Street, Ivy Street, Fairmont Street, Lowell Street to McKinley Street.

Also starting at the intersection of 8th Street and McKinley Street, thence along McKinley Street to 6th Street and along 6th Street to San Joaquin.

Also starting at the intersection of San Mateo and Fulton Streets, thence along San Mateo Street, Alpine Avenue, West Lane, Fulton Street to San Joaquin.

Route No. 2 - Burket Gardens

Starting at the intersection of Anteros Avenue and East Main, thence along Anteros Avenue, Horner Street, Sinclair Street, East Main Street, Main Street, Ophir Street to Miner Avenue.

Route No. 2-A - Pacific Gardens No. 2

Starting at the intersection of Market Street and El Dorado Street, thence along El Dorado Street, Maple Street, Pacific Avenue, Stadium Drive, Kensington Way, Mendocino Avenue, Pershing Avenue, Princeton Avenue to Plymouth Road.

Route No. 3 - Garden Acres

Starting at the intersection of California Street and Weber Avenue, thence along Weber Avenue, South Ophir Street, Market Street, LaSalle Street, Washington Street, Delmar Street, Marsh Street, Cardinal Avenue, Washington Street, Walker Lane to Marsh Street.

Route No. 3-A - Louis Park

Starting at the intersection of El Dorado and Poplar Streets, thence along Poplar Street, Yosemite Street, Willow Street, Buena Vista Avenue, Monte Diablo Avenue to Rough and Ready Ferry Boat Landing.

Also along Piccardy Drive between Buena Vista Avenue and Pershing Avenue and along Pershing Avenue between Piccardy Drive and Willow Street.

Route No. 4 - Pacific Gardens

Starting at the intersection of Weber Avenue and El Dorado Street, thence along Weber Avenue, San Joaquin Street, Willow Street, Edison Street, Bedford Road, Kensington Way around Oxford Circle, North Country Club Boulevard, Country Club Boulevard, Marine Avenue, Michigan Avenue, Grange Avenue to Country Club Boulevard.

Route No. 4-A - Sheltered Oaks

Starting at the intersection of Weber Avenue and Grant Street, thence along Grant, Miner Avenue, North Ophir Street, Harding Way, Sycamore Avenue, Walnut Street, Funston Avenue, Sanguinetti Lane, Robindale Avenue, Bell Street, Vail Street, U. S. Highway 99, Sanguinetti Lane to Robindale Avenue.

Also along Harding Way between El Dorado Street and Ophir Street.

Route No. 5 - Edison Villa

Starting at the intersection of Market and San Joaquin Streets, thence along Market Street, El Dorado Street, Washington Street, Lincoln Avenue, Charter Way to Fresno Street.

Route No. 5-A - Fair Oaks

Starting at the intersection of Weber Avenue and American Avenue, thence along American Avenue, Church Street, Wilson Way, Charter Way, Sharps Lane, 8th Street to Laurel Street.

Also along Sharps Lane between 8th Street and the Airport.

Route No. 6 - Port of Stockton

Starting at the intersection of Washington Street and Lincoln Avenue, thence along Washington Street, Harbor Street to Port of Stockton, thence southerly from the Port of Stockton along an unnamed street to Washington Street, thence along Washington Street to Harbor Street.

(7) The authority herein granted to increase token fares and to cancel chartered car fares shall expire on the 90th day after the effective date hereof unless exercised within that time.

This order shall become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 6th day of February, 1951.

Justin F. Cappelen  
Harold P. Hulse  
Stewart H. Lott  
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Commissioners